

Item No. 9.1.5
Audit and Finance Standing Committee
April 16, 2014

TO: Councillor Bill Karsten, Chair and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Greg Keefe, Director of Finance and ICT / CFO

DATE: March 20, 2014

SUBJECT: Investment Activities – Quarter Ending December 31, 2013

ORIGIN

Quarterly report of investment performance and adherence to approved Investment Policy.

LEGISLATIVE AUTHORITY

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Service Nova Scotia and Municipal Relations or invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved the Policy investment activities are governed by this Policy.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

BACKGROUND

The HRM Investment Policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee (the Committee). The report for the Quarter ending December 31, 2013 has been reviewed by the Committee. A report from the Committee on staff's compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of April 16.

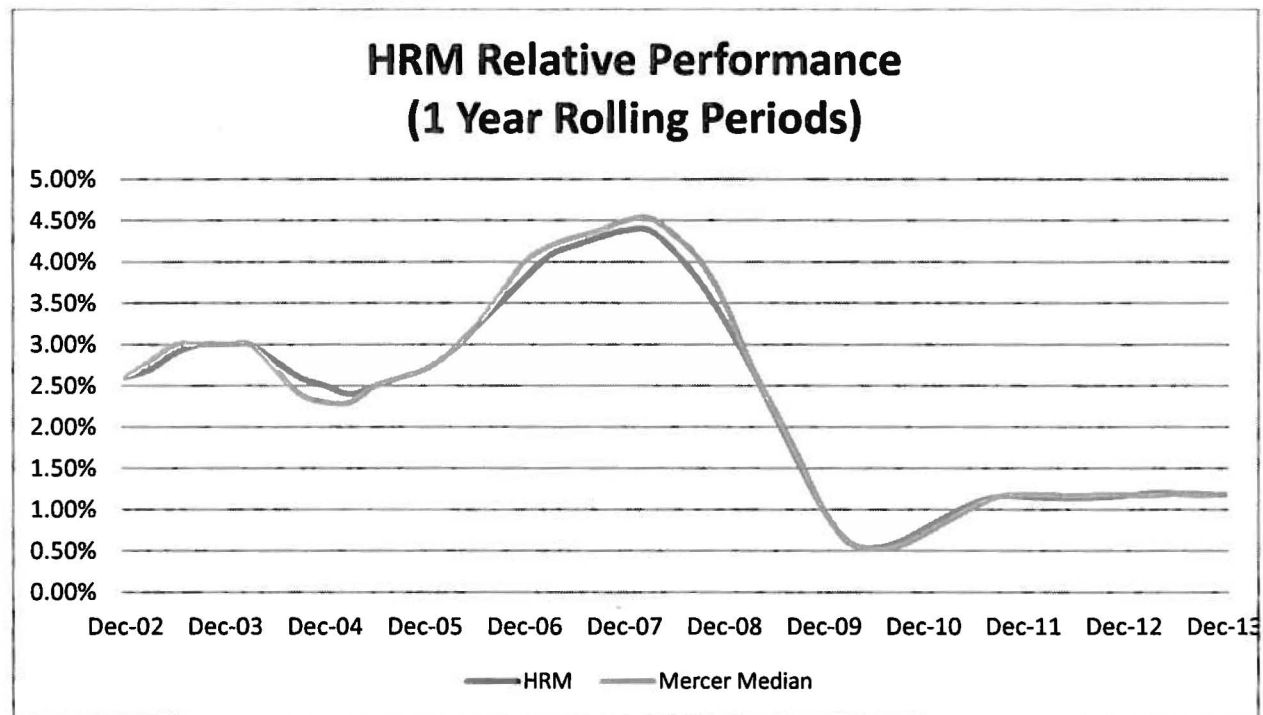
DISCUSSION**HRM Investment Activities**

HRM Money Market Pool investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending December 31, 2013:

Money Market Funds	3 Months (to Dec. 31, 2013)	1 Year (to Dec. 31, 2013)
5 th Percentile	.34%	1.29%
1 st Quartile	.31%	1.23%
Mercer Median	.30%	1.19%
3 rd Quartile	.27%	1.06%
95 th Percentile	.25%	1.00%
Dec 91 Day T-Bills	.25%	1.01%
HRM	.29%	1.18%

Relative performance was just below median for the 3 month and 1 year periods before allowing for fees that would be charged by an external management company. This slight decline in relative performance was not unexpected given the very high quality of the HRM portfolio and the recent flatness of the Money Market yield curve.

As demonstrated by the graph below, from a longer term perspective relative performance is generally in line with the Mercer Median before allowing for fee savings.



