

# ANNUAL REPORT

ASIA PACIFIC  
FOUNDATION  
OF CANADA

FONDATION  
ASIE PACIFIQUE  
DU CANADA

2019-2020

## DIGITAL LEADERSHIP





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Regardless of these mounting challenges, I am confident that through continued engagement and collaboration with like-minded international partners and by investing in new technologies and innovations at home, Canada will find itself in a leading role on the world stage and ensure its future economic prosperity in the years ahead.

| The Hon. Pierre Pettigrew, Chair of the APF Canada Board



## TABLE OF CONTENTS

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STRATEGIC PILLARS	4
LETTER FROM THE CHAIR OF THE BOARD	6
LETTER FROM THE PRESIDENT & CEO	7
01. THE YEAR IN REVIEW	8
02. OUR IMPACT	34
03. IN THE NEWS	44
04. FINANCIAL STATEMENTS	48
05. SUPPORTERS	52
06. GOVERNANCE	55
07. FINANCIAL ANNEXES	64

# STRATEGIC PILLARS

## Cross-Cutting Themes

### Education

Increasing young Canadians' awareness and understanding of Asia by enhancing curriculum and promoting study abroad and internships in Asia.

### Networks

Supporting transpacific organizations that convene business, government, and academic stakeholders.

# 1

### Business Asia

Analyzing key economic trends in trade, investment, and global value-chains that matter to Canada and the Asia Pacific.

# 2

### Perspective Asia

Synthesizing perspectives on Canada-Asia engagement through surveys and big data analytics.

# 3

### Strategic Asia

Examining strategic and security related events and trends in the Asia Pacific and their impact for Canada.

# 4

### Digital Asia

Exploring how technologies of the Fourth Industrial Revolution impact Canada's current and future engagement with the Asia Pacific.

# 5

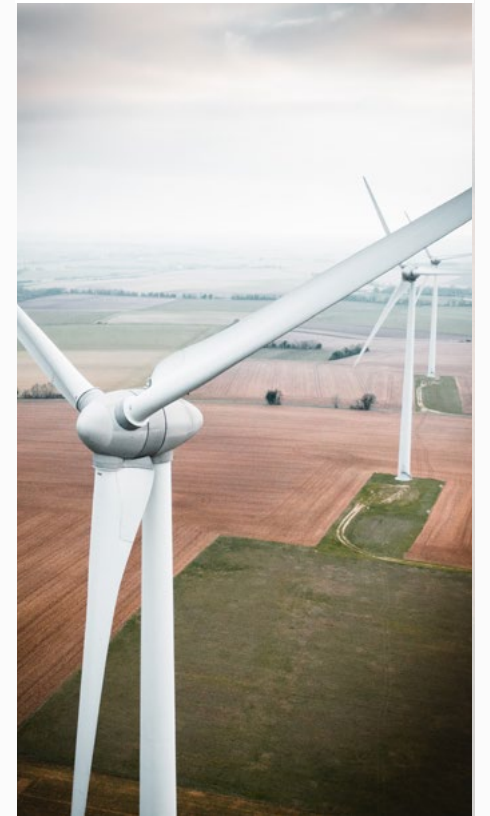
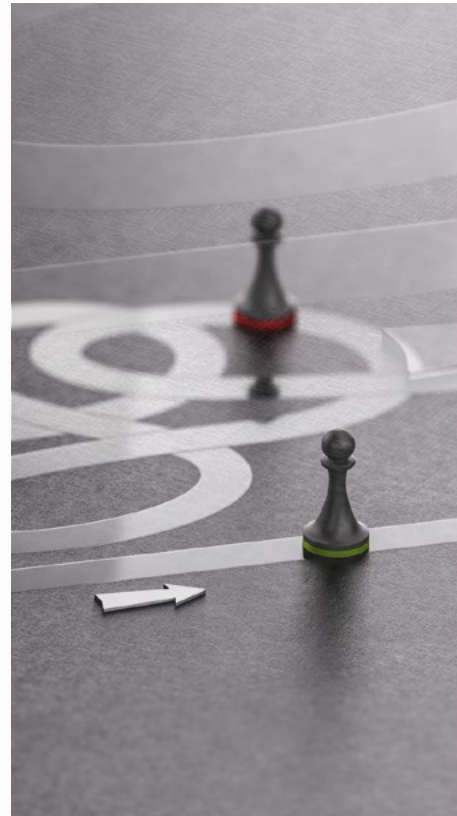
### Engaging Asia

Providing research and analysis on Asia's importance to Canadians directly engaged with the Asia Pacific.

# 6

### Sustainable Asia

Examining sustainable development in Asia from economic, social, and environmental dimensions and its implications for Canada.



## LETTER FROM THE CHAIR OF THE BOARD, THE HON. PIERRE PETTIGREW

By the close of the Asia Pacific Foundation of Canada's 2019-2020 fiscal year, it was clear that we are living in most unprecedented times. The COVID-19 pandemic is beyond anything we have experienced, and will hopefully never have to experience again in our lifetimes.

But when I look to Canada and the rest of the world, to the Asia Pacific and the work of the Foundation, I believe that our collective resilience, creativity, and ingenuity will see us rise to the occasion and overcome a disaster that has disrupted the global economy and so many lives around the world.

Other global trends and issues continue to negatively impact the lives and livelihoods of Canadians, including rising regionalism and protectionism, growing trade tensions between the U.S. and China, and, of course, the deterioration in Canada's own bilateral relations with China.

Regardless of these mounting challenges, I am confident that through continued engagement and collaboration with like-minded international partners and by investing in new technologies and innovations at home, Canada will find itself in a leading role on the world stage and ensure its future economic prosperity in the years ahead.

The Asia Pacific will be central to Canada's future success. The region continues to solidify its position as the centre of the international economy. By 2030, the Asia Pacific is expected to encompass 65 per cent of the world's middle class, and by 2050 the region will host four of the world's 10 largest economies.

Recognizing that a 'pivot' to Asia is critical to Canada's future, the Foundation continues – through its **Research, Education, and Networking** programming – to support Canadian governments, businesses, academia, and civil society in engaging more effectively with the region, provide Canadians with the knowledge needed to meet the opportunities and challenges unfolding in Asia, and leverage our expertise to educate the next generation of Asia-engaged scholars and practitioners.

Central to the Foundation's work this year is a new strategy document for the Government of Canada. This document underscores the importance of an 'Asia Strategy' of 'broad diversification,' one that prioritizes the advancement of our national interests and draws on Canadian strengths and values to demonstrate our strategic commitment to the entire region.

Challenges engender opportunities and innovation. As Canada's leading organization on Canada-Asia relations and engagement, the Foundation remains uniquely positioned to assist Canada and Canadians in realizing that growing potential in the Asia Pacific.

The Hon.  
Pierre Pettigrew



## LETTER FROM STEWART BECK, PRESIDENT AND CEO, ASIA PACIFIC FOUNDATION OF CANADA

By the time our 2019-2020 fiscal year had drawn to a close, the Foundation had successfully pivoted its research and programming to a new world redefined by the COVID-19 pandemic, one in which the Asia Pacific is a central area of interest as the initial focal point of a virus that quickly enveloped the globe.

Ahead of Canada in its policy responses to the pandemic, the economies of the Asia Pacific present unique case studies for Canadian governments, businesses, and civil society reeling from the social and economic impacts of COVID-19. In March, our research team began tracking these responses across the Asia Pacific, presenting their analyses in our regular [Asia Watch](#) newsletter and aggregating their findings through an interactive new story-mapping module, [Mapping the Asia Pacific's COVID-19 Response](#).

Beyond our multi-faceted work in response to the pandemic, the Foundation continues to demonstrate its leadership in driving the Canadian conversation on the Asia Pacific, particularly in the emerging sectors comprising the Fourth Industrial Revolution, including big data, machine and artificial intelligence, the Internet of Things, and e-commerce.

This year, our 'Digital Leadership' took a front seat in our drive to produce topical research and actionable insights for business and government leaders, convene Asia Pacific thought leaders on important new topics to Canadians, and boost the 'Asia Competence' of our young Canadians increasingly tapped into the digital world.

Nowhere is the transformative power and influence of the digital economy as robust as in the Asia Pacific, the new centre of global growth and innovation. I am immensely proud this year of the work our teams have done in researching and reporting back on the innovations and applications in Asia that Canada can harness for its own advancement and prosperity, especially in the areas of artificial intelligence, e-commerce and in the increasingly complex, yet important intersection of technology and geopolitics.

From our research projects and targeted surveys to our education programming and network activations, APF Canada has demonstrated its ongoing commitment to lead Canada into a future centred in the dynamic economies of Asia.

These activities, and others you will read about in the 2019-20 Annual Report of the Asia Pacific Foundation of Canada, demonstrating our clear and continuing commitment to our mission as Canada's catalyst for engagement with Asia, and Asia's bridge to Canada.



Press play to watch  
this video.

President & CEO,  
Stewart Beck



01.

## THE YEAR IN REVIEW

- Foundational Documents
- Strategic Shift
- Responsive Analysis: Asia Watch
- Major Conferences
- The China Files
- APEC-Canada Growing Business Partnership
- Womens Business Missions
- 'Asia Competency,' Education, and Youth
- Highlights From Our Research Verticals
- Networks
- The Way Forward

On January 17, 2020, APF Canada's research analysts first reported that "a new strain of coronavirus, which produces pneumonia-like symptoms" had killed two people in Wuhan, China, the outbreak's epicentre. They cautioned – in that day's Asia Watch newsletter – that Metro Vancouver, Greater Toronto, and Montreal are popular destinations among the millions of Chinese nationals that travel abroad in late January for the month-long Lunar New Year holiday.

Two months later, to the day, the Foundation closed its Vancouver and Toronto offices, and like most Canadian businesses and organizations blindsided by the pandemic, quickly pivoted to a new 'work-from-home' model based on digital technology and virtual connectivity.

It was an inauspicious end to the 2019-2020 fiscal year, one that only months earlier saw the Foundation mount two international conferences, host the first-ever Canadian women's trade mission to Asia, provide workshops for entrepreneurs in the APEC economies of Chile and Peru, and convene a number of live project launches and networking events in Vancouver and Toronto.

As the Foundation transitioned to the virtual world of Zoom calls and Slack channels, it found itself in familiar territory: digital space. In our work this past year – from our research projects and targeted surveys to our education programming and network activations – APF Canada has demonstrated its ongoing commitment to **Digital Leadership**.

Well before the world embraced the digital in response to COVID-19, the Foundation was tracking, analyzing, and reporting on the transformative power and influence of the digital economy and its component elements, including big data, machine and artificial intelligence, the Internet of Things, and e-commerce. Where these elements intersect with trade and investment, security, and governance, among others, we have studied and reported back on the innovations and applications that Canada can harness for its own advancement and prosperity.



Nowhere has the transformative power of the digital economy been more pervasive than in the Asia Pacific. The region continues to cement its position as the centre of the international economy: by 2030 the Asia Pacific is expected to encompass 65 per cent of the world's middle class, and by 2050 the region will contain four of the world's 10 largest economies. From its developing to developed economies, the region is digitally connected, technologically savvy, and brimming with innovation and entrepreneurial ingenuity.

Asia is an undeniably powerful global force, which presents immense opportunities for Canada. This past year, the Foundation has not only focused its attention on the globe's most dynamic region with regard to economic growth and opportunity, security issues, political developments, climate change challenges, and demographic trends, but also explored the digitalized seam that now runs deeply through these vital issue areas.

To that end, the Foundation has continued to provide the kind of high-level intelligence and evidence-based analysis that is needed to develop Canada's potential leading role in the region. We have leveraged our research to support Canadian governments and businesses in engaging more effectively with Asia Pacific states and in Asia Pacific markets, provided the Canadian public with the knowledge needed to address the unique opportunities and challenges unfolding in the region, and leveraged our institutional expertise and broad network to educate the next generation of Canadian Asia scholars and practitioners.

What follows is an overview of the Asia Pacific Foundation of Canada's programming, activities, and outputs for the 2019-2020 fiscal year, from April 1, 2019, to March 31, 2020, and our continuing efforts to provide Digital Leadership in the Canada-Asia engagement space.

## FOUNDATIONAL DOCUMENTS

Much has changed in the world, and the Asia Pacific, in the past year. Beyond the profoundly disruptive impacts of the pandemic that began to emerge at the end of our fiscal year, economic regionalism and populist nationalism are now firmly entrenched in key nodes of the global economy, pushing against the rising tide of globalization that would raise all boats. In the Asia Pacific, uncertainty and instability – whether in the form of trade tensions between the United States and China, a deterioration in bilateral relations between Canada and China, or a heightened militarization of issues ranging from the South China Sea to India-controlled Kashmir – have grown and are continuing to expand.



More than ever, the Foundation's role as Canada's leading organization on Canada-Asia relations is a vital one, and our mission to provide a **catalyst for engagement with Asia and a bridge back to Canada** never more urgent.

Certainly, the Foundation remains dedicated to expanding economic relations through trade, investment and innovation; promoting Canada's expertise in offering solutions to Asia's climate change, energy, food security and natural resource management challenges; building Asia skills and competencies among Canadians, including young Canadians; and, improving Canadians' general

understanding of Asia and its growing global influence.

In those pursuits, we work with business, government, and academic stakeholders to provide actionable policy considerations and, increasingly, real-time business intelligence for stakeholders across the Asia Pacific.

But it is our enduring position that the formulation and implementation of an overarching and comprehensive **Asia strategy** that draws on Canadian strengths and values to demonstrate our country's strategic commitment to the entire region must be an immediate priority of any Canadian government.

To that end, in January we produced a foundational strategy document for the Government of Canada entitled, [Canada as a 21st Century Pacific Power: Toward 'Broad Diversification' in Asia](#). With input from our Distinguished Fellows and other key stakeholders, and prepared by our Vice-President, Research, Dr. Jeffrey Reeves, this is a follow-up document to our [Building Blocks for a Canada Asia Strategy](#), published in January 2016.

Despite uncertainty and instability in the region, there are even more opportunities for diplomatic and commercial engagement in the Asia Pacific, particularly around areas including middle power diplomacy and economic regionalism. Our new strategy document identifies what we at the Foundation agree are the region's most pressing geopolitical and geo-economic issues and outlines the parameters within which policy-makers can act.

The document is non-partisan and, as such, avoids prescribing specific policy measures. Instead, it provides regional situational awareness for those in government to craft informed policy. Importantly, concerning the 'elephant-in-the-room' issue of a deterioration in bilateral relations

between Canada and China, the document recognizes that China is our second-largest trading partner and a major world power.

Beijing's apparent willingness to engage in hostage diplomacy and use direct coercion to ensure its own national interests does raise serious concerns over the country's foreign policy. But, we posit, it is in Canada's best interest to continue developing deep economic ties when and where doing so is in Canada's national interest.

Clearly, Canada can benefit from trade, investment, and joint research and development with China – provided this is done in ways that align with Canadian values, in sectors where we have a competitive advantage, and through multilateral forums where transparency, good governance, and the rule of law prevail.

Further, 'Toward Broad Diversification' in Asia asserts that in developing a regional 'grand strategy,' Canada must:

- Develop a strategic approach to manage its position between the United States and China.
- Demonstrate to Asia Pacific countries that Canada is an independent actor and not one beholden to U.S. interests.
- Demonstrate strategic commitment to Asia through bilateral engagement and multilateral dialogue.
- Invest in developing a domestic capacity to monitor and respond to regional developments in ways that demonstrate Canadian leadership and Canadian values.
- Engage with other regional 'middle powers' and, in particular, look to ASEAN and ASEAN member states for opportunities for engagement.

## STRATEGIC SHIFT

The Foundation is producing research that provides high-quality, relevant, and timely information, insights, and perspectives on Canada-Asia relations, but also working with business, government, and academic stakeholders to provide actionable policy considerations and real-world business intelligence, particularly in the burgeoning sectors of artificial intelligence, e-commerce, cleantech, and renewables – sectors aligned with Canadian domestic policy around investment in the innovation ecosystem.

Consolidating this reorientation during this fiscal, the Foundation adopted three core priorities (**Research, Education, and Networking**). It expanded its **Research Verticals** from four to six: **Business Asia, Perspectives Asia, Strategic Asia, Digital Asia, Engaging Asia, and Sustainable Asia**, all with an emphasis on providing policy considerations and business intelligence for stakeholders throughout the Asia Pacific.

Further, the Foundation's research content outputs have been streamlined to include regular **Reports, Policy Briefs, Case Studies, Dispatches, Webinars**, and a thrice-weekly **Asia Watch** newsletter that together support our new thematic areas.



Now, more than ever, it is important that Canada diversify its geopolitical and trade relationships with a renewed focus on the Asia Pacific. In supporting this 'pivot,' the Foundation, while balancing its work for the 'public good,' has developed a business model that allows us to augment our resources, both financial and human.

