



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 1

**Halifax Regional Council
June 17 2008**

TO: Mayor Kelly and Members of Halifax Regional Council

(Original signed)

SUBMITTED BY: _____
S. Dale MacLennan, Director of Finance

DATE: June 16, 2008

SUBJECT: Investment Activities - Quarter Ending March 31, 2008

INFORMATION REPORT

ORIGIN

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

BACKGROUND

The 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 March 31, 2008 has been reviewed by the Committee.

DISCUSSION

HRM Investment Performance and Activities

HRM Short Term (Money Market Pool)

HRM Money Market investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending March 31, 2008:

Money Market Funds	3 Months (to March 31, 2008)	1 Year (to March 31, 2008)
5 th Percentile	1.40%	4.91%
1 st Quartile	1.13%	4.66%
Mercer Median	1.09%	4.53%
3 rd Quartile	1.03%	4.44%
95 th Percentile	0.81%	3.53%
DEX 91 Day T-Bills	1.23%	4.63%
HRM	1.05%	4.38%

The trend highlighted in a previous report of the spreads widening between the 5th and 95th Percentiles was even more exaggerated in this Quarter with the 3 month and 1 year spreads at .59% and 1.38% respectively. Again we believe this reflects higher rates of return currently available for those with higher risk appetites including asset backed securities and a higher proportion of non-government investments. HRM performance for the Quarter was within the 3rd Quartile and for the year in the 4th Quartile. In the present environment of elevated risks these results are satisfactory given the very high quality of investments held by HRM. Savings on fees that would have been paid to an external manager serve to offset these results.

The Quarter saw 89 investments made at a cost of \$247,000,000 and an average term to maturity of 53 days. For the comparable Quarter last year there were 65 investment costing \$191,000,000 with an average term to maturity of 91 days. The greater level of activity and shorter term to maturity in the current Quarter reflect the change in the Investment Policy allowing for a greater proportion of investments to be made in the non-government sector which under normal circumstances are limited to a maximum term of 91 days. The agreement at the March 19 meeting of the Committee to temporarily limit these investments to a 2 month term

would have had a minor impact increasing the number of investments and shortening the average term.

With the exception of a widening of spreads around mid-March in reaction to the Bear Sterns action, for the most part spreads between Government T-Bills and Bankers' Acceptances have showed progress towards re-establishing their more typical relationship. The tightening of spreads in late March and early April was due to a flood of Bank of Canada Cash Management T-Bills which temporarily overwhelmed the market sending government rates higher.

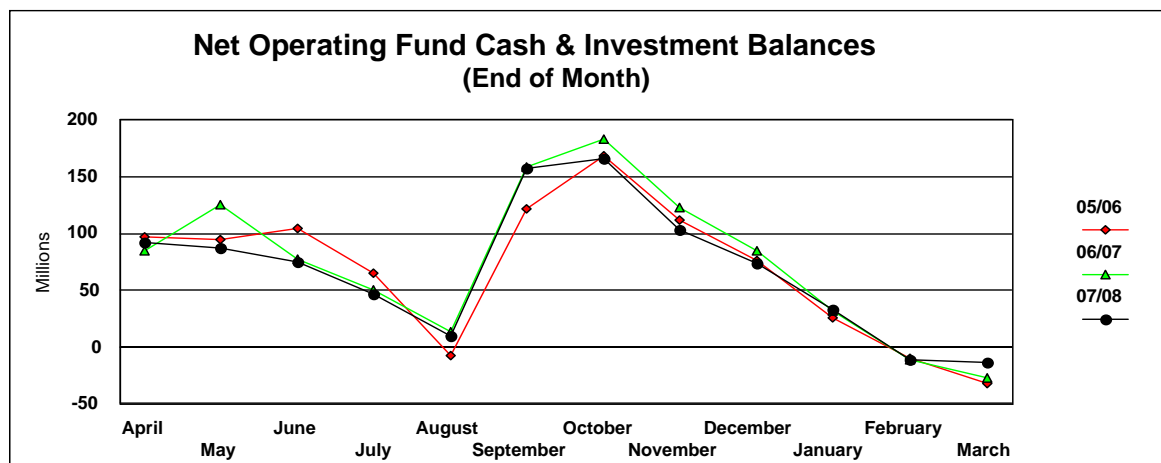
The gross incremental income from the change in the Investment Policy is calculated to be \$336,000 to March 31, 2008. Subject to year end adjustments, the final Operating Fund Investment Income was \$3,352,600 versus a budget of \$3,230,000 for a positive variance of \$122,600 or 3.8%. The actual rate of return was 4.38% versus the budgeted rate of 4.25%. The bulk of the positive income variance was due to the higher rate of return. Given the potential variations in cash inflows and outflows for the Operating Fund as well as potential variations in market interest rates over a period of one year or more, this level of accuracy in budgeted versus actual income is not anticipated in the future.