The Quarter saw 88 money market investments made at a cost of \$382,934,060 with an average term to maturity of 103 days. This compares to last year's 3rd Quarter of 72 investments made at a cost of \$287,916,105 with an average term of 86 days. The elevated activity level in the Quarter compared to last year was due to more rollovers of investments. There was \$307,000,000 of maturities during the Quarter versus \$188,000,000 last year.

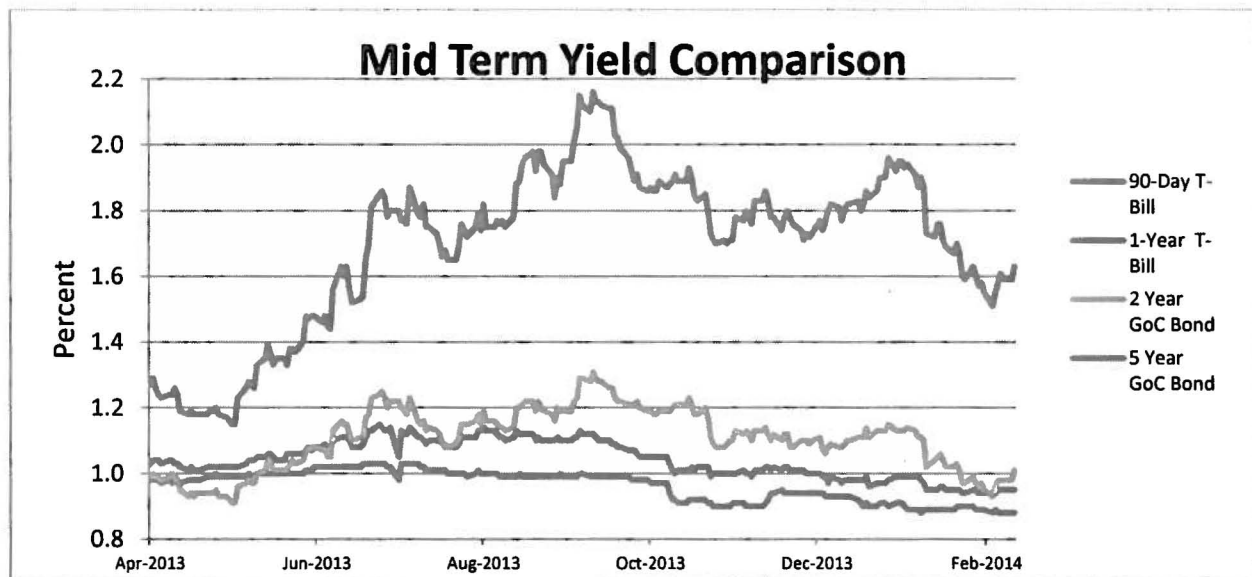
Funds held in the new investment bank accounts ramped up to \$49,000,000 by the end of the Quarter with two of the accounts being partially funded. Incremental income over the likely yield on the instruments usually purchased from financial institutions was \$9,794 for the Quarter.

Funds held on deposit with the primary HRM banker exceeded the Policy guideline by some \$1,200,000 for one business day. Staff discussed this with the Committee and they agreed with staff that this minor temporary variance did not constitute a material increase in risk to the portfolio. It should be noted that negative figures in the Sector Weight Schedules for Scotiabank were not actual overdrafts but rather reflected the encumbrance of funds for payments to be issued on the next business day. The negative Limit Available amounts shown on two of the Schedules for Bank of Montreal reflect portfolio allocations for these Funds while on a Total Portfolio basis Limit was available.