To support this 'monetization of research' business model, this year APF Canada consolidated its **Business Development** functions with the establishment of a team tasked with organizing the Foundation's research and business intelligence products and services around the organization's three priority themes (Research, Education, and Networks).

This team now works cross-functionally within the Foundation, and externally with business, government, and academic stakeholders, in marketing our research and service products to generate revenue to support the Foundation's overall activities. The goal of Business Development is to elevate our current efforts and add new avenues to the Foundation's external funding (grants, sponsorship, and fundraising). Currently, the team is offering **custom research, data, strategic briefings, and Asia Competency** training for Canadian organizations, supplemental paid services above and beyond the core outputs we continue to provide in the public good.

## RESPONSIVE ANALYSIS: ASIA WATCH

On May 8, 2019, APF Canada launched **Asia Watch**, replacing our long-running **Canada-Asia News Service**, which was, in essence, an international headline aggregator, with a more robust newsletter service. **Asia Watch**, produced every Monday, Wednesday, and Friday, features the latest news, trends, and issues that matter to Canadians (including COVID-19 responses across the region as the pandemic took hold later in the year) from our team of research analysts. The content from **Asia Watch** is also posted on an interactive map on our homepage and is consistently among our top-five visited pages each month.

Between May 8, 2019, and March 31, 2020, the Foundation's research team published 508 news stories in 127 editions of **Asia Watch**, including six **Special Editions** (Hong Kong protests, U.S.-China trade war, 70th anniversary of the People's Republic of China, Japan-South Korea trade war, Taiwan election, and Trump's visit to India). The audience for this free newsletter service has grown by 33 per cent since its launch, and it now reaches more than 8,400 readers each week.



In mid-March 2020, the Foundation refocused **Asia Watch** to capture what the Foundation considers the most relevant issues in Asia for **Canada's ongoing pandemic response**. The newsletter quickly became the basis of our publication plan as our research team began to prioritize political and business intelligence and risk products over its more traditional research offerings.

Where specific issues invite further evaluation, the team's news synopses are expanded into 1,000-word **Dispatches** called **COVID-19 Conversations**, which became the mainstay of our published content after March 2020, which will be featured in next year's Annual Report.

The COVID-19 Conversations Dispatches are framed to answer the following questions for Canadian stakeholders in government, business, and civil society:

- What is happening in Asia around COVID that affects Canadian national interests?
- What are states doing at the macro/micro levels to respond to COVID? What are the lessons learned for Canada?
- What are the social impacts of COVID in Asia? What can Canada expect?
- What are the potential issues for Canada of short-/medium-/long-term dislocation from Asia? How are Asian states dealing with similar challenges?
- Where do Asian states have a comparative advantage? What lessons are there for Canada's national and provincial leadership?

## CONFERENCE SNAPSHOTS

### The Free and Open Indo-Pacific: Charting a Common Approach

#### Where

Vancouver, BC

#### When

January 22-23, 2020

#### What

Although the concept of FOIP is widely discussed, the lack of a common understanding of its parameters threatens the validity and viability of the concept. The conference facilitated critical dialogues between stakeholders from various regions and nationalities in an effort to “charting a common approach” to the FOIP concept.

#### Who

Embassy of Japan in Canada, Global Affairs Canada, Department of National Defence, Toyota, Hitachi, CAE, Fujitsu, Mistui & Co. (Canada) Ltd.

#### Outcomes

Media statement, conference note, analytical paper (to be published in September 2020), and laid the groundwork and opened discussion for an annual Vancouver-Asia Dialogue Series.

### Technology and Geopolitics: Navigating a Future of Tech Uncertainty

#### Where

Toronto, Ontario

#### When

October 9-10, 2019

#### What

Brought together stakeholders from a broad range of backgrounds, sectors, and nationalities to address implications of the rapidly-changing intersections between geopolitics and technology, to identify key opportunities and challenges, and to offer insights into how Canada can and should navigate these issues.

#### Who

Global Affairs Canada, McCarthy Tétrault, Telus, Business Council of Canada.

#### Outcomes

Published conference report.

## MAJOR CONFERENCES

This year, APF Canada hosted two major conferences – a technology/security conference in Toronto in October 2019 and a security conference in Vancouver in January 2020. Both of these (pre-pandemic) conferences demonstrated the Foundation’s ability to convene unique cohorts of international stakeholders around policy issues of growing importance to Canada’s future.

The **Technology and Geopolitics: Navigating a Future of Tech Uncertainty** held in Toronto on October 9-10 was a closed-door dialogue among 90 diverse policy experts and practitioners to explore Canada’s strategic approach to technology, security, and governance. Given today’s rapidly changing technological and geopolitical landscape, the Foundation felt it was never more important to identify key opportunities and challenges for Canada from a high-level perspective, but with applicability for those working in the digital technology sector.



Charles S. Morgan, Partner and Co-Leader of the Information Technology Law Group at McCarthy Tétrault, delivering a speech on data management and governance in the G20 and beyond at the Technology and Geopolitics Conference in Toronto on October 10, 2019.

The Conference panels focused on the national security/technology nexus; the impact of national security on technology supply chain management; data management and governance; and investment and partnerships in R&D in technology and related sectors.

In partnership with **Global Affairs Canada, McCarthy Tétrault, Telus, and the Business Council of Canada** the conference culminated in a publicly-issued [Summary Report](#) identifying trends and areas of concern, such as **data governance and national security issues**, the impact on **supply chains, R&D and talent retention**, as well as a list of five specific **policy recommendations for the Government of Canada** further demonstrating the Foundation’s Digital Leadership in one of Canada’s – and the world’s – fastest-growing sectors.

The intimate symposium format helped to deepen relationships with key contacts in the tech and innovation space, demonstrated the Foundation’s ability to convene relevant stakeholder groups around sensitive issue areas, and facilitated dialogue that provided actionable and timely policy advice.

The technology and innovation field is an ongoing area of focus for Canadians – and central to its future prosperity – an area that is rapidly changing and impacted by geopolitical shifts in the Asia Pacific. Issues raised in this forum continue to inform the activities of the Foundation’s **Digital Asia** research pillar as it strives to identify key opportunities and challenges for Canada and Canadian businesses in the intersections between geopolitics and technology.

The **Free and Open Indo Pacific: Charting a Common Approach** Conference held in Vancouver on January 22-23 was Canada’s first-ever conference on the Indo-Pacific. The conference explored different understandings of the ‘Free and Open Indo-Pacific’ (FOIP) concept as it applies to states’ domestic, foreign, and security policy-making processes. Speakers and participants attended from **Canada and Japan**, as well as from **ASEAN** member states, **Australia, India**, and the **United States**.



Admiral (Retired) Scott H. Swift, Former Commander of the U.S. Pacific Fleet, discussing the challenges and opportunities of FOIP with other conference panelists at the Free and Open Indo-Pacific Conference in Vancouver on January 22, 2020

With strong support from the **Embassy of Japan in Canada, Global Affairs Canada**, and the **Department of National Defence**, and sponsored by several high-profile corporate participants, including **Toyota, Hitachi, CAE, Fujitsu, Mitsui & Co.**, ‘FOIP 2020’ drew 110 attendees and featured a keynote address from **Admiral (Retired) Scott H. Swift**, Former Commander, US Pacific Fleet.



[The Summary Statement](#) culminating from FOIP 2020 was exceptionally well-received on social media, earning the Foundation 144 new followers during the conference, and engaging some 76,000 social media participants over the course of our January 15-28 campaigns. **Business in Vancouver** also provided feature coverage of FOIP 2020, under the headline, “[Canada Urged to Broaden its Asian Horizons](#)”. A Policy Brief informed by the FOIP 2020 conference will be released in the early fall of 2020.

Although the concept of FOIP is widely discussed, the lack of a common understanding of its parameters threatens the validity and viability of the concept. The Foundation’s conference not only facilitated critical dialogues between stakeholders from various regions and nationalities to “chart a common approach” to FOIP, but it also identified a gap in strategic policy for more informed debate around FOIP and the geopolitical, economic, and security issues it is meant to address.

We intend to pivot the success of this geopolitical security conference into an annual **Vancouver-Asia Dialogues** series, exploring geopolitical and security issues in the Asia Pacific that are especially relevant to Canada’s future engagement in the region. A special report on the FOIP 2020 conference, and the need for a robust and continuing international dialogue around the important concept of a ‘Free and Open Indo-Pacific’ will appear in the fall 2020 issue of the National Bureau of Asian Research marquee publication, **Asia Policy**.

## THE CHINA FILES

### Canada-China Track II Energy Dialogues

The deterioration in bilateral relations between Canada and China has had a polarizing effect on the dialogue around Canada’s future relations with our second-largest trading partner. Certainly China’s economic and technological ascendancy has generated much consternation and commentary in the West, but Beijing’s more recent willingness to engage in ‘hostage diplomacy’ and direct coercion in the context of its foreign policy has had a deleterious effect on international relations over the past two years in particular.

Canada, of course, has not been immune to this more ‘aggressive’ approach by China. But the Foundation’s position remains firm: it is in Canada’s best long-term interest to continue developing economic and people-to-people ties when and where doing so is in Canada’s national interest, as defined in Sec. 3 of the **Asia-Pacific Foundation of Canada Act**, where it states that the purpose of the Foundation is to “develop closer ties between the peoples and institutions of Canada and the peoples and institutions of the Asia-Pacific region and to promote capacity development in persons and entities that share an interest in the Asia-Pacific region and the building of networks between them.”

The Foundation’s work this year reflects this position and purpose, and we have sought to engage with China where we see mutual complementarities and where it makes sense for Canada as a middle power that adheres to a values-based, sovereign foreign policy.

Commissioned by **Natural Resources Canada** and the **National Energy Administration, China**, the

**Canada-China Track II Dialogue** is led by one co-chair from each country. APF Canada’s President and CEO, **Stewart Beck**, is the Canadian Co-chair, while Jiang Xuefeng, Vice-President of the CNPC Economics and Technology Research Institute, is the Co-chair for China.

Preliminary discussions in the Track II Energy Dialogue took place in **Beijing** in December 2017 and again in **Halifax**, Nova Scotia in September 2018. Five working groups emerged from these meetings: oil and gas, nuclear, renewables, energy efficiency, and Indigenous inclusion. Experts from both sides elaborated on policy recommendations that could advance Canada-China collaboration on energy issues.

In April 2019, Stewart Beck held a call with Canada’s Chinese counterparts during which an additional focus area of **Dam Safety** was established. This is an area of mutual interest given both jurisdictions’ development of and past collaboration on hydro-electric generation, including the Three Gorges Dam, for which Canada provided feasibility studies and turbines.

With the addition of this new interest-area, the Track II group is now considering a broader range of policy options and activities to enhance two-way trade and investment in energy-related goods and services, and the development of recommendations for mutual consideration by officials in Canada and China. We expect a report on their findings in late 2020.

### Senior Care in China

China’s aging population has created a growing demand for senior care services within a system ill-equipped to support the country’s elderly. In February 2020, APF Canada Post-graduate Research Scholar Yoel Kornreich released a

comprehensive report reviewing the current state of China’s senior care and health-care services sector, and provided a detailed analysis of the opportunities and challenges this sector represents for Canadian service providers and businesses interested in this growing and underserved Chinese market.

His report, [China’s Evolving Senior Care Sector: Opportunities and Challenges for Canadian Care Providers and Businesses](#) found that, in recent years, the Chinese government has taken active measures to tackle its gaps in health-care services, committing substantive resources to provide subsidies to poor and rural populations, including seniors. It has also altered existing regulations to allow for the operation of private actors in the delivery of services to China’s more affluent urban residents, especially senior care and health-care services.



The combination of these two factors, he argued, creates opportunities for Canadian senior care providers. In particular, Canadian public hospitals with expertise in medical services for seniors, as well as Canadian companies specializing in the delivery of nursing and personal support care.

The launch of Kornreich's report was preceded by a workshop presentation organized by the **Ontario Trade and Investment Centre** in September 2019, and attended by Canadian care providers and businesses. At the well-attended workshop, he explained that Canadian companies specializing in the delivery of nursing and personal support care might have untapped opportunities in China's evolving senior care market.

### Ambassadorial Engagement

Tackling current tensions in the Canada-China bilateral relationship head-on, in November 2019 APF Canada convened a business roundtable with **H.E. Lu Shumin, former Ambassador of the People's Republic of China to Canada**. Gathered at the request of the **Chinese Consulate General in Toronto**, the roundtable featured an intimate, curated group of Canadian corporate and university sector leaders in the bilateral relationship.

The session was Ambassador Lu's final meeting in Canada – he also visited Montreal and Ottawa – before returning to China. During the event, he met with knowledgeable figures in the Canada-China relationship from business, universities, and civil society to gauge leading Canadian opinion on current bilateral tensions.

Ambassador Lu and the Canadian participants exchanged frank views on current bilateral tensions, with both sides discussing opportunities to build short-term trust in select areas of mutual interest. The roundtable was an example of the Foundation's ability to convene high-value stakeholders for meaningful dialogue around sensitive areas in an increasingly tense bilateral relationship.

### APEC-CANADA GROWING BUSINESS PARTNERSHIP

The Foundation's multi-year [APEC-Canada Growing Business Partnership](#), established in 2015 with funding from the **Government of Canada**, has brought applied research, training, and toolkits to bear on increasing global market access for micro, small and medium enterprises (MSMEs) to help stimulate economic growth and reduce poverty in the APEC region.

This year the Foundation focused its efforts on the APEC economies of **Chile and Peru**. In Peru, APF Canada's team held two events in Lima (**Change Makers: Supporting Social Entrepreneurs in Peru Workshop** (May 15, 2019) and **APEC-Canada Growing Business Partnership MSME, Competitiveness, and Social Innovation Training Day** (September 12, 2019)), where the team also launched its **Peru Toolkit**.



The training and workshop sessions introduced relevant best practices for entrepreneurs and MSMEs through presentations by Canadian and Peruvian trainers on business development, with a focus on social entrepreneurship. Workshop partners included **Peru's Ministry**

**of Foreign Affairs and Ministry of Production and Kunan** (a social enterprise in Peru), while our toolkit partners included: **UTEV Ventures, Peru's Ministry of Production, ASEP, Business Boutique, aperhu, Kunan Peru, NESsT, Tekton Labs, Neoconsulting, and Comexperu.**

Through the workshop and training sessions, the project received valuable feedback from MSMEs in Peru on the specific challenges they face on the ground. The project helped provide practical business ideas for MSMEs as well as relevant policy recommendations to government, and the [Peru Toolkit](#) is now available online on the project website as an evergreen resource.

A series of **Peru research reports** were commissioned in 2019 and were released online from February to April 2020:

- [The Existing Landscape of Social Entrepreneurship in Peru](#) authored by Alexandra Ames Brachowicz and Carla Grados Villamar (Kunan).
- [Micro, Small, and Medium Enterprises and Social Entrepreneurship in the Context of Peru: Considerations for APEC Mining Economies](#) authored by Alvaro Cano, Andre Xavier (UBC), Suzette McFaul (SEF Canada).
- [Financing for Social Entrepreneurship in Peru](#) authored by Carl Black (Deetken Impact).

These reports provide relevant research and policy recommendations by experts from Canada and Peru to foster the growth of MSMEs and entrepreneurs through the theme of social entrepreneurship. The experts themselves are professionals who have worked directly with Peruvian businesses, and the research they conducted comprises a variety of methodologies,

including interviews with Peruvian MSMEs and literature reviews.

In **Concepcion, Chile**, the Foundation presented the APEC-Canada Growing Business Partnership project to the **APEC Small and Medium Enterprise Working Group (SMEWG)** on September 3, 2019.



The project team was able to showcase Canada and APF Canada's work with high-level APEC policy officials involved in the SMEWG, and inform them of relevant policy recommendations and our project research. The team received positive and important feedback from the APEC SMEWG, particularly around the application of the program to other APEC economies. While this was a unique opportunity to develop APF Canada's network within APEC, it was also an opportunity for us to showcase Canada's presence in the region.

Additionally, as part of the APEC-Canada Growing Business Partnership, APF Canada has partnered with the **Cherie Blair Foundation for Women** to run a [mentorship program](#) for women entrepreneurs from the project's four focus economies (**Vietnam, Indonesia, the Philippines, and Peru**).

The mentorship program empowers participants with practical business advice and lessons – particularly as they relate to sustainable business growth– from Canadian MSME ‘champions.’ This component of the larger project began in November 2018, with the cohort programs for Vietnam, Indonesia, and the Philippines concluding in December 2019. The Peru cohort was recruited in November 2019 will graduate at the end of May 2020. The project team and the Cherie Blair Foundation are collaboratively developing a digital archive for the project website to showcase the women mentees and mentors in the program.