HRM Short Term Bond Pool and Targeted Reserve Fund Investments

There were no additions made to the Bond Pool or Targeted Reserve Fund Investments during the Quarter. Although spreads widened during the Quarter the level of rates for 2 and 5 year bonds were not attractive.

Cash Flows

As seen below the Operating Fund month end cash balances tracked very close to the previous years' levels for the Quarter until the end of March. The receipt of \$18 million of Gas Tax and Transit Funding



March 28 and a \$12 million contribution to the capital cost of the Canada Games Mainland Commons Complex (\$11m) and the Centennial Pool (\$1M) on March 31 from the Province of Nova Scotia, lifted the cash balances.

As discussed in the previous report the above figures exclude the cash balances of the Associations, Boards and Commissions (ABC's) while they are included in the Sector Weights Schedules. As a result the Operating Fund Sector Weight Schedule shows a positive balance where in previous years the March 31 balance showed a negative reflecting bridge financing of capital projects, etc. The growth in the cash balances of the Halifax Regional Water Commission as a result of the Waste Water transfer agreement is largely responsible as in the past some of these cash balances would have been held in the HRM Reserve Funds. The Royal Bank and the Financial Institution Sector Weights exceeded the Policy guidelines by approximately \$7 million and \$2 million respectively on March 31. This is as a result of the \$12 million payment referred to above being received after the cutoff time for investments. This payment was not anticipated. Investments were made the following day to bring the Sector Weights back in line.

The Effective Cash in the Royal Bank averaged \$3,500,000 for the Quarter versus the target of \$5,000,000.

Subsequent to End of Reporting Quarter

The markets have generally had a more orderly tone with write downs and issuance of new shares by many major global financial institutions in the tens of billions of dollars considered to be the norm. Spreads between government and financial institution money market instruments have continued to narrow.

Canadian banks reported their Quarterly results during the last week in May with results generally in line with expectations with the exception of Canadian Imperial Bank of Commerce that reported a somewhat larger than expected write down of assets at \$2.48 billion and a loss for the Quarter of \$1.11 billion. However because of an earlier equity issue their Tier 1 Capital remained at the high end relative to the other Canadian banks at 10.5%. Commenting on these results, Canadian rating agency DBRS confirmed their previous rating and trends for CIBC.

The Canadian frozen asset backed commercial paper proposal received overwhelming approval after negotiations resulted in the numerous retail investors being made whole. A judge is currently reviewing the proposal in a fairness hearing. Some corporate holders are objecting to the requirement under the proposal to give up their right to sue the brokers and banks that sold the commercial paper to them. To demonstrate the stakes involved it is reported that the Federal Finance Minister called senior bankers pressing them to reach an arrangement with a high profile corporate customer that was taking legal action. An agreement was announced shortly thereafter.

The Bank of Canada cut rates by a further 50 bps April 22 and signaled that while future rate cuts would probably be needed their timing and magnitude would depend on future economic data. The U.S. Federal Open Market Committee cut rates by a further 25 bps April 30 to 2.0%. In their statement they highlighted that financial markets continue to be under considerable stress but also emphasized the commutative substantial easing of rates as well as the various measures put in place to provide liquidity. The market has interpreted this to mean that there would not be further rate cuts unless there were dramatic new developments. Futures markets are beginning to price in rate increases in the U.S. in the later part of this year as inflation pressures linger.

Outlook & Strategy

We continue to be cautiously optimistic that financial institutions, the financial system and global economies will muddle through. The unknown remains the biggest risk with a derivative counter-party calamity a possible catalyst for a major market disruption. However this is offset by the demonstrated willingness of the U.S. Federal Reserve to take whatever actions it deems necessary to preserve a reasonable level of market order.