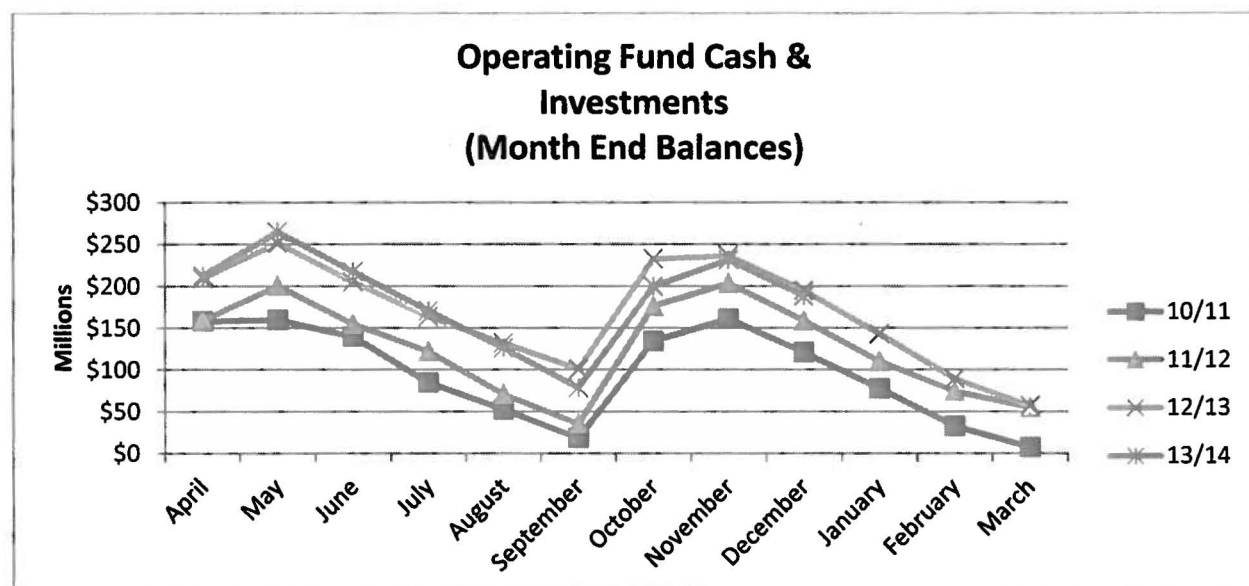
The cumulative incremental gross investment income from the 2007 Policy change that expanded the Non-Government Sector Weight was \$870,345.79 or a \$14,168.46 increase during the Quarter.

HRM Short Term Bond Pool

While there are certainly other economic and financial market factors at play, bond yields have yet to get back to the levels in the summer when the tapering of the \$85 billion of monthly bond purchases by the U.S. Federal Reserve was only anticipated versus when tapering actually began in December. With this volatility in mind, staff have not added to the Bond Pool since the peak levels in the summer in anticipation better rates. While the economic backdrop has certainly not been robust it has at least been constructive suggesting higher yields in the future. Currently the Bond Pool totals some \$16,000,000 with yields ranging from 1.94% to 3.07%.

**Cash Flows**

Operating Fund cash and investments trailed the previous year particularly during the initial part of the Quarter. The negative aspects came from a delay in the receipt of Federal Grants in Lieu by a couple of weeks, a payment of some funds from the accumulated surplus to Halifax Water and a somewhat higher level of capital expenditures early in the Quarter. As the Quarter progressed capital expenditures trended lower than the previous year and the Federal Grants in Lieu were received bringing cash and investment levels more in line with the previous year.



Subsequent to End of Reporting Quarter

At its January 22 and March 5 meetings the Bank of Canada reiterated its view that inflation will remain below target for a considerable period of time increasing the risks that a negative shock could send inflation uncomfortably low. Elevated household debt levels, however, are acting as a restraint on the potential for a decrease in the Bank of Canada Target Rate from its already extremely low level. It has been suggested by some commentators that projected surpluses for future years in the Federal Budget tabled February 11 will take pressure off the Bank of Canada to act as this will allow for fiscal stimulus in 2015 and beyond from potential tax cuts and increases in Federal spending.

In an unusual show of bipartisanship, the U.S. House of Representatives and Senate voted to raise the debt ceiling in February without the usual drama relieving markets of one potential source of anxiety.

Early indications are that the transition of the Chairmanship of the U.S. Federal Reserve from Bernanke to Yellen will be smooth with little change in message or policy.

Staff has been advised that RBC Investor Services, the HRM custodian, will be closing their Halifax Office. While unfortunate, staff does not anticipate any operational impacts as virtually all day to day activity is conducted electronically or with their Toronto operations.

Outlook & Strategy

While economic growth in the major economies has been agonizingly slow, particularly for the unemployed, it is at least growth versus contraction. Crawling in the right direction may be an

apt analogy. Consensus expectations are for this trend to continue. This opens the door for more forward looking markets, like the bond market, to provide modestly higher yields. With Central Bank administered rates firmly entrenched for what looks like the foreseeable future there is less potential for anything more than a very modest backup in rates in the Money Market segment. While in Canada a negative economic shock could force the Bank of Canada's hand to actually cut rates, something viewed as a low probability.

This backdrop will make finding yield in the Government half of the portfolio challenging as funds come in for the interim property tax billing in April. Strategies used in the past such as the purchase of Floating Rate Notes within a couple of resets of maturity have gotten expensive, i.e. rates offered are not that attractive on a risk reward basis. The Money Market yield curve out to the one year term is particularly flat so there is little to be gained by locking in near the one year term particularly as we see an actual rate cut by the Bank of Canada as fairly unlikely. While still assessing options, staff may use shorter term government instruments more to cover off shorter term cash needs than in the past. This could allow the higher yielding investment bank accounts to retain more funds.