In the short term, the APEC-Canada Growing Business Partnership will be concluding its activities in Peru with the release of the **2020 Peru National Survey Report** in September 2020. As phase one of the project approaches its final implementation year (2021), the project team is organizing a capstone conference in conjunction with the launch of a capstone policy paper that synthesizes the information and research gathered from the past four years.

The conference will take place on the margins of a high-level APEC event to provide final policy recommendations to developing APEC economies on how to build the capacity of their MSMEs further, particularly as they relate to women and youth.

## WOMEN’S BUSINESS MISSIONS

APF Canada’s **Women’s Business Missions to Asia** program, launched in 2019, is a further example of our unique ability to connect and convene in the economic space, and foster broader innovation and collaboration in the digital space.

In April 2019, the Foundation led Canada’s **first women-only business mission to Japan**. The success of this pilot mission – with 34 delegates, 17 entrepreneurs, and six signed deals – prompted us to extend the model to other Asian markets over the next five years, an effort supported by the Government of Canada.

The ultimate goal of these missions is to provide a bridge to key markets in Asia for Canadian women-led or founded companies. They also support the Government of Canada’s dual efforts to promote international trade diversification and advance women’s economic empowerment by encouraging Canadian women in business to consider expansion into Asia’s burgeoning markets.



*Delegates of the First Canadian Women-only Business Mission to Japan Meet HIH Princess Takamado at a Special Luncheon hosted at the Meiji Kinen Kan on April 1, 2019.*

The Japan mission, which visited Tokyo and Kyoto, featured a bilateral Canada-Japan policy dialogue between government representatives on women’s economic advancement, followed by industry site visits of Japan’s elder care economy innovations, which focused on artificial intelligence and robotics. The mission was capped with B2B matching sessions between women entrepreneur delegates and Japanese businesses.



Convening business missions to Asia was one of the primary recommendations emerging from the cross-country ‘Women2Women in the Asia Pacific’ dialogue series that APF Canada convened in 2017 and 2018. Sponsors of the Japan mission included **Manulife, Air Canada, Samantha Thavasa, Global Affairs Canada (Business Women in International Trade, BWIT), and the Embassy of Canada in Tokyo**. Supporting organizations included **Canadian Digital Media Network, Communitech, Japan Women’s Innovative Network, Kyoto Women’s University, MaRS, #MoveTheDial, Next Canada, Rotman Initiative for Women in Business, Ryerson Futures, SheEO, and UN Women**.

The Foundation was awarded C\$1.75 million from the Government of Canada’s national **Women**

**Entrepreneurship Strategy (WES)** in 2019 to support the delivery of women-only business missions to Asia, with four targeted economies through 2023, including **South Korea, Taiwan, India, and China** (with a possible side mission to **Vietnam**), as well as wraparound programming to support women-owned MSMEs in Canada. APF Canada had finalized plans for the women-only trade mission to South Korea for 2020, before COVID-19-related travel restrictions were imposed. The mission is now pivoting to a technology-enabled **virtual business mission** in November of 2020, and will include a two-day conference with high-level speakers from Canada and South Korea, personalized B2B matchmaking for the official delegates, and networking opportunities for attendees.

## 'ASIA COMPETENCY,' EDUCATION, AND YOUTH

'Asia Competence' has become a central tenet of APF Canada, informing our work at home and abroad. It is now self-evident that if we are to truly seize upon the opportunities Asia presents for Canada's future economic prosperity, Canadians must have a better knowledge of the region's cultures, business practices, and traditions.

APF Canada has been working diligently this year to deepen Canadians' understanding of Asia's economies, societies, and political systems, and that work begins with Canada's next generation – today's youth.

### Asia Pacific Curriculum

The Foundation expanded its [Asia Pacific Curriculum](#) programming this fiscal with two new resources released in fall 2019. [Chinese Migrations in the Mid-Late 19th Century](#) and [Asia Profile: Bangladesh](#) brought our curriculum topic modules' total to 18 this year.



The Bangladesh Profile includes three mini-modules on 'fast fashion' and ethical supply chains, climate-induced migration, and the politics of language identity. The Education team also began a series of substantive revisions and expansions to four of its existing modules on modern Japanese history, urbanization in Asia, Asian Canadian migration and history, and Canada-Asia co-operation on international issues.

These module revisions and expansions are happening in collaboration with the **British Columbia Ministry of Education** and several leading B.C. social studies teachers. The changes include making these resources adaptable to multiple grade levels and incorporating a stronger emphasis on some of the curricular competencies emphasized in B.C.'s re-designed curriculum, which now features our education programming as part of its **History 12/Asia Studies** in the province-wide curriculum.

In addition to revising and expanding the content, in its next phase, the Education team will review these materials in light of the recent rise in anti-Asian racism during the COVID-19 pandemic. This includes insights that APF Canada gleaned through a series of focus groups with East Asian Canadians. Specifically, the Foundation will take steps to assure that existing and future curriculum materials are supportive of initiatives to combat anti-Asian racism and will be sensitive to how cultures, events, and specific actors are portrayed.

### Asia Connect

This year, as part of our [Asia Connect](#) internship programming, the Foundation supported **15 Canadian post-secondary students** in obtaining valuable cultural and professional development experience in Asia through internships in **Hong Kong** (four), **India** (10), and the **Philippines** (one).

The Foundation's work with the private and public sectors has consistently shown that many Canadians lack the knowledge, skills, and experiences required to be effective when working in or with Asia. The need for such competencies has been identified as a priority in the Government of Canada's **2019-24 International Education Strategy**. Through our Asia Connect internship experiences, students develop the types of Asia competencies that will ultimately help Canada strengthen its relationships with a variety of key partners in the region.

Partners in this project include: **Simon Fraser University, Langara College, Deshpande Foundation (India), Zone Startups (India), Nimbyx (Vancouver/Philippines), Optimus (Vancouver/India), and Noah Holdings Ltd. (Vancouver/Hong Kong)**. These organizations have empowered us to provide high-quality, professional global experiences for students intending to pursue careers in business, engineering, international development, communication, design, and health sciences.

Suspended in March 2020 due to COVID-19, we plan to re-start these programs once travel restrictions are lifted. The Foundation is also hoping to position these programs to align with the Government of Canada's 2019 commitment to provide financial support for Canadian students to get international experience.

### Youth Councils

Another core component of our Asia Competence programming is our volunteer **Asia Pacific Youth Council (APYC)**. In 2016, APF Canada's Vancouver Office launched the APYC, a forum for Vancouver-area post-secondary students and young professionals to deliver signature events and other programming to raise awareness among Canadian youth of Asia and its importance to Canada.

This year, APYC implemented two changes: it expanded from seven to 14 members, and it introduced focused programming teams in the areas of arts & culture, global careers, business & entrepreneurship, and **Asian Election Watches** that have explored election cycles in India, Indonesia, Sri Lanka, and Taiwan.

The APYC's key audience is local-area youth with an interest in Asia and global engagement more broadly. Since its founding, the Council has developed links with local entrepreneurs and young professionals who contribute their time as speakers on panel discussions and as mentors for our **Asia Pacific Mentorship Program**.

After its success in Vancouver, the Foundation expanded the APYC to Toronto in 2019 to broaden the Foundation's reach to the younger



demographic across Canada. The TAPYC came out of the gate strong this year, hosting the City Building and Civics: Toronto's Asian Heritage public event on May 15, 2019, featuring Olivia Chow, Director of Ryerson's Institute for Change Leaders and former federal MP and Toronto City Councillor, and Dr. Erica Kim, Professor of Architecture at the University of Toronto.

The event provided a forum for identifying and celebrating the contribution of Asian Canadians to Toronto's history and future, and convened an audience of young professionals and post-graduate students.

Both the APYC and the TAPYC continue to organize engaging public event programming, exploring online options during the current pandemic restrictions. The program also provides the Foundation with a crucial networked cohort of young Canadians, whose skills, experiences, and insights are often leveraged for feedback on important projects, including polling and youth outreach.

## Japan-Canada Kakehashi Project

The Foundation's **Japan-Canada Kakehashi Project** is an annual Japan-Canada youth/student exchange program funded by the **Government of Japan** that provides learning experiences for Canadian students visiting Japan and for Japanese students visiting Canada. APF Canada is the administrator of the bilateral program and responsible for delivering in-Canada programming. The Tokyo-based **Japan International Cooperation Center (JICE)** is sub-contracted by APF Canada to deliver programming in Japan.

Each exchange incorporates curated activities such as visits to museums, industrial plants, academic exchanges, meetings with government



and business leaders, and home stays. Five Canadian groups travelled to Japan (Tokyo, Iwate, Ishikawa, Hiroshima, Yamagata, and Miyagi) and one group of Japanese students visited British Columbia (Vancouver and Victoria) between July and March, before travel restrictions due to COVID-19 required the cancellation of planned exchanges to Toronto/Ottawa and Hokkaido.

The program promotes mutual trust and understanding between Canadians and Japanese, helps develop Asia Competence for Canadian students, businesses, and community leaders, and demonstrates the Foundation's ongoing commitment to Japan-Canada relations. To date, more than 1,100 students from both sides of the relationship have participated in Kakehashi exchanges, contributing to a strong alumni network.

... On the subject of Japan, APF Canada participated as an organizing partner in the annual Kwansai Gakuin University (KGU) Cross Cultural Career Seminar in February 2020. During this event at the University of Toronto, bilateral teams of Japanese and Canadian university students researched a corporate or public policy issue. APF Canada designed an assignment on comparable climate change policies for a cross-cultural group of students and evaluated their presentation at the end of the week-long seminar.

## HIGHLIGHTS FROM OUR RESEARCH VERTICALS

### Digital Asia

While technology and innovation permeate much of the Foundation's work, it was our newest research vertical, **Digital Asia**, that cemented the Foundation's position as a Digital Leader this fiscal year, producing two forward-looking papers that examine the increasingly complex, yet important intersection between technology and geopolitics.

Released in July 2019, the report [Artificial Intelligence Policies in East Asia: An Overview from the Canadian Perspective](#) was the culmination of Post-graduate Research Scholar research conducted since 2017.



The report was a starting point for APF Canada's research efforts on Asia's digital technology. Accompanying its launch was a roundtable at the Foundation's Vancouver Office, a webinar, several supporting Dispatches, and participation by the Digital Asia team at several conferences and expert workshops on AI, including the **Technology and Geopolitics: Navigating a Future of Tech Uncertainty** conference in Toronto that ultimately established the Digital Asia vertical.

Released in October 2019, [Towards Canada's Asia Strategy on AI](#) Policy Brief complemented the earlier report on East Asia AI, providing a more forward-looking analysis of Canada's AI capacity as a tool of engagement in the Asia Pacific. The Policy Brief signalled the future research direction of the Digital Asia pillar for external stakeholders, as it was the team's signature presentation at our Tech and Geopolitics conference in October.

Building on the report, Digital Asia is developing the capacity to conduct further research on emerging technologies and their governance in the region, and their implications for Canada, with an area of focus in 2021 being **Southeast Asia AI governance**, with takeaways for Canadian policy-makers.

The Digital Asia team was also responsible for the third in our **E-Commerce Series** on Asia, with a report on [South Korea](#) this year completing our series, which also features papers on e-commerce ecosystems in [China](#) and [Japan](#).

### Business Asia

The Foundation's **Business Asia** team was focused this year on our ongoing **Investment Monitor** project, which was launched in 2017 to track two-way investment flows between Canada and the economies of Asia. This year's **Investment Monitor** project produced two annual reports: [Investment Monitor 2020: Trade Agreements and Foreign Investment in the Asia Pacific](#) and [Investment Monitor 2019: Stories from the City Level](#). Both were produced in partnership with **Invest in Canada, Export Development Canada, Bank of Canada, The School of Public Policy at the University of Calgary, AdvantageBC, and the Government of British Columbia**.



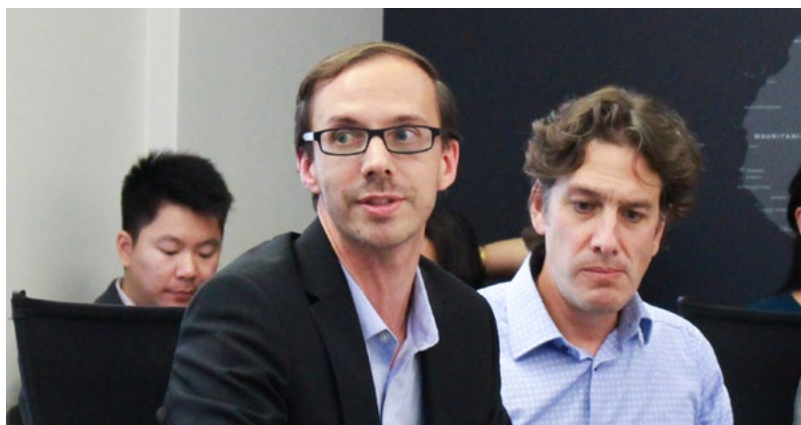
The **Foreign Investment** report explored two-way foreign direct investments between Canada and the Asia Pacific, focusing on the connections between Canada's free trade agreements with Asia Pacific economies and foreign direct investment (FDI). With 2019 concluding the first year of Canada's participation in the **CPTPP**, the report was able to add to our understanding of how agreements can provide a road map for Asia Pacific engagement. The report also featured new analysis on investment in health care, pharmaceuticals, biotechnology, and clean technologies, filling gaps in the data and analysis otherwise publicly available.

The **City Level** report focused its attention on Canadian and Asia Pacific FDI at the city level. New trends captured in this report show that Canadian cities are themselves hubs of activity and engagement, and are helping foster wider economic connectivity between Canada and Asia. Again, by better aggregating and cataloguing investment trends at the city level, the report helps to fill the gap in data that is otherwise publicly available, and supports business, government, and civil society as they navigate Canada's necessary pivot to Asia.

## Engaging Asia

Another new research vertical this fiscal is **Engaging Asia**, which provides research and analysis on Asia's importance to Canadians directly engaged with the Asia Pacific. The team's work this year was focused on **Indigenous participation in Canada-Asia engagement**, a relatively new area of research for the Foundation.

In February 2019, the Engaging Asia team, together with strategic communications firm **Creative Fire**, convened a roundtable on accelerating Indigenous business relations with Asia Pacific markets. It marked the first-ever meeting between Indigenous business leaders and Asia Pacific stakeholders and was a first step in establishing strong nation-to-nation trade, marketing, and investment relationships between Indigenous Canada and Asia Pacific economies.



In July 2019, the same team released its [Indigenous-Asia Pacific Business Roundtable Report](#) with support from **Air Canada, CP Rail, Port of Vancouver, LNG Canada, Teck, Mosaic Forest Management, and Simon Fraser University**. That meeting, and its summary report, would ultimately spur a unique

guidebook – the first of its kind in Canada – as a resource for Indigenous businesses interested in importing and exporting goods and services and attracting investment.

[The Guidebook for Doing Business in the Asia Pacific: A Resource for Indigenous Businesses](#), was published in September 2019 as a unique online resource to help catalyze Indigenous business engagement with the Asia Pacific. Supporting Indigenous community and social goals, the Guidebook:

- Explores why opportunities in the Asia Pacific are increasingly important for Indigenous Canada
- Provides an outline for the creation of successful Indigenous Canada-Asia Pacific business strategies
- Consolidates and details the financial, logistical, planning, and networking supports available for doing business in the Asia Pacific

A tool for Indigenous entrepreneurs, Indigenous-owned MSMEs, and economic development corporations, the Guidebook was widely embraced by Canada's Indigenous stakeholders. Since its release, it has been well-received at events by the **Canada Council for Aboriginal Business**, the **World Indigenous Business Forum**, the **BC Assembly of First Nations**, and the **Pacific Business and Law Institute (PBLI)**. The Guidebook was also featured in the summer 2019 edition of **Maritime Magazine** and in **Business in Vancouver's** weekly publication and **Asia 360** podcast.

The Engaging Asia team is currently working with the **Heiltsuk First Nation** on a Case Study of its Herring Roe on Kelp exports to Japan, a request from the Heiltsuk following a presentation on the Guidebook at the PBLI

in November 2019. The **Chinook School of Business at the University of B.C.'s Sauder School of Business** has also expressed interest in adding Asia related business content to future iterations of the Guidebook, which had 2,180 online pageviews in the months following its release.

## Perspectives Asia

This fiscal, as tensions between Canada and China loomed large over the two jurisdictions, APF Canada's **Perspectives Asia** team shifted its lens to understanding Canadian views on two different forms of investment from Asia – **FDI** and **human capital**.

Our first [National Opinion Poll: Canadian Views on High-Tech Investment from Asia](#) released this fiscal was aimed at understanding Canadian attitudes towards inbound FDI in high-tech sectors, especially from various Asian economies.