At the May 22 meeting of the Committee it was agreed to gradually reinstate the 3 month term for non-government investments should the Canadian banks not report any major negative surprises. Staff have begun to lengthen the term of new investments in this Sector toward the 3 month target date.

Compared to the rest of the world Canada has had a fairly easy ride on the inflation front and this will likely continue for most of 2008. However as the year over year affects of the GST cut and retail pricing with the Canadian dollar near par with the U.S. dollar wear off in 2009 we are likely to see much higher reported inflation. As a result we are currently limiting money market instrument purchases to March 2009 and are being very selective in accumulating longer dated instruments. Should our optimism be misplaced then these purchases can serve to cushion the impacts of future rate cuts.

Policy Compliance

Adherence to Legal Requirements - There were no legal issues identified during the Quarter with respect to investments.

Preservation of Capital - There was no loss of capital during the Quarter and all investments were held to maturity with the exception of the strategic sales discussed in this report.

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%.

Diversification of Investment Portfolio - Staff believe that the Diversification Objective of managing risk and return has been achieved.

Competitive Return on Investments - Although the rate of return was below median for the year ending March 31 on a before fee basis on an after estimated fee basis the rate of return would have exceeded the median level. As a result staff maintain that this Objective has been met.

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

BUDGET IMPLICATIONS

Subject to year end adjustments the final Operating Fund Investment Income was \$3,352,600 versus a budget of \$3,230,000 for a positive variance of \$122,600 or 3.8%.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ATTACHMENTS

Sector Weight Schedules @ March 31, 2008 (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/council/agendasc/cagenda.html> then choose the appropriate 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

(Original signed)

Report Approved by: S. Dale MacLennan, CA, Director of Finance 490-6308

**Total Investments
Sector Weights
@ March 31, 2008**

	Catagory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	52,618,971	31%	171,659,483	100%	119,040,512	69%
Federal Government	Open	42,385,480	25%				
Business Development Bank	Open	5,872,980	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	4,360,511	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	31,254,935	18%	171,659,483	100%	140,404,548	82%
Total Alberta (R-1 High)	Open	2,707,398	2%	42,914,871	25%	40,207,473	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	2,707,398					
British Columbia (R-1 High)	Open	7,319,247	4%	42,914,871	25%	35,595,624	21%
Manitoba (R-1 Mid)	Open	0	0%	42,914,871	25%	42,914,871	25%
New Brunswick (R-1 Mid)	Open	8,844,020	5%	42,914,871	25%	34,070,851	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			42,914,871	25%	42,914,871	25%
Ontario (R-1 High)	Open	9,898,800	6%	42,914,871	25%	33,016,071	19%
Quebec (R-1 Mid)	Open	2,485,470	1%	42,914,871	25%	40,429,401	24%
Saskatchewan (R-1 Mid)	Open		0%	42,914,871	25%	42,914,871	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		42,914,871	25%	42,914,871	25%
Calgary (R-1 High)	Open			17,165,948	10%	17,165,948	10%
Edmonton (R-1 High)	Open			17,165,948	10%	17,165,948	10%
Financial Institutions & their Guarantees /Corporations		87,785,577	51%	85,829,742	50%	-1,955,836	-1%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	74,860,027	44%	85,829,742	50%	10,969,715	6%
Bank of Montreal (R-1 High)	Open	14,586,695	8%	17,165,948	10%	2,579,253	2%
Bank of Nova Scotia (R-1 High)	Open	10,920,250	6%	17,165,948	10%	6,245,698	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	16,176,136	9%	17,165,948	10%	989,812	1%
Royal Bank (R-1 High)	Open	5,967,960 }	14%	17,165,948	10%	-7,041,368	-4%
Royal Bank - Effective Cash		18,239,356 }					
Toronto Dominion (R-1 High)	Open	8,969,630	5%	17,165,948	10%	8,196,318	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	12,925,550	8%	42,914,871	25%	29,989,321	17%
National Bank of Canada (R-1 Mid)	Open	5,961,480	3%	8,582,974	5%	2,621,494	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,582,974	5%	8,582,974	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,582,974	5%	8,582,974	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	8,582,974	5%	8,582,974	5%
Desjardins Total		6,964,070	4%	8,582,974	5%	1,618,904	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	6,964,070					
Total Cash and Equivalents		171,659,483	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		11,075,724	6%				
Total Fixed		11,075,724					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		182,741,617					
Interest Bearing Bank Accounts - O/S Cheque Coverage		11,465,590	*				
Total Investments and O/S Cheques Coverage		194,207,207					