Policy Compliance

In keeping with the recent amendments to the Policy staff has modified the Policy Compliance section.

Objectives:

Preservation of Capital - There was no loss of capital during the Quarter.

Liquidity - No overdraft charges were incurred and sufficient cash was available to meet all requirements. The funded ratio of the Reserves at Quarter end was 100%.

Competitive Return on Investments - The rate of return was slightly below median for the year ending December 31, 2013 before allowing for fees that could have been paid to an external management firm. On an after fee basis the rate of return would have been above median so staff maintains that the Policy benchmark was met.

Strategies:

Diversification of Investment Portfolio - Staff believes that diversification has been adequately maintained under the constraints of the Policy.

Regular Review of Performance - Performance data continues to be reported to the Investment Policy Advisory Committee.

Risk Management Approach – In implementing investment decisions staff seek a balance between the Objectives of the Investment Policy and the risks inherent in markets to look to achieve an optimal rate of return.

Investment Activities – Quarter Ending

December 31, 2013

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FINANCIAL IMPLICATIONS

Operating Fund Investment Income for the nine months ending December 31, 2013 was \$1,611,000 versus a budget of \$1,630,000 with actual rate of return being .88% versus a budget of .87%. Staff anticipates that Operating Fund Investment Income will be approximately \$2,035,000 for the fiscal year versus the budget of \$2,000,000 reflecting some improvement in cash flow trends, somewhat higher returns from the phase in of the investment bank accounts and a recent Accounting policy change to not pay interest on the Operating Cost of Capital Reserve.

COMMUNITY ENGAGEMENT

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (4 of 6) are volunteers from the general public. The Committee reports to Audit and Finance Committee of Council quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations for any changes considered appropriate.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ December 31, 2013 (Schedules A,B,C,D & E)

Appendix A - Economic Statistics and Central Bank Actions

Appendix B - List of Eligible Investments

Appendix C - DBRS Rating Scale

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Derek Tynski, BA, CMA, Deputy Treasurer, 490-6471

Report Approved by: Original Signed
Jerry Blackwood, CGA, Manager of Revenue, 490-6470

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Oct 6.9%, Nov 6.9%, Dec 7.2%	Oct 7.2%, Nov 7%, Dec 6.7%
Jobs Created / (Lost) ('000's)	Oct 13, Nov 22, Dec (46)	Oct 200, Nov 241, Dec 74
CPI (year over year)	Oct .7%, Nov .9%, Dec 1.2%	Oct 1.0%, Nov 1.2%, Dec 1.5%
CPI-X (Core) (year over year)	Oct 1.2%, Nov 1.1%, Dec 1.3%	Oct 1.7%, Nov 1.7%, Dec 1.7%
GDP	TBA	Q4 A 3.2%

Central Bank Activities

- October 23rd Bank of Canada Maintains overnight rate at 1.0%
- November 03 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- December 04 Bank of Canada Maintains overnight rate at 1.0%
- December 14th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees

The Bank of Nova Scotia & Its Guarantees

Canadian Imperial Bank of Commerce & Its Guarantees

Royal Bank of Canada & Its Guarantees

Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group

Caisse Centrale Desjardins

CDP Financial Inc

National Bank of Canada

OMERS Finance Trust

Appendix C

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.