The survey found that 56 per cent of Canadians share a certain level of skepticism towards FDI from Asia in Canadian high-tech sectors. At the same time, Canadians continue to believe that Asia is a future powerhouse of technology and innovation, and a vast source of potential investment capital.

The survey was concluded and publicly released in June 2019 at the Foundation's Vancouver Office. The launch was accompanied by a co-ordinated media campaign that included an op-ed published by the **Globe and Mail**, and several media interviews. This survey earned 1,915 pageviews and garnered a reach of 23,211 across 35 posts on all social media platforms.

The rapid technological development and growth of Canada's high-tech sector, coupled with an

aging population, has increased our domestic demand for high-skilled talent. APF Canada's second poll this year, the [National Opinion Poll: Canadian Views on Human Capital from Asia](#) sought to understand Canadians' views on high-skilled talent from Asia, a region that represents a young and educated workforce, and a hopeful opportunity for Canada.

Our survey found that the majority of Canadians believe that Canada should look towards Asia for international talent and feels that the benefits of having such talent outweigh the concerns. This survey complemented the year's first National Opinion Poll. Even though Canadians perceive that there are risks in FDI from Asia, they mostly support incoming international talent that can help bolster Canada's development.

The survey was officially released in October 2019 in Vancouver and was accompanied by a co-ordinated media campaign that included an op-ed piece published by the Vancouver Sun, alongside a [news feature](#) by the same publication. This survey earned 1,667 pageviews and garnered a reach of 54,237 across 109 posts on all social media platforms.

Recognizing the absence of Asian businesses' perspectives on Canada, APF Canada embarked on an ambitious, multinational project that would allow for an in-depth exploration of Asian views on deepening economic engagement with Canada.

**Asia Views on Economic Engagement with Canada: Perspectives from Business Leaders and Policy Experts in Asia (2018-2020)** spans six Asian countries: **Japan, China, India, Singapore, South Korea, and Vietnam**. The Perspectives Asia team oversaw 6,600 surveys of Asian business leaders over a year, and 58 interviews with policy experts from the six countries.

The large scale of the study, coupled with the comparative analysis at the country level, provides a unique opportunity for the Canadian government and businesses to consider areas of engagement and ways of enhancing engagement by identifying barriers, and to better understand Asian companies' perceptions of the Canadian market and trade agreements. The project received significant funding and support from **Export Development Canada, Global Affairs Canada, and Invest in Canada**.

### ASIAN BUSINESS LEADERS SURVEY HIGHLIGHTS:

- Business leaders, who are engaged with Canada, exhibit a strong desire to maintain and establish more business relationships in Canada, with Indian businesses the most enthusiastic.
- Asian business leaders, except in Japan, share a positive view of the Canadian market, products, and the quality of business partners in Canada.
- Seven out of ten business leaders surveyed do not understand the Canadian business operating environment; business leaders not interested in Canada identify a lack of familiarity and networks as the top reasons for their lack of interest.
- There is widespread support from businesses in China, India, Singapore, and Vietnam to enter into an FTA with Canada.
- Asian policy experts emphasize the role of trade missions as a preferred method of increasing awareness about Canadian market opportunities.

The project was initiated in 2018 and completed in February 2020. Due to the unprecedented circumstances around the COVID-19 pandemic, the final report release and presentation to the Funding Partners was conducted via a virtual meeting on May 15, 2020, with the full survey expected to be made public in the fall of 2020.

## TOP 5 INTERNAL EVENTS

### 1. East Asia Trade Roundtable Discussion with The Honourable Mary Ng, Minister of Small Business, Export Promotion and International Trade

**Where:** APF Canada Boardroom

**When:** April 23, 2019

**Who:**

- Key Speaker: Minister Mary Ng
- Audience: Influential Asia Pacific entrepreneurs

**Number in Attendance:** 22

### 2. Investment Monitor Launch

**Where:** APF Canada Boardroom

**When:** May 7, 2019

**Who:**

- Key Speaker: Investment Monitor Team
- Audience: Consuls General in Vancouver

**Number in Attendance:** 40+

### 3. Roundtable Discussion with Australian High Commissioner, Her Excellency Natasha Smith

**Where:** APF Canada Boardroom

**When:** May 29, 2019

**Who:**

- Key Speaker: Natasha Smith, Australian High Commissioner to Canada, discussing economic, political, and strategic perspectives on the Indo-Pacific region from the Australian perspective.

**Number in Attendance:** 28

### 4. Roundtable Discussion with Consul General of Canada in Hong Kong and Macao, Jeff Nankivell, on the current Canada-China relationship, and different challenges and opportunities for business in the current climate

**Where:** APF Canada Boardroom

**When:** June 3, 2019

**Who:**

- Key Speaker: Jeff Nankivell, Consul General of Canada in Hong Kong and Macao

**Number in Attendance:** 16

### 5. Conversation with Stephen Poloz, Governor, Bank of Canada

**Where:** APF Canada Boardroom

**When:** October 3, 2019

**Who:**

- Key Speaker: Stephen S. Poloz, Governor, Bank of Canada, on Canada's monetary policy and the economy.

**Number in Attendance:** 23



## NETWORKS

This fiscal, APF Canada continued to reach widely and deeply across the Asia Pacific in supporting and stimulating dialogue around Canada-Asia engagement. While our **Asia Business Leaders Advisory Council (ABLAC)**, a high-level group of Asian and Canadian business leaders that has met annually since the Council's launch in 2016 to articulate opportunities for improved Canada-Asia business engagement, was postponed in February as the epidemic in China became a global pandemic, we have nevertheless worked tirelessly to maintain our high-value networks. Indeed, to expand them.

In 2019, the Foundation began exploring new ways to leverage its **Study Centre** designation to enhance its connected network across APEC, including collaboration on research initiatives and papers, invitations to participate in significant convenings, and cross-promotion of relevant work.

The Foundation partnered with both the **Chile Pacific Foundation** and the **National Bureau of Asian Research** in the United States this past fiscal. The Chile Pacific Foundation (Fundación Chilena del Pacífico) plays a vital role in advocating for Chile's free trade projection towards Asia Pacific markets. Located in Chile's capital of Santiago, the Chile Pacific Foundation, which also holds the Chilean secretariat for ABAC, works in close collaboration with the public sector through several government agencies and encourages public-private dialogue in Chile to develop free-trade-oriented policies for the Pacific region.

Based in Seattle, Washington, with a branch office in Washington, D.C., the National Bureau of Asian Research has developed a reputation as a global go-to think-tank on Asia policy. It's

Asia Policy journal is a peer-reviewed scholarly publication presenting policy-relevant academic research on the Asia Pacific that draws clear and concise conclusions useful to today's policy-makers. As a consortium partner, as of this year, APF Canada contributes to the quarterly journal's editorial board and advisory committee.

As the designated centre and secretariat for the **Pacific Economic Cooperation Council (PECC)** a non-profit international organization committed to the promotion of co-operation and dialogue in the Asia Pacific, the Foundation was honoured to assist in the convening in October 2019 of the **PECC International Symposium: Asia-Pacific Strategies for the Global Trading System**.

The symposium was organized to convene experts – including government, academia and the private sector – from APEC economies in a series of dialogues on issues and challenges in the global trading system. Topics under discussion included 'Current Challenges to the International Trading System,' 'The New Trading Order Across the Pacific,' 'Trade in the Age of the Fourth Industrial Revolution,' and 'Gender and Trade.'

The event was co-hosted by the **French Pacific Territories Committee on Pacific Economic Cooperation** and the **Canadian National Committee on Pacific Economic Cooperation**, with the assistance of the **PECC International Secretariat** and the Foundation.

The forum concluded by noting that further work is required to ensure the multilateral, rules-based system is maintained, strengthened, and adapted for the post-2020 period. A key element of that work will be an examination of the impact of climate change and the groundswell of support for environmental action in the international trading system. The digital economy and its

impact on intellectual property and competition policy issues will also be important, participants concluded. APEC and PECC have a role to play in highlighting and advancing proposals for global action, and APF Canada remains an active participant in these multilateral forums.



The Foundation's **Distinguished Fellows** program comprises a roster of experts who are associated with the Foundation's work, and who have made significant contributions to Canada-Asia relations in the areas of scholarship, public policy, business, diplomacy, arts and culture, and civil society. These Fellows provide us with valuable insight and guidance and participate in dialogues and public events, offer commentary and op-eds, and respond to media requests about specific topics and issues in Asia.

In May 2019, the Foundation convened the **Distinguished Fellows Roundtable** to collect their feedback on our work, thank them for their contributions in the past year, and to provide them with an update on the Foundation's research projects and future vision. We continue

to leverage these and other networks to expand the outreach of the Foundation's research, projects, and events, and in 2020 look forward to welcoming a new cohort of Distinguished Fellows to the Foundation.

Note:

[Supplementary Annexes for this Annual Report](#) are located on the Asia Pacific Foundation of Canada's website.



## THE WAY FORWARD

Moving into 2019-2020, and building on our reputation as Canada's primary interlocutor on Asian issues, the Foundation has determined that 1) a **broader geostrategic approach** to our work must emerge, one inclusive of national economic imperatives, but also focused on high-level intelligence for government and business leaders as they consider the security and political implications of heightened engagement with the entire Asia Pacific region and 2) that the Foundation must begin to develop a more robust **business development model** that optimizes funding possibilities, monetizes relevant and actionable research, and deepens engagement with both public and private sector partners.

The Foundation acts as a nexus between Canadian government, business, academia, and the Canadian public, and although the Foundation's engagement has primarily been through contracts with governments and government agencies, requests from the private sector for more targeted business intelligence about the Asia Pacific are increasing and present new opportunities for corporate engagement.

In the coming year, the Foundation will continue to solidify its position as Canada's leading research centre working on Asia Pacific affairs, leveraging its research to support Canadian governments and businesses in engaging more effectively with Asia Pacific countries and in Asia Pacific markets while providing the Canadian public with the knowledge needed to address the unique opportunities and challenges unfolding in the region. The Foundation will further use its institutional expertise and diverse network to continue to educate the next generation of Canadian Asia scholars and practitioners.

Specifically, in 2020-21, the Foundation will continue working to consolidate and refocus all efforts across research, education, networking, business development, and communications to:

1. Further develop and promote the Foundation's research agenda/products and brand.
2. Align activities within a set of strategic priorities with the highest impact.
3. Build a research, business development, and communications structure that will support a more sustainable funding model to support these priorities.
4. Ensure unity of effort throughout the Foundation.



In all of its activities, the Foundation will seek to identify areas where it can have the greatest impact and lead Canada's thinking on and engagement with the Asia Pacific, particularly as a Digital Leader in the context of the **Fourth Industrial Revolution** characterized by the fusion of the digital and physical worlds, as well as the growing utilization of new technologies such as big data, machine and artificial intelligence, the Internet of Things, and e-commerce.

Details of the Foundation's plans for the coming fiscal (April 1, 2020 to March 31, 2021) can be found in the **Asia Pacific Foundation of Canada 2020-2021 Work Plan** on page 3 of the [Supplementary Annexes for this Annual Report](#) located on the Asia Pacific Foundation of Canada's website.

02.

## OUR IMPACT

APF Canada engages with its audiences through a number of branded channels, including our website, email subscriber lists, network channels, event activations, and popular social media platforms to ensure Canadian businesses, scholars, and citizens have a good understanding of, and a stronger connection with, the people and institutions of the Asia Pacific. Our research, networks, and convening is also used by government policy-makers across Canada and the Pacific to inform their strategic engagement with the region.

The Foundation measures its success against its ability to deliver timely and proprietary projects and reports on priority issues in Canada-Asia relations, strengthen its networks across Canada and the Pacific, build its institutional capacity, engage with Canadians (particularly young Canadians) in a dialogue about the value of deepened engagement with Asia, and leverage new modes of delivery and dissemination (including new media and social media).

The success of our programming outputs this year is highlighted throughout Section 1 of this report. The Foundation also tracks and assesses its success in terms of measurable key performance indicators (KPIs), including audience engagement levels across our editorial content and event activations, increases in our online and social media users and followers, and the number of contributions we make to Canadian and international media, both as authors and commentators. Section 2 of this report includes these KPIs, demonstrating our growing impact as Canada's leading organization for research, analysis, and consultation on Canada-Asia relations.

## TOP 10 PUBLICATIONS (Pageviews)

Click on these posts to view the articles.



**1**  
Italy and the Belt and Road Initiative: Rome's Overture to Beijing (Dispatch)

Published: June 5, 2019  
Author: Nicola P. Contessi



**2**  
What is China's New Foreign Investment Law, and What Does It Mean for Canada and the Global Economy? (Policy Brief)

Published: April 9, 2019  
Author: Dongwoo Kim, Isaac Lo



**3**  
What Has 'Make in India' Made for India? (Dispatch)

Published: February 21, 2018  
Author: Stephanie Fraser



**4**  
China Eco-City Tracker: Coming Clean on Shanghai's Water Worries (Case Study)

Published: March 7, 2019  
Author: Henry Shum



**5**  
Migration Matters: Thailand – the Land of Migrants and Refugees (Dispatch)

Published: December 5, 2016  
Author: Valentine Ostaszewski



**6**  
China's New Policies on Foreign Investment (Dispatch)

Published: March 28, 2017  
Author: Iris Jin



**7**  
Vaccine Scandals in China: Why Do They Keep Happening Over and Over Again? (Dispatch)

Published: December 21, 2018  
Author: Yoel Kornreich



**8**  
Canada-China Relations Since Meng Wanzhou's Arrest (Dispatch)

Published: December 3, 2019  
Author: Charles-Louis Labrecque



**9**  
11 Things to Watch in 2020 (Dispatch)

Published: December 19, 2019  
Author: Asia Pacific Foundation of Canada Research Team



**10**  
Localizing Mobile Apps: A Case Study of LINE Messenger (Dispatch)

Published: January 20, 2017  
Author: Valentine Ostaszewski, Justin Kwan

# KEY NUMBERS



**647**  
Media Hits



**12**  
Op-Eds



**19**  
Speeches



**54**  
Events



**10**  
Major Reports



**2**  
NOP



**31**  
Dispatches



**8**  
Policy Briefs



**19**  
Videos



**2**  
Case Studies

**5,837**  
Subscribers



## ASIA WATCH

Asia Watch is the Foundation's signature newsletter and provides a free news intelligence service featuring the latest news, trends, and issues in Asia that matter to Canada. Through a joint and collaborative effort between the Research and Communications teams, this fiscal the Foundation converted its long-running Canada-Asia News Service to form Asia Watch.

Asia Watch currently features four analytical assessments of current events in Asia, along with links to our most recent Research and Events outputs, and is distributed to 2,700 subscribers three times a week, each issue with an accompanying social media campaign.



This value-added product replaced the daily newsfeed that provided links to articles on Asia, but lacked analysis. This fiscal Asia Watch has grown its subscriber base from 2,100 to 2,700 subscribers and has cemented itself as a valuable service to government officials, business leaders, academic experts, and the general Canadian public interested in Asia.

## OUR NATIONAL OPINION POLLS

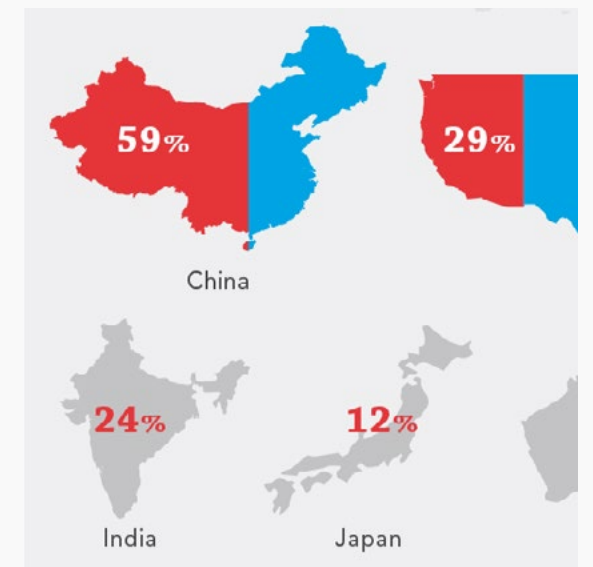
Since 2004, the Asia Pacific Foundation of Canada has been conducting regular nationwide surveys to assess Canadians' attitudes toward countries in the Asia Pacific, and their perceptions of Canada-Asia relations. Unique in its construction and its objectives, APF Canada's National Opinion Poll (NOP) has been instrumental in drawing a portrait of Canadians' perspectives on Asia and the region's increasing relevance to Canada's prosperity.

In the past fiscal year, APF Canada published two NOPs, with both polls comprising a traditional, long-form survey with a representative sample of the Canadian population. These ongoing NOPs provide a valuable source of information on Canadian attitudes toward Asia on various topics, and this year inspired two supporting Dispatches distilling unique elements of each national survey.