SCHEDULE B

**Operating Funds
Sector Weights
@ March 31, 2008**

Catagory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS						
Federal Government & its Guarantees	Open	7,083,514	31%	23,108,629	100%	16,025,115 69%
Federal Government	Open	5,705,891	25%			
Business Development Bank	Open	790,615	3%			
Canada Mortgage & Housing Corp.	Open	0	0%			
Canadian Wheat Board	Open	0	0%			
Export Development Canada	Open					
Farm Credit Corp	Open	587,008	3%			
Provincial Governments & their Guarantees	R-1 Mid or Greater	4,207,508	18%	23,108,629	100%	18,901,121 82%
Total Alberta (R-1 High)	Open	364,467	2%	5,777,157	25%	5,412,690 23%
Alberta (R-1 High)	Open	0				
Alberta Capital Finance Authority (R-1 High)	Open	0				
Alberta Treasury Branches (R-1 High)	Open	364,467				
British Columbia (R-1 High)	Open	985,310	4%	5,777,157	25%	4,791,847 21%
Manitoba (R-1 Mid)	Open	0	0%	5,777,157	25%	5,777,157 25%
New Brunswick (R-1 Mid)	Open	1,190,573	5%	5,777,157	25%	4,586,584 20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			5,777,157	25%	5,777,157 25%
Ontario (R-1 High)	Open	1,332,567	6%	5,777,157	25%	4,444,591 19%
Quebec (R-1 Mid)	Open	334,591	1%	5,777,157	25%	5,442,566 24%
Saskatchewan (R-1 Mid)	Open		0%	5,777,157	25%	5,777,157 25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		5,777,157	25%	5,777,157 25%
Calgary (R-1 High)	Open			2,310,863	10%	2,310,863 10%
Edmonton (R-1 High)	Open			2,310,863	10%	2,310,863 10%
Financial Institutions & their Guarantees /Corporations		11,817,607	51%	11,554,314	50%	-263,293 -1%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	10,077,582	44%	11,554,314	50%	1,476,732 6%
Bank of Montreal (R-1 High)	Open	1,963,646	8%	2,310,863	10%	347,217 2%
Bank of Nova Scotia (R-1 High)	Open	1,470,073	6%	2,310,863	10%	840,790 4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	2,177,615	9%	2,310,863	10%	133,248 1%
Royal Bank (R-1 High)	Open	803,401	14%	2,310,863	10%	-947,902 -4%
Royal Bank - Effective Cash		2,455,364				
Toronto Dominion (R-1 High)	Open	1,207,483	5%	2,310,863	10%	1,103,380 5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	1,740,025	8%	5,777,157	25%	4,037,133 17%
National Bank of Canada (R-1 Mid)	Open	802,529	3%	1,155,431	5%	352,903 2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	1,155,431	5%	1,155,431 5%
CDP Financial Inc (R-1 High)	Open	0	0%	1,155,431	5%	1,155,431 5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	1,155,431	5%	1,155,431 5%
Desjardins Total		937,496	4%	1,155,431	5%	217,935 1%
Desjardins Group (R-1 High)	Open	0				
Caisse Centale Desjardins (R-1 High)	Open	937,496				
Total Investments		23,108,629	100%			
Interest Bearing Bank Accounts - O/S Cheque Coverage		11,465,590	*			
Total Investments and O/S Cheques Coverage		34,574,219				

SCHEDULE C

**Capital Funds
Sector Weights
@ March 31, 2008**

	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	25%	0	0%
Ontario (R-1 High)	Open	0	0%	0	25%	0	0%
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	0%
Saskatchewan (R-1 Mid)	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%
Edmonton (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%
Bank of Nova Scotia (R-1 High)	Open	0	0%	0	10%	0	0%
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
Royal Bank - Effective Cash		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	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%
Ontario Infrastructure Projects Corporation (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 Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		0	0%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		0	*				
Total Investments and O/S Cheques Coverage		0					