**Total Portfolio
Sector Weights @ December 31, 2013**

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	405,383,595	100%	401,397,780	99%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	198,544,544	48%	405,383,595	100%	208,839,051	52%
Total Alberta (R-1 High)	Open	0	0%	101,345,899	25%	85,450,656	21%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	94,394,323	23%	101,345,899	25%	4,759,120	1%
Manitoba (R-1 Mid)	Open	0	0%	101,345,899	25%	101,345,899	25%
New Brunswick (R-1 Mid)	Open	0	0%	101,345,899	25%	101,345,899	25%
Nova Scotia (R-1 Mid)	Open	0	0%	101,345,899	25%	101,345,899	25%
Ontario (R-1 Mid)	Open	72,843,686	18%	101,345,899	25%	28,502,213	7%
Quebec (R-1 Mid)	Open	29,306,535	7%	101,345,899	25%	72,039,364	18%
Quebec		15,922,842					
Financement Quebec		0					
Hydro Quebec		13,383,693					
Saskatchewan (R-1 High)	Open	0	0%	101,345,899	25%	101,345,899	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	101,345,899	25%	101,345,899	25%
Calgary (R-1 High)	Open			40,538,360	10%	40,538,360	10%
Financial Institutions & their Guarantees /Corporations	BA's Schedule A	186,759,127	46%	202,691,798	50%	15,932,670	4%
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	134,228,834	33%	202,691,798	50%	68,462,963	17%
Bank of Montreal (R-1 High)	Open	39,049,866	10%	40,538,360	10%	1,488,494	0%
BMO - Instruments		19,049,866					
BMO - Account		20,000,000					
Bank of Nova Scotia (R-1 High)	Open	30,524,390	8%	40,538,360	10%	10,013,969	2%
Bank of Nova Scotia Effective Cash		-2,475,610					
Bank of Nova Scotia - Notice Account		33,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	36,992,240	9%	40,538,360	10%	3,546,120	1%
CIBC - Instruments		7,992,240					
CIBC - Account		29,000,000					
Royal Bank (R-1 High)	Open	27,662,338	7%	40,538,360	10%	12,876,022	3%
RBC - Instruments		27,662,338					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	40,538,360	10%	40,538,360	10%
TD - Instruments		0					
TD - Account		0					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High**	52,530,293	13%	101,345,899	25%	48,815,606	12%
National Bank of Canada (R-1 Mid)	Open	15,975,482	4%	20,269,180	5%	4,293,698	1%
OMERS Realty Corporation (R-1 High)	Open	18,577,911	5%	20,269,180	5%	1,691,269	0%
CDP Financial Inc (R-1 High)	Open	0	0%	20,269,180	5%	20,269,180	5%
Desjardins Total		17,976,900	4%	20,269,180	5%	2,292,280	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	17,976,900					
Total Cash and Equivalents		383,303,671	95%				
Federal Government & its Guarantees							
Money Market		0	0%	47,613,062	20%	47,613,062	20%
Reserves - Bond Pool		3,985,815	1%	163,944,195	100%	159,958,380	98%
Canada Mortgage & Housing Corp.		3,985,815	1%	163,944,195	100%	159,958,380	98%
Provincial Government & their Guarantees		18,087,699	4%	47,613,062	20%	29,525,363	12%
Money Market		5,999,772	4%	47,613,062	20%	26,912,150	11%
Alberta		5,999,772	4%	23,806,531	10%	7,911,288	3%
Alberta		1,993,296					
Alberta Capital Finance Authority		4,006,476					
Alberta Treasury Branches							
British Columbia		0	1%	23,806,531	10%	21,614,075	9%
Manitoba		0	0%	23,806,531	10%	23,806,531	10%
New Brunswick		0	0%	23,806,531	10%	23,806,531	10%
Nova Scotia							
Ontario		0	0%	23,806,531	10%	23,806,531	10%
Quebec		0	0%	23,806,531	10%	23,806,531	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	23,806,531	10%	23,806,531	10%
Bond Pool		12,087,927	4%	32,788,839	20%	14,701,140	9%
Alberta		9,895,471	4%	16,394,420	10%	499,177	0%
Alberta		7,788,303					
Alberta Capital Finance Authority		2,097,168					
Alberta Treasury Branches							
British Columbia		2,192,456	1%	16,394,420	10%	14,201,964	9%
Manitoba		0	0%	16,394,420	10%	16,394,420	10%
New Brunswick		0	0%	16,394,420	10%	16,394,420	10%
Nova Scotia							
Ontario		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0	0%	16,394,420	10%	16,394,420	10%
Quebec							
Financement Quebec							
Saskatchewan		0	0%	16,394,420	10%	16,394,420	10%
Total Fixed		22,073,514	5%	32,788,839	20%	10,715,325	7%
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		405,383,595					