### 1. The 2019 National Opinion Poll: Canadian Views on High-Tech Investment from Asia (June 12, 2019)

This was the first thematic survey of the year with a focus on Asian direct investment in the Canadian high-tech sector. The objectives of this poll were three-fold:

1. To gauge Canadian attitudes toward inbound foreign direct investment, especially from different Asian economies, into the high-tech sector.
2. To examine factors (country, mode of investment, sector, perceived risks and benefits, etc.) that shape these attitudes.
3. To inform public policy on engaging Asia in the high-tech sector.



### 2. 2019 National Opinion Poll: Canadian Views on Human Capital from Asia (October 30, 2019)

This was the second thematic survey of the year, with a focus on Canadian attitudes toward international high-skilled talent migration to Canada. The objectives of this poll were three fold:

1. To explore Canadian attitudes toward inbound high-skilled international talent, especially from Asia.
2. To examine factors (e.g., country of origin; language proficiency; science, technology, engineering, and mathematics [STEM] knowledge) that are crucial considerations for Canada in attracting high-skilled and educated international talent.
3. To inform policy-makers on the challenges of attracting and retaining international talent.

## DIGITAL PRESENCE

Each year, the work APF Canada produces remains relevant and topical while having real and applicable added value to businesses, academia, media, and policy-makers at every level of Canadian government. Our growing presence in the digital space effectively creates a community to discuss information and ideas, and acts as a vital platform for the dissemination of important APF Canada research and activities.

The different elements of APF Canada's digital ecosystem works in harmony to link, share, and amplify our proprietary content across various online platforms. Year-on-year, this interactive

approach to APF Canada's brand strategy has proven to be successful, as illustrated through the data-driven key performance indicators listed below.

This past year saw a steady uptick in the flow of visitors and pageviews. APF Canada also restructured its website, a major initiative implemented to align the Foundation's website with our new research verticals and business intelligence services model, along with changes to our publication types and evolved Asia Watch news service.



## ONLINE & SOCIAL MEDIA



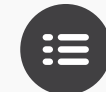
### Visits

257,904 vs. 165,971  
(35.6% decrease over 2019/20)\*



### Page Views

1,067,802 vs. 677,239  
(36.5% decrease over 2019/20)



### Top Sections

About Us, Research/  
Publications, Events,  
Grants, Statistics



### Top Publications

Asia Watch,  
Dispatches,  
Reports



### Top Countries

Canada, United States, India,  
China, Hong Kong, Singapore,  
Japan, South Korea, United  
Kingdom, Indonesia



### Top Channels

Organic search: 62%  
Direct: 26%  
Referral: 6%  
Social: 6%



### Facebook

Followers increased  
▲ 20%  
(from 3,164 in 2018/19 to  
3,764 in 2019/20)



### LinkedIn

Followers increased  
▲ 35%  
(from 3,181 in 2018/19 to  
4,297 in 2019/20)



### Twitter

Followers increased  
▲ 15%  
(from 6,039 in 2018/19 to  
6,905 in 2019/20)



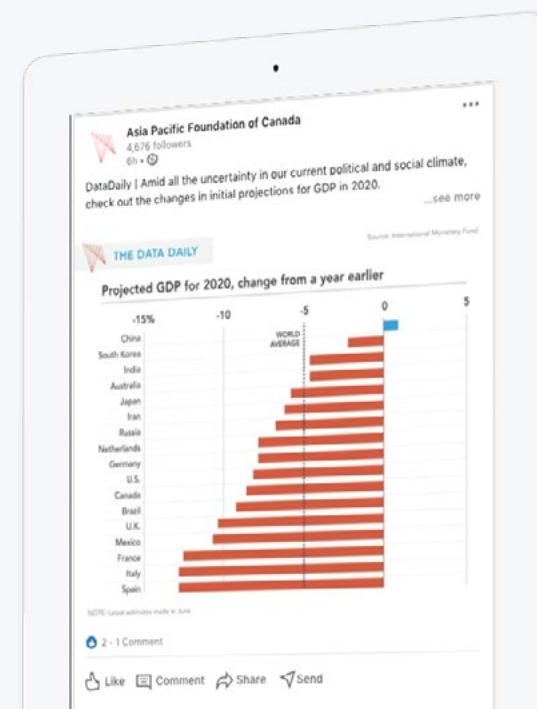
### Instagram

Followers increased  
▲ 59%  
(from 415 in 2018/19 to  
686 in 2019/20)



### Devices

Visits via mobile jumped by  
3.2% this year, from 38.4% in  
2018/19 to 41.6% in 2019/20.



\* The decision was made this fiscal to remove elements of our statistical data from the APF Canada website in support of a developing business model; this change resulted in a decrease in overall site visits and pageviews.

# A YEAR IN REPORTS & POLICY BRIEFS

Click on these posts to view the articles.

## China's Evolving Senior Care Sector: Opportunities and Challenges for Canadian Care Providers and Businesses

Published: February 11, 2020  
Author: Yoel Kornreich



## Canada as a 21st Century Pacific Power: Toward 'Broad Diversification' in Asia

Published: February 2, 2020  
Author: Dr. Jeffrey Reeves



## Towards Canada's Asia Strategy on AI

Published: October 8, 2019  
Author: Dongwoo Kim



## Guidebook for Doing Business in the Asia Pacific: A Resource for Indigenous Businesses

Published: September 24, 2019  
Authors: Scott Harrison, Dakota Norris



## E-Commerce in South Korea: A Canadian Perspective

Published: August 23, 2019  
Authors: Leyland Pitt, Theresa Eriksson, Kristin Matheson, Kirk Plangger, Karen Robson



## Policy Brief: A Preliminary Analysis of Canadian Exports at Risk from the U.S.-China Trade Deal

Published: January 31, 2020  
Author: Kai Valdez Bettcher



## The CPTPP Tracker: Assessing Canada's First Year of Participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership

Published: December 10, 2019  
Authors: Grace Jaramillo



## Conference Report: Technology & Geopolitics: Navigating a Future of Tech Uncertainty

Published: January 6, 2020  
Authors: Asia Pacific Foundation of Canada Research Team



## Indigenous-Asia Pacific Business Relations Roundtable Summary Report

Published: July 26, 2019  
Author: Asia Pacific Foundation of Canada Research Team



## Artificial Intelligence Policies in East Asia: An Overview from the Canadian Perspective

Published: July 25, 2019  
Author: Dongwoo Kim



## The Mobile Payment Revolution in China: What Canadian Businesses Need to Know

Published: November 12, 2019  
Author: Xiaoting (Maya) Liu



## 2019 National Opinion Poll: Canadian Views on Human Capital from Asia

Published: October 30, 2019  
Author: Asia Pacific Foundation of Canada Research Team



## 2019 National Opinion Poll: Canadian Views on High-tech Investment from Asia

Published: June 12, 2019  
Author: Asia Pacific Foundation of Canada Research Team



## What is China's New Foreign Investment Law, and What Does It Mean for Canada and the Global Economy?

Published: April 9, 2020  
Author: Dongwoo Kim & Isaac Lo



## APEC-CANADA GROWING BUSINESS PARTNERSHIP REPORTS

Click on these posts to view the articles.



**The Role of Gender In Micro and Small Enterprise Business Development in Indonesia: A Firm-Level Analysis**

Published: May 27, 2019



**Human Capital for Micro, Small, and Medium-Sized Enterprises (MSMES) in APEC Developing Economies: Indonesia**

Published: May 29, 2019



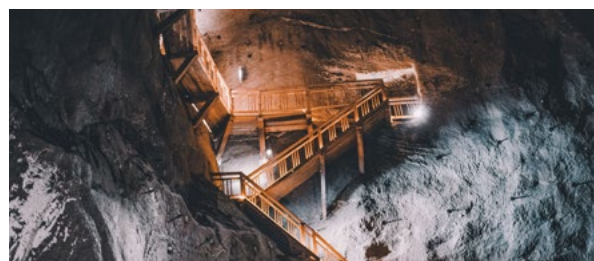
**Entrepreneurial Drivers of AgTech in the Philippines**

Published: June 24, 2019



**Financing for Social Entrepreneurship in Peru**

Published: February 20, 2020



**Considerations for APEC Mining Economies: Micro, Small, and Medium Enterprises (MSME) and Social Entrepreneurship in the Context of Peru**

Published: February 26, 2020

## INVESTMENT MONITOR REPORTS



**What is China's New Foreign Investment Law, and What Does It Mean for Canada and the Global Economy?**

Published: April 9, 2019



**Annual Report 2019**

Published: April 25, 2019



**Investments Drop One Year into the Canada-China Dispute – But There's a Catch**

Published: November 29, 2019

03.

## IN THE NEWS

**APRIL**

**OTTAWA CITIZEN**

April 8, 2019,  
by Margaret McCuaig-Johnston, a Distinguished Fellow at APF Canada

**It's time to take off the gloves with China; The lives of two people are at stake**

*"China will only listen to Canada when bigger factors are at stake. The lives of our fellow Canadians now hang in the balance."*

**APRIL**

**CTV NEWS**

April 26, 2019, featuring Goldy Hyder,  
an ABLAC member at APF Canada

**Don't make election about immigration,  
corporate Canada tells political leaders**

*"We are 10 years away from a true demographic pressure point ... What I've said to the leaders of the political parties on this issue is, 'Please, please do all you can to resist making this election about immigration.'"*

**MAY**

**THE GLOBE AND MAIL\***

May 24, 2019, by Yves Tiberghien,  
a Distinguished Fellow at APF Canada

**The Canada-China crisis is a game of  
chess, and Ottawa needs to stop playing  
it with checker pieces**

*"The bottom line, as history has taught us, is this: de-escalate. Understand the psychology of the other side. Don't confront the full force of a more powerful opponent, but work to understand the driver of that force and then defuse it. Think outcome, not moral righteousness – and, as in the game of chess, think several moves ahead."*

**JUNE**

**GlobeNewswire**

June 12, 2019, featuring Stewart Beck,  
President & CEO at APF Canada

**APF Canada Releases 2019 National  
Opinion Poll: Canadian Views on High-  
tech Investment from Asia**

*"Our 2019 National Opinion Poll on Canadian views on Asian investment in Canada's high-tech sector clearly demonstrates that Canadians acknowledge and understand the pivotal role Asia will play in global innovation and advancement, but also highlights areas and issues of concern to Canadians that will demand further public policy considerations," said APF Canada President and CEO, Stewart Beck*

**THE VANCOUVER SUN**

June 13, 2019, featuring Charles Labrecque,  
Research Manager at APF Canada

**China watchers in B.C. expect return of  
expats from Hong Kong**

*"The current protests are a culmination of frustrations felt (by Hong Kong) residents regarding the slow but real erosions of their freedoms," Labrecque said in an email. "If the current situation worsens and depending on how authorities deal with the protests, it would not be surprising to see an increase in the number of returnees."*

## JULY

### Foreign Policy

July 01, 2019, by Jonathan Berkshire Miller, a Distinguished Fellow at APF Canada

#### China and Japan's Pragmatic Peace

*"In short, pragmatism on both sides has restrained the ugly public diplomacy wars that defined the relationship in recent years. Tokyo and Beijing realize that stability in their political relationship is good economics. The incremental improvement in the relationship is significant, but it should also be placed in context."*

## AUGUST

### NATIONAL POST

August 22, 2019, featuring APF Canada

#### Unrest in Hong Kong fuels speculation of spike in 're-return migration' to Canada

*"In 2011, the Asia-Pacific Foundation released a study that estimated the number of Canadian citizens in Hong Kong to be around 300,000 but possibly as high as 500,000 — making the Canadian diaspora in Hong Kong the largest outside of the United States."*

## SEPTEMBER

### South China Morning Post

September 06, 2019, featuring Dominic Barton, a former Board Member at APF Canada

#### New Canada ambassador's China ties 'may help ease troubled relationship'

*"The new Canadian ambassador to Beijing's extensive experience of living and working in China may help ease the ongoing diplomatic feud between the two countries, but a reset in relations would be difficult, according to observers."*

## OCTOBER

### BUSINESS INSIDER

October 16, 2019, featuring APF Canada

#### APF Canada Launches New Indigenous Resource for Doing Business in Asia

*"In light of the Truth and Reconciliation Commission of Canada's calls to action, which challenge businesses and organizations to better work with, engage and support Indigenous businesses, APF Canada aims to work with and support Indigenous Canada to leverage its members' skills and expertise for future engagement with the Asia Pacific, and to support social inclusion and equal economic opportunity within Canada."*

### THE VANCOUVER SUN

October 31, 2019, featuring Sreyoshi Dey, Program Manager at APF Canada

#### Most Canadians support immigration of STEM workers from Asia: report

*"It's important to look at the concerns raised here. We need to address them," said Sreyoshi Dey, program manager, surveys and polling at the Vancouver non-profit that focuses on building ties, especially economic ones, between Canada and Asia."*

## NOVEMBER

### THE GLOBE AND MAIL

November 11, 2019, featuring Stewart Beck, President & CEO at APF Canada

#### In Shanghai, Canadian business leaders say they're eager to move on after a year of friction

*"In polling by the Asia Pacific Foundation of Canada, for example, "China ranks highest among countries from which Canadians are likely to oppose*

*foreign direct investment," said Stewart Beck, the foundation's president. "Our friendship is being challenged and tested as never before," he added, although "with time and continued engagement, the relationship will endure and grow."*

## DECEMBER

### THE VANCOUVER SUN

December 23, 2019, featuring Stewart Beck, President & CEO at APF Canada, and Pitman B. Potter, a Distinguished Fellow at APF Canada

#### Stewart Beck and Pitman Potter: Canada's future China strategy must consider national interests, global challenges

*"The West cannot turn back the clock. For good or ill China has arrived and we need to be on the front foot as opposed to simply reacting to decisions taken in Beijing or Washington ... China can no longer be viewed in isolation from challenging global dynamics. Neither should Canada's China policies."*

## JANUARY

### THE GLOBE AND MAIL

January 09, 2020, by Catherine Tsalikis, a Media Fellow at APF Canada

#### Despite progress, Japanese women's route to top corporate jobs has many obstacles

*"Today, the pejorative "Christmas cake" moniker has gone out of fashion, but according to female business leaders and entrepreneurs, many women in Japan are still faced with a discriminatory corporate culture that requires them to choose between having a family and climbing the career ladder. It's a culture that mirrors society as a whole: In a 2016 Cabinet Office survey, 40.5 per cent of respondents agreed that a husband should be expected "to work outside the home," while a wife should be expected "to take on domestic duties."*

## Bloomberg

January 28, 2020, featuring APF Canada

#### The Free and Open Indo-Pacific: Charting a Common Approach

*"The Asia Pacific Foundation intends to build on the success of this conference to establish an annual Vancouver Asia Dialogue series that addresses key strategic issues in the Indo-Pacific. Vancouver's location and its connectivity to North America and Asia make the city the ideal place for strategic dialogue."*

## FEBRUARY

### NATIONAL POST

February 03, 2020, featuring Hugh Stephens, a Distinguished Fellow at APF Canada

#### Canadian governments give Huawei millions in funding while debate rages over its 5G role

*"Canadians widely encouraged Chinese investment until very recently, while Huawei itself provided employment when Ottawa-based Nortel Networks collapsed in 2009, noted Hugh Stephens, a distinguished fellow with the Asia Pacific Foundation."*

## MARCH

### Foreign Policy

March 11, 2020, by Catherine Tsalikis, a media Fellow at APF Canada

#### How Japan Rode a Tsunami to Equality

*"Along with re-assessing the trajectory of their own lives, women in Tohoku have seized the chance to play a more active role in promoting social change post 3/11—no small feat in a landscape dominated by male decision-makers."*



# 04.

## FINANCIAL STATEMENTS

- Statement of Operations
- Statement of Financial Position
- Statement of Cash Flows

## STATEMENT OF OPERATIONS

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
<b>Revenue:</b>		
Investment income, net (note 3(b))	\$ 2,191,994	\$ 2,293,523
Government funding	1,879,461	2,291,011
Private sector funding	511,391	449,300
Other	16,321	16,235
	4,599,167	5,050,069
<b>Operating Expenses (note 9):</b>		
Projects	2,374,531	2,216,763
Takehashi Program	788,718	1,059,134
APEC-Canada Growing Business Partners	448,207	697,140
McArthur Fellowship	642	64,950
Administration	849,883	1,041,038
Communication and public outreach	557,499	541,728
Facility and amortization	372,571	354,823
Grants	376,893	409,161
Secretariats	170,521	134,692
Board	190,338	195,854
	6,129,803	6,715,283
Deficiency of revenue over expenses before the undernoted	(1,530,636)	(1,665,214)
Realized gain on investments	1,543,916	6,631,764
Change in fair value adjustment on investments	(4,774,302)	(3,255,840)
<b>Excess of revenue over expenses</b>	<b>\$ (4,761,022)</b>	<b>\$ 1,710,710</b>

See accompanying notes to financial statements

## STATEMENT OF FINANCIAL POSITION

As at March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets (Current assets):</b>		
Cash	\$ 1,245,693	\$ 2,152,585
Accounts receivable	186,230	395,086
Prepaid expenses	125,698	70,542
Investments (note 3(a))	66,546,308	70,246,199
	68,103,929	72,864,412
Property and equipment (note 4)	117,917	136,311
Deposit	27,634	27,634
	\$ 68,249,480	\$ 73,028,357
<b>Liabilities (Current Liabilities)</b>		
Accounts payable and accrued liabilities	\$ 564,495	\$ 762,994
Deferred revenue (note 5)	1,370,169	1,180,139
	1,934,664	1,943,133
Deferred lease inducements	23,465	32,851
	1,958,129	1,975,984
<b>Net assets:</b>		
Restricted endowment fund (notes 1 and 7(c))	50,000,000	50,000,000
Unrestricted fund	16,291,351	21,052,373
	66,291,351	71,052,373
Commitments and guarantees (note 7)		
Subsequent event and contingency (note 10)		
	\$ 68,249,480	\$ 73,028,357

See accompanying notes to financial statements

Approved on behalf of the Board:

Director: 

Director: 

## STATEMENT OF CASH FLOWS

Year ending March 31, 2020, with comparative information for 2019

	2020	2019
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Excess of revenue over expenses	\$ (4,761,022)	\$ 1,710,710
<b>Items not involving cash:</b>		
Amortization	48,023	53,133
Amortization of deferred lease inducements	(9,386)	(9,386)
Change in fair value adjustment of investments	4,774,302	3,255,840
	51,917	5,010,297
<b>Changes in non-cash working capital:</b>		
Accounts receivable	208,856	231,940
Prepaid expenses	(55,156)	1,191
Accounts payable and accrued liabilities	(198,499)	202,718
Deferred revenue	190,030	(8,717)
	197,148	5,437,429
<b>Investing activities:</b>		
Purchase of equipment	(29,629)	(6,892)
Purchase of investments, net of draw-downs or dispositions	(1,074,411)	(4,605,859)
	(1,104,040)	(4,612,751)
Increase (decrease) in cash	(906,892)	824,678
Cash, beginning of year	2,152,585	1,327,907
Cash, end of year	\$ 1,245,693	\$ 2,152,585

05.

## SUPPORTERS

Operational and grant funding support is provided through an endowment fund established by the Government of Canada. We are also grateful to the individuals, corporations, foundations and government agencies that have supported us this year in our mission to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada.

Below is a list of contributors who have helped make our research and activities possible – thank you.

### \$100,000 +

Export Development Canada (*multi-year*)  
Global Affairs Canada (*multi-year*)  
Government of Canada, Federal Economic Development Agency, Southern Ontario (*multi-year*)  
Natural Resources Canada (*multi-year*)  
Province of British Columbia, Ministry of Education (*multi-year*)

### \$50,000 – \$100,000

Atlantic Chamber of Commerce Inc.  
University of Toronto, Centre for Global Social Policy

### \$10,000 – \$50,000

Air Canada  
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MaRS Discovery District  
Move the Dial  
NEXT Canada  
Rotman Initiative for Women in Business  
Ryerson Futures  
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06.

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- Board Members
- Distinguished Fellows
- Foundation Staff
- Post-Graduate Research Scholars
- Junior Research Scholars
- Asia Business Leaders Advisory Council 2020
- Media Fellows Grant Recipients
- Asia Pacific Youth Council

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*Executive Assistant, Toronto*

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Yoel Kornreich

Isaac Lo

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Tracy Ly

Sainbuyan Munhkbatt

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Daniela Rodriguez

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### Mark Machin

President and Chief Executive Officer, Canada Pension Plan Investment Board (CPPIB)

### Sue Paish

Chief Executive Officer, Digital Technology Supercluster

### Michael Rolland

President and Chief Operating Officer, Asia-Pacific, OMERS

### Calin Rovinescu

President and Chief Executive Officer, Air Canada

### Michael Sabia

Director, Munk School of Global Affairs & Public Policy

### Ian Smith

Chief Executive Officer, Clearwater Fine Food Inc.

### Mark Wiseman

Global Investment Manager & Senior Advisor, Hillhouse Capital

## Asian Members

### Songyee Yoon

ABLAC 2020 Chair; Chief Executive Officer, NCSOFT West (Korea)

### Hafimi Abdul Haadi

Director and Shareholder, LVK Group of Companies (Brunei Darussalam)

### Muhamad Chatib Basri

Co-Founder and Senior Partner, CReco Research (Indonesia)

### John Cheh

Vice Chairman and Chief Executive Officer, Esquel Group (Hong Kong)

### Tae-young (Ted) Chung

CEO and Vice-Chair, Hyundai Card • Hyundai Capital • Hyundai Commercial (South Korea)

### Tim Dattels

Co-Managing Partner, Senior Partner and Co-Head of Asian Business, TPG Capital (Hong Kong)

### Joseph S. Fung

Managing Partner, Saltagen Ventures (Hong Kong)

### N Ganapathy Subramaniam

COO & Executive Director, Tata Consultancy Services (India)

### Doris Ho

President and Chief Executive Officer, Magsaysay Group of Companies (Philippines)

### Ken (Houkun) Hu

Deputy Chairman, Huawei (China)

### Lan Kang

Stanford DCI Fellow (China)

### Michael ByungJu Kim

Founder & Partner, MBK Partners (South Korea)

### Kenny Lam

Chief Executive Officer, Two Sigma Asia Pacific (China)

### Winston Leong

Fontana Enterprises Ltd. (Hong Kong)

### Shan Li

Chairman and Chief Executive Officer, Silk Road Financing Corporation (China)

### Veronica Lukito

Chief Executive Officer and Managing Director, Ancora Capital Management (Indonesia)

### Anand Mahindra

Chairman and Managing Director, Mahindra Group (India)

### Cong Phan

Chairman, Unibrands (Vietnam)

### Shunichi Shibamura

Senior Executive Officer, SIGMAXYZ (Japan)

### Chin Hwee Tan

Chief Executive Officer, Asia-Pacific, Trafigura (Singapore)

### Yukako Uchinaga

Board Chair, Japan Women's Innovative Network, President and Chief Executive Officer, Globalization Research Institute (Japan)

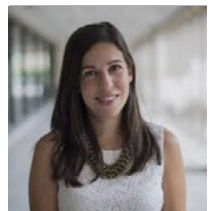
### Diane Wang

Founder and Chief Executive Officer, DHgate.com (China)

## MEDIA FELLOWS GRANT RECIPIENTS



**Amitha Kalaichandran** is an Ottawa-based journalist, resident physician, and epidemiologist whose writing focuses on pressing health-care issues. She has reported on a wide variety of medical topics for CBC, The National Post, Toronto Star, Walrus, Wired, Fast Company, and the Globe and Mail, as well as The New York Times and the Boston Globe. Her project this fiscal explores what Canada can learn from Japan and China with respect to the integration of artificial intelligence (AI) and health care, which is particularly timely given new Canadian investments in these sectors.



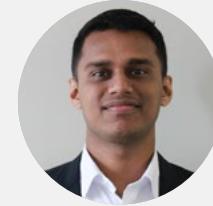
**Catherine Tsalikis** is a Toronto-based print, online, and broadcast journalist who has worked in international newsrooms in London, Istanbul, and Toronto, where she is currently Senior Editor with OpenCanada and a feature writer specializing in Canadian foreign policy issues. Her project focused on women's empowerment and gender equality in the 'superaged' economy of Japan, where 'womenomics' is presenting new lessons for countries like Canada in dealing with extreme demographic shifts and shortfalls.

## ASIA PACIFIC YOUTH COUNCIL

### Vancouver



**Angela Tien**  
*Youth Council President*



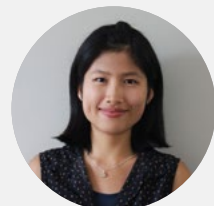
**Arkam Nusky**  
*Director of Finance and Sponsorship*



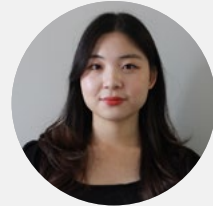
**Matthew Putman**  
*Co-Director of Student Election Watch Programming*



**Felipe Civita Ferreira**  
*Director of Global Careers*



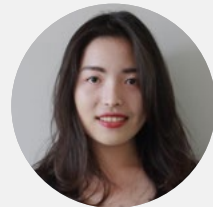
**Gina Hsu**  
*Director of Community and Outreach*



**Lucya Park**  
*Associate Director of Entrepreneurship and Asia Pacific Business*



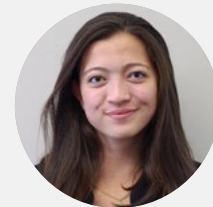
**Yaoyao Pei**  
*Co-Director of Arts and Culture Programming*



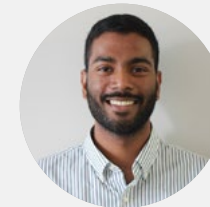
**Catherine Jiang**  
*Associate Director of Global Careers*



**Nicola Jones-Crossley**  
*Director of Entrepreneurship and Asia Pacific Business*



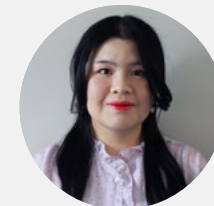
**Natascha Schoepl**  
*Co-Director of Arts and Culture Programming*



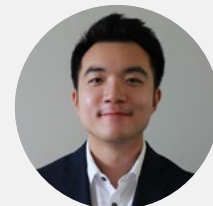
**Chandima Silva**  
*Co-Director of Arts and Culture Programming*



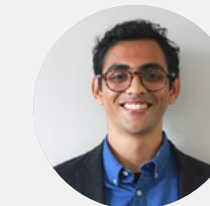
**Arthur Liao**  
*Co-Director of Arts and Culture Programming*



**Jamie Cin Yee Leung**  
*Co-Director of Student Election Watch Programming*



**Benedict Tang**  
*Director of Digital Communication and Marketing*



**Faiz Vagh**  
*Co-Director of Student Election Watch Programming*

### Toronto

Feavan Abidta

Gauraang Dhar

Trevor Fairlie

Jennifer Lau

Marian Mendoza

Tim Rodgers

Kanika Sachdeva





07.

## FINANCIAL ANNEXES

- Independent Auditor's Report
- Notes to Consolidated Financial Statements
- Statement of Investment Policies and Procedures



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Vancouver BC V7Y 1K3  
Canada  
Telephone (604) 691-3000  
Fax (604) 691-3031

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Asia Pacific Foundation of Canada

#### *Opinion*

We have audited the financial statements of Asia Pacific Foundation of Canada (the "Foundation"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Foundation as at March 31, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "*Auditors' Responsibilities for the Audit of the Financial Statements*" section of our auditors' report.

We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Vancouver, Canada  
July 13, 2020


Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
<b>Assets</b>		
Current assets:		
Cash	\$ 1,245,693	\$ 2,152,585
Accounts receivable	186,230	395,086
Prepaid expenses	125,698	70,542
Investments (note 3(a))	66,546,308	70,246,199
	<u>68,103,929</u>	<u>72,864,412</u>
Property and equipment (note 4)	117,917	136,311
Deposits	27,634	27,634
	<u>\$ 68,249,480</u>	<u>\$ 73,028,357</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 564,495	\$ 762,994
Deferred revenue (note 5)	1,370,169	1,180,139
	<u>1,934,664</u>	<u>1,943,133</u>
Deferred lease inducements	23,465	32,851
	<u>1,958,129</u>	<u>1,975,984</u>
Net assets:		
Restricted endowment fund (notes 1 and 7(c))	50,000,000	50,000,000
Unrestricted fund	16,291,351	21,052,373
	<u>66,291,351</u>	<u>71,052,373</u>
Commitments and guarantees (note 7)		
Subsequent event and contingency (note 10)		
	<u>\$ 68,249,480</u>	<u>\$ 73,028,357</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

Statement of Operations

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Investment income, net (note 3(b))	\$ 2,191,994	\$ 2,293,523
Government funding	1,879,461	2,291,011
Private sector funding	511,391	449,300
Other	16,321	16,235
	<u>4,599,167</u>	<u>5,050,069</u>
Operating expenses (note 9):		
Projects	2,374,531	2,216,763
Takehashi Program	788,718	1,059,134
APEC - Canada Growing Business Partners	448,207	697,140
McArthur Fellowship	642	64,950
Administration	849,883	1,041,038
Communication and public outreach	557,499	541,728
Facility and amortization	372,571	354,823
Grants	376,893	409,161
Secretariats	170,521	134,692
Board	190,338	195,854
	<u>6,129,803</u>	<u>6,715,283</u>
Deficiency of revenue over expenses before the undernoted	(1,530,636)	(1,665,214)
Realized gain on investments	1,543,916	6,631,764
Change in fair value of investments	(4,774,302)	(3,255,840)
	<u>\$ (4,761,022)</u>	<u>\$ 1,710,710</u>

See accompanying notes to financial statements

Statement of Changes in Net Assets

Year ended March 31, 2020, with comparative information for 2019

	Restricted endowment fund	Unrestricted fund	Total
Balance, March 31, 2018	\$ 50,000,000	\$ 19,341,663	\$ 69,341,663
Excess of revenue over expenses	-	1,710,710	1,710,710
Balance, March 31, 2019	50,000,000	21,052,373	71,052,373
Deficiency of revenue over expenses	-	(4,761,022)	(4,761,022)
Balance, March 31, 2020	\$ 50,000,000	\$ 16,291,351	\$ 66,291,351

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ (4,761,022)	\$ 1,710,710
Items not involving cash:		
Amortization	48,023	53,133
Amortization of deferred lease inducements	(9,386)	(9,386)
Change in fair value of investments	4,774,302	3,255,840
	51,917	5,010,297
Changes in non-cash working capital:		
Accounts receivable	208,856	231,940
Prepaid expenses	(55,156)	1,191
Accounts payable and accrued liabilities	(198,499)	202,718
Deferred revenue	190,030	(8,717)
	197,148	5,437,429
Investing activities:		
Purchase of equipment	(29,629)	(6,892)
Purchase of investments, net of draw-downs or dispositions	(1,074,411)	(4,605,859)
	(1,104,040)	(4,612,751)
Increase (decrease) in cash	(906,892)	824,678
Cash, beginning of year	2,152,585	1,327,907
Cash, end of year	\$ 1,245,693	\$ 2,152,585

See accompanying notes to financial statements.

Year ended March 31, 2020

**1. Nature of operations:**

The Asia Pacific Foundation of Canada (the "Foundation") is a not-for-profit organization focused on Canada's relations with Asia, and established by an Act of Parliament in 1984. The mission is to be Canada's catalyst for engagement with Asia and Asia's bridge to Canada. The Foundation is dedicated to strengthening ties between Canada and Asia with a focus on eight thematic areas: trade and investment, surveys and polling, regional security, digital technologies, domestic networks, sustainable development; building Asia Competency among Canadians, including young Canadians; and, improving Canadians' general understanding of Asia and its growing global influence. Annual funding is provided by the income earned on a \$50 million endowment fund established by the federal government in November 2005, and from other sources. The principal endowment fund of \$50 million is to be maintained permanently.

The Foundation is registered with Canada Revenue Agency as a charitable organization and is exempt from income taxes.

**2. Significant accounting policies:**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, under Part III of the CPA Canada Handbook - Accounting and reflect the following significant accounting policies:

**(a) Revenue recognition:**

- (i) The Foundation follows the deferral method of accounting for government and private sector funding and sponsorship contributions. Unrestricted contributions are recognized as revenue in the period in which they are received. Restricted contributions are recognized when spent on the purpose as specified.

The funds are recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured and in the same year in which the related expenses are recognized.

Endowment contributions are recognized as direct increases in net assets.

- (ii) Investment income is recorded on the accrual basis and recognized as revenue when earned, other than the investment income earned on the McArthur Fellowship fund (notes 3 and 5) which is restricted and deferred as part of the fund until spent.

**(b) Financial instruments:**

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has elected to carry its investments at fair value with changes in fair value recognized in the statement of operations.

Year ended March 31, 2020

**2. Significant accounting policies (continued):****(b) Financial instruments (continued):**

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Foundation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Foundation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

**(c) Property and equipment:**

Property and equipment are originally recorded at cost. Repairs and maintenance costs are charged to expense. Amortization is provided on a straight-line basis based on the assets' estimated useful lives using the following rates:

Computer equipment	3 years
Furniture and office equipment	4 - 6 years
Leasehold improvements	Lesser of useful life and remaining lease term

Assets acquired under capital lease are amortized over the term of the lease or on a straight-line basis over the assets' useful lives using the rates above.