**Operating Funds
Sector Weights @ December 31, 2013**

SCHEDULE B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	238,065,309	100%	238,065,309	100%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	120,190,146	50%	238,065,309	100%	117,875,163	50%
Total Alberta (R-1 High)	Open	0	0%	59,516,327	25%	55,847,370	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0	0%				
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	57,723,645	24%	59,516,327	25%	1,792,682	1%
Manitoba (R-1 Mid)	Open	0	0%	59,516,327	25%	59,516,327	25%
New Brunswick (R-1 Mid)	Open	0	0%	59,516,327	25%	59,516,327	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	59,516,327	25%	59,516,327	25%
Ontario (R-1 Mid)	Open	44,545,084	19%	59,516,327	25%	14,971,243	6%
Quebec (R-1 Mid)	Open	17,921,417	8%	59,516,327	25%	41,594,810	17%
Saskatchewan (R-1 High)	Open	0	0%	59,516,327	25%	59,516,327	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		59,516,327	25%	59,516,327	25%
Calgary (R-1 High)	Open			23,806,531	10%	23,806,531	10%
Financial Institutions & their Guarantees /Corporations		114,206,206	48%	119,032,655	50%	4,826,448	2%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	82,083,088	34%	119,032,655	50%	36,949,566	16%
Bank of Montreal (R-1 High)	Open	23,879,620	10%	23,806,531	10%	-73,089	0%
BMO - Instruments		11,649,299					
BMO - Account		12,230,321					
Bank of Nova Scotia (R-1 High)	Open	18,666,155	8%	23,806,531	10%	5,140,376	2%
Bank of Nova Scotia Effective Cash		-1,513,875					
Bank of Nova Scotia - Notice Account		20,180,030					
Canadian Imperial Bank of Commerce (R-1 High)	Open	22,821,349	10%	23,806,531	10%	1,185,182	0%
CIBC - Instruments		4,887,383					
CIBC - Account		17,733,966					
Royal Bank (R-1 High)	Open	16,915,984	7%	23,806,531	10%	6,890,567	3%
RBC - Instruments		16,915,984					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	23,806,531	10%	23,806,531	10%
TD - Instruments		0					
TD - Account		0					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	32,123,118	13%	59,516,327	25%	27,393,209	12%
National Bank of Canada (R-1 Mid)	Open	9,789,264	4%	11,903,265	5%	2,134,002	1%
OMERS Realty Corporation (R-1 High)	Open	11,360,691	5%	11,903,265	5%	542,574	0%
CDP Financial Inc (R-1 High)	Open	0	0%	11,903,265	5%	11,903,265	5%
Desjardins Total		10,993,163	5%	11,903,265	5%	910,102	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	10,993,163					
Total Investments		<u>234,396,352</u>	<u>98%</u>				
Federal Government & its Guarantees							
Money Market		0	0%	47,613,062	20%	47,613,062	20%
Reserves - Bond Pool		0	0%	47,613,062	100%	47,613,062	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		3,668,957	2%	47,613,062	20%	43,944,105	18%
Money Market		3,668,957	2%	47,613,062	20%	43,944,105	18%
Alberta		3,668,957	2%	23,806,531	10%	20,137,574	8%
Alberta		1,218,933					
Alberta Capital Finance Authority		2,450,024					
Alberta Treasury Branches							
British Columbia		0	0%	23,806,531	10%	23,806,531	10%
Manitoba		0	0%	23,806,531	10%	23,806,531	10%
New Brunswick		0	0%	23,806,531	10%	23,806,531	10%
Ontario		0	0%	23,806,531	10%	23,806,531	10%
Quebec		0	0%	23,806,531	10%	23,806,531	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	23,806,531	10%	23,806,531	10%
Bond Pool		0	2%	47,613,062	20%	43,944,105	18%
Alberta		0	2%	23,806,531	10%	22,587,598	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	23,806,531	10%	23,806,531	10%
Manitoba		0	0%	23,806,531	10%	23,806,531	10%
New Brunswick		0	0%	23,806,531	10%	23,806,531	10%
Ontario		0	0%	23,806,531	10%	23,806,531	10%
Quebec		0	0%	23,806,531	10%	23,806,531	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	23,806,531	10%	23,806,531	10%
Total Fixed		<u>3,668,957</u>	<u>2%</u>	<u>47,613,062</u>	<u>20%</u>	<u>43,944,105</u>	<u>18%</u>
Total Investments		<u>238,065,309</u>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		12,120,956					
Total Investments and O/S Cheques Coverage		<u>250,186,265</u>					