When a capital asset no longer contributes to the Foundation's activity to provide services, its carrying amount is written down to its fair value or replacement cost.

**(d) Deferred lease inducements:**

Deferred lease inducements consist of lease incentive funds received from landlords. These inducements are amortized over the term of the lease, as a reduction of rent expense.

**(e) Grants:**

As part of the requirement of the restricted endowment fund, the Foundation makes commitments to provide funding to various research projects in disseminating information in the Asia Pacific region. These commitments are recorded as liabilities upon commencement of the term of the grants.

Year ended March 31, 2020

**2. Significant accounting policies (continued):**

## (f) Allocation of expenses:

The Foundation incurs a number of general expenses that are common to the administration of the Foundation and each of its programs. The Foundation allocates its general expenses by identifying the appropriate basis of allocating each component expense and applies that basis consistently each year (note 9).

General expenses relate to human resources, information technology, finance and administration. Human resources and information technology are allocated based on time spent in relation to the programs. Finance and administration expenses are allocated based on actual usage and costs.

## (g) Employee future benefits:

The Foundation provides a defined contribution plan in the form of a match group RRSP contribution up to 5% of gross salary. Contributions toward the plan are expensed as incurred. During the fiscal 2020, the Foundation incurred \$94,195 (2019 - \$92,690) in contribution expense.

## (h) Contributed services and materials:

The Foundation may receive contributed services, including services from governance members, sponsors and volunteers each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Contributed materials are recorded at fair value at the date of contribution where such fair value is determinable and the contributed materials would otherwise have been purchased.

## (i) Foreign currency translation:

Monetary items denominated in a foreign currency are adjusted at the statement of financial position date to reflect the exchange rate in effect at that date. Non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenues and expenses are translated at average rates for the month in which they are incurred. Exchange gains and losses are included in the determination of excess or deficiency of revenue over expenses for the period.

## (j) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items requiring the use of management estimates include the fair value of investments, the useful lives of property and equipment for purposes of amortization, and provisions for contingencies. Actual results may differ from these estimates.

Year ended March 31, 2020

**3. Investments and investment income, net:**

## (a) Investments:

Investments are comprised of portfolios as at March 31 as follows:

	2020	2019
Endowment fund portfolio (i)	\$ 65,716,739	\$ 70,246,199
McArthur Fellowship portfolio (ii)	829,569	-
	\$ 66,546,308	\$ 70,246,199

## (i) The endowment fund portfolio holds investments at fair value as follows:

	2020	2019
Phillips, Hager & North Funds		
Mortgage Pension Trust	\$ 3,338,338	\$ 3,278,571
Short Term Bond & Mortgage Fund	1,394,492	-
Canadian Money Market Fund	5,084,041	-
Multi-Strategy Alpha Fund	-	5,909,788
Low Volatility Global Equity Fund	10,147,764	10,809,640
	19,964,635	19,997,999
Fiera Capital Corporation Funds		
Short term investments	188,141	274,563
Canadian equity fund	16,086,730	18,267,695
Global equity fund	15,060,770	14,885,634
	31,335,641	33,427,892
Romspen Investment Corporation		
Mortgage investment funds	7,007,418	6,519,256
Axium Infrastructure fund	7,349,914	7,199,366
Vancouver Foundation Asia Pacific		
Foundation of Canada Fund	10,011	11,003
Westcourt Capital Corporation TFS	-	3,000,000
VPC	49,120	90,683
	49,120	3,090,683
	\$ 65,716,739	\$ 70,246,199

Year ended March 31, 2020

**3. Investments and investment income, net (continued):**

(a) Investments (continued):

(ii) The McArthur Fellowship portfolio is invested with the funds belonging to the McArthur Fellowship program (note 5). It holds investments at fair value as follows:

	2020	2019
Fiera Capital Corporation - Balanced EFT fund	\$ 829,569	\$ -

(b) Investment income, net:

Investment income is comprised of the following:

	2020	2019
Income and capital distributions	\$ 896,416	\$ 932,742
Dividend	817,389	760,324
Interest	913,684	1,005,742
	2,627,489	2,698,808
Less: investment management and custodian fees	(435,495)	(405,285)
	\$ 2,191,994	\$ 2,293,523

The income earned net of fees incurred related to the McArthur Fellowship investment portfolio are deferred and accounted for through the McArthur Fellowship program funds (note 5).

**4. Property and equipment:**

	2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 96,149	\$ 81,775	\$ 14,374	\$ 11,107
Furniture and office equipment	259,462	190,206	69,256	79,607
Leasehold improvements	114,601	80,314	34,287	45,597
	\$ 470,212	\$ 352,295	\$ 117,917	\$ 136,311

Year ended March 31, 2020

**5. Deferred revenue:**

	McArthur Fellowship	Takehashi Program	Other Programs	Total
Balance, beginning of year	\$ 819,464	\$ 74,802	\$ 285,872	\$ 1,180,138
Funds received	116,276	894,055	1,535,145	2,545,476
Funds receivable	-	-	79,706	79,706
Investment income earned	56,446	-	-	56,446
Change in fair value of investment	(87,902)	-	-	(87,902)
Revenue recognized	(642)	(801,565)	(1,601,488)	(2,403,695)
Balance, end of year	\$ 903,642	\$ 167,292	\$ 299,235	\$ 1,370,169

As at March 31, 2020, the McArthur Fellowship deferred funds are held in investments of \$829,569 (2019 - nil) (note 3(a) (ii)), and in cash for the remaining balance of \$74,073 (2019 - \$819,464).

As at March 31, 2020, the Takehashi Program had funds unspent and deferred in the amount of \$167,292 (2019 - \$74,803). The Ministry of Foreign Affairs of Japan has agreed to allow the Foundation to use the funds for fiscal 2021.

During 2020, the Foundation has charged administrative fees of \$12,847 (2019 - \$17,516) to the Takehashi Program as allowed under the program agreement. These amounts have been included as revenues in the statement of operations.

**6. Contributed materials:**

During the year ended March 31, 2020, the Foundation received the following contributed materials from sponsors. These contributed materials are included in the statement of operations.

	2020	2019
Airfare	\$ 6,729	\$ 37,676
Event venue and catering	48,683	-
Event App	-	1,582
	\$ 55,412	\$ 39,258

Year ended March 31, 2020

**7. Commitments and guarantees:**

- (a) The Foundation has operating leases related to its Vancouver and Toronto office premises that expire in May 2022 and January 2027. The future minimum lease payments are as follows:

2021	\$ 192,948
2022	160,398
2023	158,253
2024	158,253
2025	158,253
Thereafter	290,130
	<b>\$ 1,118,235</b>

- (b) The Foundation currently guarantees credit cards used by its employees for travel expenses with a total limit of up to \$150,000 (2019 - \$133,000).

- (c) The Foundation, under its endowment fund agreement, is:

- (i) Committed in any fiscal year to use minimum 25% of the rolling endowment fund income reported in the second prior year statement of operations to fund its grants program. Fund income includes investment interest and dividend and other similar income, less management fees charged. Realized gains or losses on dispositions or redemptions of investments and capital gains distributions are excluded from the calculation of fund income to be used in determining the grants.

For the year ended March 31, 2020, the grant funding obligation was \$413,243 (2019 - \$507,320). This amount, net of the prior year grant funded overages of \$122,903 (2019 - \$251,384 overage), resulted in a net obligation of \$290,340 (2019 - \$255,936). Total grants awarded for the year were \$360,000 (2019 - \$361,544).

- (ii) Committed to preserve the principal endowment fund of \$50 million over the long term.

**8. Financial risks:**

- (a) Credit risk:

Credit risk represents the financial loss that the Foundation would suffer if the Foundation's counterparties to a financial instrument, in owing an amount to the Foundation, fail to meet or discharge their obligation to the Foundation. As at March 31, 2020, the Foundation is exposed to credit risk in connection with its cash, accounts receivable, investments and deposits.

The Foundation manages its credit risk by investing in instruments with reputable banks and investment managers in accordance with its Investment Policy. Exposure to credit risk in accounts receivable is reduced as the monies outstanding are due from multiple reputable debtors. There has been no significant change to this risk exposure from 2019.

Year ended March 31, 2020

**8. Financial risks (continued):**

- (b) Liquidity risk:

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they become due. The Foundation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash to meet its liabilities when they become due. Management forecasts cash flows periodically to ensure the Foundation has sufficient cash available on demand to meet expected operational expenses and committed grant obligations for one year. There has been no significant change to this risk exposure from 2019.

- (c) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks include currency risk, interest rate risk and other price risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimizing returns. This risk is managed through a diversified portfolio in accordance with the Foundation's Investment Policy approved by its Board, and monitoring of the market capitalization and trading liquidity of each holding.

- (i) Interest rate risk:

Interest rate risk is the risk that the fair value and/or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Foundation's investments in bond, mortgage and money market funds are subject to interest rate risks.

- (ii) Currency risk:

Currency risk is the risk that the fair value and/or cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Foundation has transactions in foreign currencies as part of its mandate. Fluctuations in the foreign exchange rate give rise to a risk that revenues over expenditures and cash flows may be negatively impacted.

The Foundation does not enter into foreign exchange contracts to manage the effect of currency risk.

- (iii) Other price risk:

The Foundation's exposure to other price risk is primarily attributable to fluctuations in quoted market prices of listed investments. The exposure to price changes is managed by monitoring the changes in market conditions that may have an impact on the market prices or factors affecting the value of these investments.

There has been no significant changes to the above market risks other than the pervasive impact of COVID-19 pandemic as described in note 10.



Year ended March 31, 2020

**9. Allocation of expenses:**

Human resources, information technology and finance and administration expenses have been allocated to programs as follows:

	2020	2019
Projects	\$ 1,403,798	\$ 1,164,451
Kakehashi Program	123,455	125,356
APEC - Canada Growing Business Partnership	252,005	382,383
McArthur Fellowship	624	1,187
Communication and public outreach	433,446	352,614
Grants program	8,772	37,523
Secretariats	54,762	29,573
Board	99,902	91,540
	<b>\$ 2,376,764</b>	<b>\$ 2,184,627</b>

**10. Subsequent event and contingency:**

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy is not known. At the time of the approval of these financial statements, the primary impact on the Foundation has been the decline in the market value of its investments. The impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have an impact on future operations. An estimate of the financial effect is not practicable at this time. The Foundation continues to closely monitor the impact of its financial implications and will be adjusting its operations as required to enhance continuity of operations.

# STATEMENT OF INVESTMENT POLICIES AND PROCEDURES FOR ASIA PACIFIC FOUNDATION OF CANADA

Approved: July 25, 2019

## Table of Contents

Section I –	Introduction	1
Section II –	Overview of the Fund	2
Section III –	Governance and Administration	3
Section IV –	Roles and Responsibilities	5
Section V –	Asset Classes Eligible for Investment	7
Section VI –	Investment Objectives and Risk Considerations	10
Section VII –	Asset Allocation Guidelines	12
Section VIII –	Portfolio Diversification and Constraints	14
Section IX –	Loans and Borrowing	18
Section X –	Valuation of Investments	19
Section XI –	Conflicts of Interest	20
Section XII –	Voting Rights	21
Section XIII –	Monitoring	22
Section XIV –	Policy Review	24
Section XV –	Environmental, Social, and Governance	25

## Section I – Introduction

- 1.1 This document constitutes the Statement of Investment Policies and Procedures (the “Policy”) applicable to the assets held in respect of the Fund (the “Fund”) of the Asia Pacific Foundation of Canada (the “Foundation”).
- 1.2 The purpose of this Policy is to formulate those investment principles, guidelines and monitoring procedures that are appropriate to the needs and objectives of the Fund.
- 1.3 Any Manager or other agent or advisor providing services in connection with the investment of the Fund assets shall accept and adhere to this Policy.
- 1.4 This Policy may be changed or modified at any time by action of the Committee.

## Section II – Overview of the Fund

- 2.1 The Fund was established primarily through a grant from the Government of Canada. Its purpose is to provide a stable source of funding for the effective operation of the Asia Pacific Foundation of Canada.

### Section III – Governance and Administration

- 3.1 The Fund was furnished through a conditional grant of \$50 million on December 22, 2005 provided by the Government of Canada. The Foundation shall use this conditional grant solely for the purposes of the Fund. No material changes in the objectives of the Fund, the use of the Fund or the Fund's Policy will be undertaken without prior written approval of the Minister of Foreign Affairs.
- 3.2 The Board of Directors of the Asia Pacific Foundation (the "Board") has the ultimate responsibility to ensure that the Fund is invested and managed in accordance with the prudent person principle.
- 3.3 The Board is the administrator of the Fund and responsible for all aspects of the operations of the Fund.
- 3.4 To assist in meeting its obligations, the Board has established a governance structure and delegated to the Investment Committee (the "Committee") responsibility for investment of the Fund. The Committee shall be composed of at least three Directors who are not officers or employees of the Foundation. Members of the Committee shall be financially literate and, collectively, have broad knowledge or experience in investment matters. Members of the Committee are to be appointed by the Board.
- 3.5 Oversight activities of the Fund are administered by the Committee. These include development of policies, appointment and termination of investment managers and other external service providers, and monitoring of investment results.
- 3.6 In fulfilling its responsibilities, the Committee may delegate to or otherwise utilize employees of the Foundation where appropriate. The Committee shall retain responsibility and utilize suitable personnel for such activities and monitor the activities undertaken by the selected personnel. The Committee may delegate some activities where appropriate but shall retain responsibility for such activities. Any reference in the Policy to the Committee shall be interpreted as referencing the appropriate delegate.
- 3.7 The Committee may rely on independent experts for certain aspects of the Fund's operations where expert knowledge is required or where a perceived or actual conflict of interest exists.
- 3.8 Neither the Committee nor any employee of the Foundation shall select securities on behalf of the Fund except for the selection of Pooled Funds, GICs, or short-term deposits with banks or trust companies for the Fund.
- 3.9 The Committee shall retain one or more independent professional investment managers (the "Manager(s)") to invest the Fund assets.
- 3.10 Assets of the Fund shall be allocated by the Committee among Managers in such proportions that will implement the Fund asset allocation guidelines in accordance with this Policy.
- 3.11 Where the Committee desires to invest in a Pooled Fund, the Committee must satisfy itself that the Investment Policy of such Pooled Fund and any amendments thereto are consistent with this Policy.
- 3.12 Any Custodian of Fund assets shall be a trust company registered in Canada or an insurance company authorized to underwrite life insurance in Canada. All investments and assets of the Fund shall be held by a Custodian and invested in a name that clearly indicates that the investment is held in trust for the Fund and, where the investment is capable of being registered, registered in that name.

## Section IV – Roles and Responsibilities

### The Board

#### 4.1 The Board shall:

- Approve the Policy.
- Approve the appointment of Committee members.
- Approve any public financial statements which include reporting on the value of the Fund.
- Ensure that proper external investment arrangements are established for the Fund.
- Approve the asset mix policy.
- Ensure that Policy is reviewed at least annually.

### The Committee

#### 4.2 The Committee shall:

- Recommend a written Statement of Investment Policy to the Board.
- Approve the appointment of independent external advisors to provide investment advice (the “Investment Consultant(s)”).
- Approve the manager structure and review it at least annually.
- Approve the appointment and termination of the Managers.
- Approve the appointment and termination of the Custodian.
- Monitor the activities and performance of the Fund.

- Make other decisions that may be required to fulfill the terms of this Policy.

### The Managers

#### 4.3 The Managers shall:

- Invest the assets allocated to them in accordance with the Policy.
- Comply with the terms of an Investment Manager Agreement (“Agreement”).
- Report to the Committee in writing on a quarterly basis in respect of their performance for the quarter, the investment holdings and transactions, the intended strategy for the following quarter, deviation from the intended strategy for the preceding quarter and compliance with the Policy.
- Provide to the Committee upon appointment, and whenever change occur thereafter, their policies and procedures relating to professional standards, conflicts of interest, internal controls and trading policies.
- Advise the Committee on an ongoing basis of any relevant changes in their organization, personnel or investment process.
- Be available for meetings or discussions with the Committee on a reasonable basis.
- Report to the Committee in writing on an annual basis, and whenever there are changes, their Environmental, Social, and Governance policies and practices.

## Section V – Asset Classes Eligible for Investment

5.1 From time to time, and subject to this Policy, the Fund may invest in any or all of the following asset categories and subcategories of investments either directly or through Pooled Funds or exchange traded funds that hold these investments. To the extent the Fund invests in a Pooled Fund, the investment constraints outlined below and any other provisions of the Statement that may be affected, shall not apply, but the Managers shall be governed by the investment policy for the Pooled Fund. At the time of hire, the Managers shall inform the Committee when and how the guidelines of the Pooled Fund differs from the diversification and other constraints in this Policy, and shall also inform the Committee of their policies on environmental, social and governance factors as these relate to their security selection decisions.

**(a) “Equity”:**

- common stocks, convertible debentures, share purchase warrants, exchangeable shares, share purchase rights, installment receipts or preferred shares of corporations
- interests in limited partnerships
- exchange traded funds, real estate investment trusts and income trusts
- depositary receipts

**(b) “Fixed Income”:**

- bonds, debentures, notes, or other debt instruments of domestic, foreign and supranational issuers
- asset-backed securities
- mortgage-backed securities
- commercial and residential mortgages

- pooled funds primarily invested in mortgage loans secured against Canadian and US real estate
- hybrid debt instruments issued by Canadian chartered banks
- term deposits or similar instruments of licensed trust companies and banks

**(c) “Infrastructure”:**

- pooled funds primarily invested in US and Canadian infrastructure assets

**(d) “real estate”**

- pooled funds primarily invested in global real estate assets

**(e) “Cash and Cash Equivalents”:**

- deposits with banks or trust companies with a term to maturity of one year or less
- money market securities with a term to maturity of one year or less
- floating rate notes
- repurchase agreements with a term to maturity of one year or less

**(f) Hedge Funds:**

- Hedge funds via pooled funds only, including, but not limited to absolute return strategies, market neutral credit and equities, event driven and global credit

**(g) Derivatives:**

- Futures and options that are regularly traded upon recognized public exchanges or other organized public trading facilities where market prices are readily available.

- Forward contracts and swap agreements with financial institutions that satisfy the credit standards of the Policy with respect to Cash Equivalents and Fixed Income.

**Other Investments:**

5.2 The Fund may not invest in categories of assets or instruments not specifically provided for in this section including commodities, precious metals, mineral rights, bullion or collectibles.

**Section VI – Investment Objectives and Risk Considerations**

- 6.1 The overall investment philosophy of the Fund is to maximize the long-term real rate of return subject to an acceptable degree of risk.
- 6.2 The investment objectives of the Fund are:
- (a) The primary objective of the Fund is to preserve the principal amount of the Fund over the long term.
  - (b) A secondary objective is to preserve the real value of the Fund over the long term.
  - (c) The long-term expected rate of return for the Fund is 4% above inflation (as recorded by the Consumer Price Index) over four-year rolling periods.
- 6.3 The overall quantitative performance of the Fund shall be considered satisfactory if the total annualized returns earned by the Fund exceed by 1.0% the returns that could have been earned by passively investing the Normal Allocation, identified in the following table, over rolling four year periods.

Asset Class	Benchmark Index	Normal Allocation
Canadian Equities	S&P/TSX Composite Index	25%
Global Equities	MSCI World Index	35%
Canadian Fixed Income and Mortgages	Blended Index comprised of 80% FTSE Canada Universe Bond Index + 20% FTSE Canada Short Term Index	22%
Infrastructure	CPI + 4%	8%
Real Estate	CPI + 4%	10%

6.4 For each actively managed component of the Fund, the following table details the value add expectations relative to the corresponding benchmark. It is expected that the Managers will achieve these performance targets for their respective mandates, measured over rolling four year periods.

Asset Class	Benchmark Index	Added Value Expectation
Canadian Equities	S&P/TSX Composite Index	Index + 1.0%
Global Equities	MSCI World Index	Index +1.0%
Canadian Fixed Income and Mortgages	Blended Index comprised of 80% FTSE Canada Universe Bond Index + 20% FTSE Canada Short Term Index	Index + 0.4%
Infrastructure	CPI + 4%	0.0%
Real Estate	MSCI Global Property Fund Index	0.0%

6.5 For the purpose of measuring rates of return of the Fund, all returns shall be measured before investment management fees, but after transaction costs, and over rolling four-year periods. All index returns shall be total returns. All foreign index returns shall be Canadian dollar returns.

6.6 The risk inherent in the investment strategy over a market cycle (a five to ten year period) is three-fold. There is a risk that long-term market returns will not be in line with expectations. To the degree that active management is employed, there is a risk that the added value will not be realized, or will be negative. There is also the risk of annual volatility in returns which means that in any one year the actual return may be very different from the expected long-term return and that such return may also be negative.

## Section VII – Asset Allocation Guidelines

7.1 In identifying the Normal Allocation that would best meet the objectives identified in this Policy, consideration was given to:

- (a) the factors outlined in Overview of the Fund;
- (b) the long-term nature of the Fund’s assets;
- (c) the long-term return expectations and the risks associated with key asset classes, as well as the relationships of their returns with each other, inflation and interest rates; and
- (d) Practical considerations.

7.2 Over complete market cycles the allocation is expected to stay within the following ranges and to approximate the Normal Allocation:

Component Asset Classes	Percentage of Fund at Market Values		
	Normal Allocation	Range	
		Minimum	Maximum
Canadian Equities	25%	15%	30%
Global Equities	35%	30%	45%
Total Equities	60%	50%	70%
Fixed Income and Mortgages	22%	15%	30%
Cash & Cash Equivalents	0%	0%	10%
Infrastructure	8%	4%	12%
Real Estate	10%	0%	12%

Cash and Cash Equivalents may also be held from time to time on a short-term, temporary basis or as defensive reserves within the portfolios for each asset class at the discretion of each Manager within the constraints prescribed by that Manager’s mandate, and for the



purposes of this section such Cash and Cash Equivalents shall be included in that respective asset class.

During periods of asset mix transition, the allocations may deviate from the permitted ranges.

- 7.3 If the asset mix deviates outside the above ranges at the end of any quarter, the Committee shall take corrective action on rebalancing the asset mix to bring the asset mix back within the range as soon as practicable. The Committee may also take action to bring the asset mix closer to the Normal Allocation at any time.

## Section VIII – Restrictions and Constraints for Fund’s Investments

- 8.1 (a) The Committee shall ensure that the diversification requirements in each Manager’s mandate or Pooled Fund investment policy, in combination with the amount of assets allocated to each Manager or Pooled Fund, are consistent with the limits outlined in this Section.
- (b) Unless otherwise indicated, all percentages used in this Section shall be calculated using market values at the time; and
- (c) With the exception of a pooled fund and securities issued or guaranteed by the Government of Canada or by a province of Canada having at least an “A” rating no more than 10% of the Fund shall be invested in any one entity or group.
- 8.2 In respect of the equity portfolio of the Fund:
- (a) All holdings shall be listed on a public exchange or convertible or exchangeable into such securities.
- (b) Neither the Manager nor the Fund may take part in the management of any business in which the Fund invests.
- (c) Holdings shall be diversified by company, region, industry, currency and country; however, consideration may be given to the relative sizes of economic activity and stock market capitalization.
- (d) In respect of any Canadian income trust and Canadian real estate investment trust, unless the unit of such trust is held within a Pooled Fund and the agreements governing the Pooled Fund state that the investors in that Pooled Fund cannot be held personally liable for the obligations of the trust or the trustee, such trust:
- (i) must be a reporting issuer under the applicable securities legislation in Canada;

- (ii) must be governed by the laws of a province that limits the liabilities of unit holders by statute; and
- (iii) The agreements governing any such trust must state that beneficiaries cannot be held personally liable for the obligations of the trust or the trustee.

- (e) Any interest in a partnership must be as a limited partner and not as a general partner.
- (f) Not more than 10% of the Canadian Equity portfolio shall be invested in securities not included in the S&P TSX Composite Index.
- (g) Not more than 10% of the global equity portfolio shall be invested in companies having market capitalization, including closely held shares, below \$1 billion (USD).
- (h) Not more than 10% of the global equity portfolio shall be invested in countries not included in the MSCI World index.

8.3 In respect of the fixed income portfolio of the Fund:

- (a) All securities must be readily marketable.
- (b) Securities rated below “BBB (low)” or equivalent at the time of purchase are not permitted.
- (c) The aggregate duration of the portfolio shall be maintained within three years of the FTSE Canada Universe Bond Index.
- (d) Not more than 5% shall be invested in any one corporation or security with the exception of those issued or guaranteed by the Government of Canada or by a province of Canada having at least an “A” rating.
- (e) Asset-backed securities shall be rated by at least two rating agencies.

- (f) Mortgages shall be secured against Canadian and US real estate, and the loan to market value ratio for individual mortgages shall not exceed 75%.
- (g) Not more than 30% shall be held in issues rated below “A” or equivalent.
- (h) Not more than 15% shall be held in securities denominated for payment in foreign currency.

8.4 In respect of Derivatives:

- (a) Any use of Derivatives must be in accordance with a policy that has been specifically considered and approved by the Committee whether done directly in the Funds or in a Pooled Fund.
- (b) Derivatives may be used only to:
  - (i) adjust the duration and/or credit exposure of the Fixed Income portfolio within the ranges set out in this Policy;
  - (ii) replicate the investment performance of interest rates or a recognized capital market index;
  - (iii) create an exposure to securities that are otherwise permitted under this Policy;
  - (iv) manage the currency exposure of foreign property; or
  - (v) Reduce risk as part of a hedging strategy.
- (c) Derivatives may not be used to create exposures that would not otherwise be permitted under this Policy or which would be outside the limits under this Policy had the exposure been obtained in the cash markets.

- (d) Any Manager investing in Derivatives must determine the market value of that Manager's exposures on a daily basis.

8.5 In respect of Cash and Cash Equivalents of the Fund:

- (a) All Cash Equivalents, including those held within the portfolios for each asset class at the discretion of the Manager, shall have a minimum credit rating of "R-1 (low)" or equivalent and be readily marketable or redeemable.
- (b) Deposits with banks or trust companies must be rated "A" or better or be with institutions that have a long-term rating of "A" or better.

8.6 For purposes of this Section:

- (a) All debt ratings refer to the ratings of Dominion Bond Rating Service unless otherwise indicated, however, equivalent ratings by another major credit rating agency can be used.
- (b) If a security's credit rating falls below the required level after purchase, the Manager shall advise the Committee of their proposed course of action in writing as soon as practical.
- (c) Unrated securities will be assumed to fail the credit ratings referred to in this Section.

8.7 Other than in the case of Derivatives specifically permitted by this Policy, the Fund shall not purchase securities on margin or engage in short sales. Installment receipts may not be purchased unless Cash or Cash Equivalents equal to the unpaid purchase price are also held.

## Section IX – Loans and Borrowing

9.1 No part of the Fund assets shall be loaned to any party, other than by:

- (a) purchasing securities which otherwise meet the requirements of this Policy for Fixed Income or Cash Equivalent;
- (b) lending securities either by the Custodian or through a Pooled Fund that lends securities provided that a minimum collateral coverage of at least 102% of the current market value of the loaned securities is maintained at all times:
  - (i) in high quality liquid securities defined in an agreement with the lending agent and provided also that the lending agent provides a Bank guarantee of all such loans, or
  - (ii) in cash, provided that such cash is invested in investments that comply with the requirements for Cash and Cash Equivalents in this Policy, or
- (c) Entering into repurchase agreements provided that the market value of the collateral held equals or exceeds the repurchase price plus accrued interest each day and the collateral otherwise qualifies for investment under this policy.

9.2 Money shall not be borrowed on behalf of the Fund and the Fund' assets shall not be pledged or otherwise encumbered in respect thereof, except for temporary overdrafts that occur in the course of normal day-to-day portfolio management.

## Section X – Valuation of Investments

- 11.1 Investment in marketable securities shall be valued by the Custodian no less frequently than monthly at their market value at that time.
- 11.2 The Fund's investments in Pooled Funds holding publicly traded securities shall be valued according to the unit values published by the Managers. The Custodian shall be responsible for requesting and recording the unit values on a monthly basis.
- 11.3 If a market valuation of an investment is not readily available, an estimate of fair value shall be supplied by the Manager to the Custodian no less frequently than quarterly. Such fair value may be determined by reference to the most recent independent expert appraisal or by other means such as discounted cash flow or comparison with similar assets which are publicly traded. In all cases the methodology should be applied consistently over time.

## Section XI – Conflicts of Interest

- 11.4 If a member of the Committee, or any agent of or advisor to the Committee, or any person employed in the investment or administration of the Fund has or acquires any material interest, direct or indirect, in any matter in which the Fund is concerned or may benefit materially from knowledge of, participation in, or by virtue of an investment decision or holding of the Fund, the person involved shall, as soon as practicable, disclose this conflict of interest to the Chair of the Committee. The Chair shall then immediately advise all members of the Board, and the Board shall decide upon a course of action according to the manager's internal guidelines and policies. Any such person will thereafter abstain from any decision making with respect to the area of conflict, unless otherwise determined by unanimous decision of the remaining members of the Committee.
- 11.5 A Manager shall provide the Committee with its internal guidelines on purchasing securities of members of the Manager's organization, affiliates, or entities in which the Manager or its affiliates have a substantial interest or in which any employee of the Manager or that employee's spouse or children have a substantial investment.
- 11.6 Every disclosure of interest under this Section shall be recorded in the minutes of the relevant Committee meeting.
- 11.7 The failure of a person to comply with the procedures, described in this Section, shall not of itself invalidate any decision, contract or other matter.
- 11.8 The Committee shall satisfy itself that an appropriate policy regarding conflicts of interest exists and is followed by any Manager. As a minimum, the Code of Ethics and Standards of Professional Conduct adopted by the CFA Institute shall be expected to apply to such Manager.

## Section XII – Voting Rights

- 12.1 The responsibility of exercising and directing voting rights acquired through the Fund's investments shall normally be delegated to the Manager, who shall be required at all times act prudently and in the best interests of the beneficiaries. The Manager shall provide a copy of their voting rights policy to the Committee on request.
- 12.2 The Manager shall be required to maintain a record of how the Fund's voting rights have been exercised and provide a copy of such record to the Committee on request.

## Section XIII – Monitoring

- 13.1 The Committee shall review on a regular basis, as needed, and at least once a year:
- (a) the assets and net cash flow of the Fund;
  - (b) the current asset mix of the Fund;
  - (c) the investment performance and management of the Fund and each Manager relative to the objectives of the Policy, their Investment Policy or their individual Mandate, as applicable;
  - (d) portfolio holdings;
  - (e) the fees and expenses incurred in managing the Fund; and
  - (f) Compliance with this Policy.

Following such review, the Committee shall take such action as it deems prudent and appropriate.

- 13.2 The Committee or a representative appointed by the Committee shall meet at least once a year with each Manager to discuss investment performance, investment strategies, expected future performance and any changes in that Manager's organization, investment processes and professional staff.
- 13.3 The primary focus of performance assessment will normally be on a moving four-year basis, but performance over shorter time periods and the Manager's performance for other comparable accounts prior to appointment for the Fund may also be considered. The Manager will not necessarily be faulted for underperforming the agreed standard over short time periods. However, the Committee may conclude that significant short-term under performance renders it unlikely that the performance standard can reasonably be achieved at an appropriate risk level over the remainder of a market cycle.

13.4 Managers' performance will be measured against applicable benchmarks and peer groups, as well as non-performance criteria, indices and comparator groups.

13.5 The Managers will also be judged on non-performance related criteria such as

- (a) failure to comply with the guidelines of the Policy;
- (b) changes in key investment personnel, ownership and organization;
- (c) deterioration in the quality and level of service;
- (d) investment management fees, and
- (e) Financial condition of the firm (including any significant changes in assets under management).

13.6 The Committee shall evaluate whether any information discovered through the foregoing monitoring activities require specific communication to the Board.

## Section XIV – Policy Review

14.1 This Policy will be reviewed and affirmed at least annually, but otherwise whenever a major change is apparent or necessary. Such review may be prompted by:

- (a) a change in the expected projected expenditures of the Fund;
- (b) a revision to the expected long-term trade-off between risk and reward on key asset classes;
- (c) a shift in the financial objectives and risk tolerance of the Foundation,
- (d) shortcomings of the Policy that emerge in its practical operation; or
- (e) Modifications that are recommended to the Committee by a Manager.

[Supplementary Annexes for this Annual Report](#)  
are located on the Asia Pacific Foundation of Canada's website.

## Section XV – Environmental, Social, and Governance

- 15.1 Companies that ignore environmental, social, and governance (ESG) factors expose themselves to risks that can adversely impact long term financial performance. When evaluating companies for potential investment, investment managers should include an assessment of the potential risks and opportunities arising from ESG factors.
- 15.2 Existing managers are encouraged to integrate ESG considerations into their investment process and are required to provide annual updates on their ESG practices. In evaluating and selecting new investment managers or retaining existing managers, consideration will be given to whether and how ESG factors are integrated into the manager's investment process. Individual security selection decisions will remain the responsibility of investment managers retained by the Foundation.



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FOUNDATION  
OF CANADA

FONDATION  
ASIE PACIFIQUE  
DU CANADA