**Capital Funds
Sector Weights @ December 31, 2013**

SCHEDULE C

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	0	100%	0	0%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%	0	100%	0	0%
Total Alberta (R-1 High)	Open	0	0%	0	25%	0	0%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open		0%	0	25%	0	0%
Ontario (R-1 Mid)	Open	0	0%	0	25%	0	0%
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	0%
Saskatchewan (R-1 High)	Open		0%	0	25%	0	0%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open			0	10%	0	0%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	0	0%	0	50%	0	0%
Bank of Montreal (R-1 High)	Open	0	0%	0	10%	0	0%
BMO - Instruments		0					
BMO - Account		0					
Bank of Nova Scotia (R-1 High)	Open	0	0%	0	10%	0	0%
Bank of Nova Scotia Effective Cash		0					
Bank of Nova Scotia - Notice Account		0					
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
CIBC - Instruments		0					
CIBC - Account		0					
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
RBC - Instruments		0					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
TD - Instruments		0					
TD - Account		0					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	0	25%	0	0%
National Bank of Canada (R-1 Mid)	Open	0	0%	0	5%	0	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	0	5%	0	0%
CDP Financial Inc (R-1 High)	Open	0	0%	0	5%	0	0%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	0					
Total Investments		0	0%				
Federal Government & its Guarantees							
Money Market		0	0		20%	0	20%
Reserves - Bond Pool		0	0%	0	100%	0	0%
Canada Mortgage & Housing Corp.		0			100%		
Provincial Government & their Guarantees		0	0%	0	20%	0	0%
Money Market		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta							
Alberta Capital Finance Authority		0					
Alberta Treasury Branches							
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Brunswick		0	0%	0	10%	0	0%
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
Bond Pool		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Brunswick		0	0%	0	10%	0	0%
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
Total Fixed		0	0%	0	20%	0	0%
Total Investments		0					

Reserve Funds
Sector Weights @ December 31, 2013

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	163,944,195	100%	159,958,380	98%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	74,654,183	46%	163,944,195	100%	89,290,011	54%
Total Alberta (R-1 High)	Open	0	0%	40,986,049	25%	28,811,664	18%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	35,854,117	22%	40,986,049	25%	2,939,476	2%
Manitoba (R-1 Mid)	Open	0	0%	40,986,049	25%	40,986,049	25%
New Brunswick (R-1 Mid)	Open	0	0%	40,986,049	25%	40,986,049	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0					
Ontario (R-1 Mid)	Open	27,668,465	17%	40,986,049	25%	13,317,583	8%
Quebec (R-1 Mid)	Open	11,131,601	7%	40,986,049	25%	29,854,448	18%
Saskatchewan (R-1 High)	Open	0	0%	40,986,049	25%	40,986,049	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		40,986,049	25%	40,986,049	25%
Calgary (R-1 High)	Open	0		16,394,419	10%	16,394,419	10%
Financial Institutions & their Guarantees /Corporations	BA's Schedule A Canadian Banks R-1	70,937,355	43%	81,972,097	50%	11,034,742	7%
Tier 1 - Financial Institutions & their Guarantees	Mid	50,984,595	31%	81,972,097	50%	30,987,502	19%
Bank of Montreal (R-1 High)	Open	14,832,444	9%	16,394,419	10%	1,561,976	1%
BMO - Instruments		7,235,775					
BMO - Account		7,596,668					
Bank of Nova Scotia (R-1 High)	Open	11,594,183	7%	16,394,419	10%	4,800,236	3%
Bank of Nova Scotia Effective Cash		-940,319					
Bank of Nova Scotia - Notice Account		12,534,502					
Canadian Imperial Bank of Commerce (R-1 High)	Open	14,050,888	9%	16,394,419	10%	2,343,531	1%
CIBC - Instruments		3,035,720					
CIBC - Account		11,015,169					
Royal Bank (R-1 High)	Open	10,507,080	6%	16,394,419	10%	5,887,339	4%
RBC - Instruments		10,507,080					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	16,394,419	10%	16,394,419	10%
TD - Instruments		0					
TD - Account		0					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	19,952,760	12%	40,986,049	25%	21,033,289	13%
National Bank of Canada (R-1 Mid)	Open	8,068,022	4%	8,197,210	5%	2,129,188	1%
OMERS Realty Corporation (R-1 High)	Open	7,056,511	4%	8,197,210	5%	1,140,699	1%
CDP Financial Inc (R-1 High)	Open	0	0%	8,197,210	5%	8,197,210	5%
Desjardins Total		6,828,227	4%	8,197,210	5%	1,368,983	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	6,828,227					
Total Cash and Equivalents		145,591,539	89%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		3,985,815	2%	163,944,195	100%	159,958,380	98%
Canada Mortgage & Housing Corp.		3,985,815					
Provincial Government & their Guarantees		14,366,841	9%	81,972,097	50%	67,605,256	41%
Money Market		2,278,914	9%	81,972,097	50%	67,605,256	41%
Alberta		2,278,914	7%	16,394,419	10%	4,220,035	3%
Alberta		757,120					
Alberta Capital Finance Authority		1,521,793					
Alberta Treasury Branches		0					
British Columbia		0	1%	16,394,419	10%	14,201,963	9%
Manitoba		0	0%	16,394,419	10%	16,394,419	10%
New Brunswick		0	0%	16,394,419	10%	16,394,419	10%
Ontario		0	0%	16,394,419	10%	16,394,419	10%
Quebec		0	0%	16,394,419	10%	16,394,419	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	16,394,419	10%	16,394,419	10%
Bond Pool		12,087,927	9%	81,972,097	50%	67,605,256	41%
Alberta		9,895,471	7%	16,394,419	10%	4,220,035	3%
Alberta		7,798,303					
Alberta Capital Finance Authority		2,097,168					
Alberta Treasury Branches		0					
British Columbia		2,192,456	1%	16,394,419	10%	14,201,963	9%
Manitoba		0	0%	16,394,419	10%	16,394,419	10%
New Brunswick		0	0%	16,394,419	10%	16,394,419	10%
Ontario		0	0%	16,394,419	10%	16,394,419	10%
Quebec		0	0%	16,394,419	10%	16,394,419	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	16,394,419	10%	16,394,419	10%
Total Fixed		18,352,656	11%	163,944,195	100%	145,591,539	89%
Total Investments		163,944,195					

Trust Funds
Sector Weights @ December 31, 2013

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,374,092	100%	3,374,092	100%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,700,215	50%	3,374,092	100%	1,673,877	50%
Total Alberta (R-1 High)	Open	0	0%	843,523	25%	791,622	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	816,561	24%	843,523	25%	26,962	1%
Manitoba (R-1 Mid)	Open	0	0%	843,523	25%	843,523	25%
New Brunswick (R-1 Mid)	Open	0	0%	843,523	25%	843,523	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	843,523	25%	843,523	25%
Ontario (R-1 Mid)	Open	630,137	19%	843,523	25%	213,386	6%
Quebec (R-1 Mid)	Open	253,517	8%	843,523	25%	590,006	17%
Saskatchewan (R-1 High)	Open	0	0%	843,523	25%	843,523	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		843,523	25%	843,523	25%
Calgary (R-1 High)	Open			337,409	10%	337,409	10%
Financial Institutions & their Guarantees /Corporations		1,615,566	48%	1,687,046	50%	71,480	2%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	1,161,151	34%	1,687,046	50%	525,895	16%
Bank of Montreal (R-1 High)	Open	337,802	10%	337,409	10%	-393	0%
BMO - Instruments		164,791					
BMO - Account		173,011					
Bank of Nova Scotia (R-1 High)	Open	284,052	8%	337,409	10%	73,357	2%
Bank of Nova Scotia Effective Cash		-21,415					
Bank of Nova Scotia - Notice Account		285,468					
Canadian Imperial Bank of Commerce (R-1 High)	Open	320,003	9%	337,409	10%	17,407	1%
CIBC - Instruments		69,137					
CIBC - Account		250,885					
Royal Bank (R-1 High)	Open	239,294	7%	337,409	10%	98,115	3%
RBC - Instruments		239,294					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	337,409	10%	337,409	10%
TD - Instruments		0					
TD - Account		0					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	454,415	13%	843,523	25%	389,108	12%
NATIONAL Bank of Canada (R-1 Mid)	Open	138,196	4%	168,705	5%	30,508	1%
OMERS Realty Corporation (R-1 High)	Open	160,709	5%	168,705	5%	7,996	0%
CDP Financial Inc (R-1 High)	Open	0	0%	168,705	5%	168,705	5%
Desjardins Total		155,510	5%	168,705	5%	13,195	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	155,510					
Total Cash and Equivalents		3,315,781	98%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,374,092	100%	3,374,092	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		51,901	2%	3,374,092	100%	3,322,191	98%
Money Market		51,901	100%	3,374,092	100%	3,322,191	98%
Alberta		51,901	2%	337,409	10%	285,508	8%
Alberta		17,243					
Alberta Capital Finance Authority		34,658					
Alberta Treasury Branches							
British Columbia		0	0%	337,409	10%	337,409	10%
Manitoba		0	0%	337,409	10%	337,409	10%
New Brunswick		0	0%	337,409	10%	337,409	10%
Ontario		0	0%	337,409	10%	337,409	10%
Quebec		0	0%	337,409	10%	337,409	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	337,409	10%	337,409	10%
Bond Pool		0	2%	3,374,092	100%	3,322,191	98%
Alberta		0	2%	337,409	10%	285,508	8%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	337,409	10%	337,409	10%
Manitoba		0	0%	337,409	10%	337,409	10%
New Brunswick		0	0%	337,409	10%	337,409	10%
Ontario		0	0%	337,409	10%	337,409	10%
Quebec		0	0%	337,409	10%	337,409	10%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	337,409	10%	337,409	10%
Total Fixed		51,901					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,374,092					