SCHEDULE D

**Reserve Funds
Sector Weights
@ March 31, 2008**

Category Status		Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	44,634,304	31%	145,611,009	100%	100,976,706	69%
Federal Government	Open	35,953,694	25%				
Business Development Bank	Open	4,981,784	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	3,698,825	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	26,512,154	18%	145,611,009	100%	119,098,856	82%
Total Alberta (R-1 High)	Open	2,296,564	2%	36,402,752	25%	34,106,189	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	2,296,564					
British Columbia (R-1 High)	Open	6,208,588	4%	36,402,752	25%	30,194,165	21%
Manitoba (R-1 Mid)	Open	0	0%	36,402,752	25%	36,402,752	25%
New Brunswick (R-1 Mid)	Open	7,501,984	5%	36,402,752	25%	28,900,768	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			36,402,752	25%	36,402,752	25%
Ontario (R-1 High)	Open	8,396,706	6%	36,402,752	25%	28,006,046	19%
Quebec (R-1 Mid)	Open	2,108,312	1%	36,402,752	25%	34,294,440	24%
Saskatchewan (R-1 Mid)	Open		0%	36,402,752	25%	36,402,752	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		36,402,752	25%	36,402,752	25%
Calgary (R-1 High)	Open			14,561,101	10%	14,561,101	10%
Edmonton (R-1 High)	Open			14,561,101	10%	14,561,101	10%
Financial Institutions & their Guarantees /Corporations		74,464,552	51%	72,805,505	50%	-1,659,047	-1%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A						
Canadian Banks R-1 Mid		63,500,390	44%	72,805,505	50%	9,305,115	6%
Bank of Montreal (R-1 High)	Open	12,373,237	8%	14,561,101	10%	2,187,864	2%
Bank of Nova Scotia (R-1 High)	Open	9,263,156	6%	14,561,101	10%	5,297,945	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	13,721,488	9%	14,561,101	10%	839,613	1%
Royal Bank (R-1 High)	Open	5,062,352	14%	14,561,101	10%	-5,972,875	-4%
Royal Bank - Effective Cash		15,471,624					
Toronto Dominion (R-1 High)	Open	7,608,533	5%	14,561,101	10%	6,952,568	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	10,964,162	8%	36,402,752	25%	25,438,590	17%
National Bank of Canada (R-1 Mid)	Open	5,056,855	3%	7,280,550	5%	2,223,695	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	7,280,550	5%	7,280,550	5%
CDP Financial Inc (R-1 High)	Open	0	0%	7,280,550	5%	7,280,550	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	7,280,550	5%	7,280,550	5%
Desjardins Total		5,907,307	4%	7,280,550	5%	1,373,243	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	5,907,307					
Total Cash and Equivalents		145,611,009	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		11,021,549	7%				
Total Fixed		11,021,549					
Total Investments		156,632,558					

SCHEDULE E

**Trust Funds
Sector Weights
@ March 31, 2008**

	Catagory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	901,154	31%	2,939,845	100%	2,038,691	69%
Federal Government	Open	725,895	25%				
Business Development Bank	Open	100,581	3%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	74,678	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	535,273	18%	2,939,845	100%	2,404,572	82%
Total Alberta (R-1 High)	Open	46,367	2%	734,961	25%	688,594	23%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	46,367					
British Columbia (R-1 High)	Open	125,350	4%	734,961	25%	609,612	21%
Manitoba (R-1 Mid)	Open	0	0%	734,961	25%	734,961	25%
New Brunswick (R-1 Mid)	Open	151,463	5%	734,961	25%	583,498	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			734,961	25%	734,961	25%
Ontario (R-1 High)	Open	169,527	6%	734,961	25%	565,434	19%
Quebec (R-1 Mid)	Open	42,566	1%	734,961	25%	692,395	24%
Saskatchewan (R-1 Mid)	Open		0%	734,961	25%	734,961	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		734,961	25%	734,961	25%
Calgary (R-1 High)	Open			293,984	10%	293,984	10%
Edmonton (R-1 High)	Open			293,984	10%	293,984	10%
Financial Institutions & their Guarantees /Corporations		1,503,418	51%	1,469,922	50%	-33,496	-1%
Tier 1 - Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	1,282,055	44%	1,469,922	50%	187,868	6%
Bank of Montreal (R-1 High)	Open	249,812	8%	293,984	10%	44,172	2%
Bank of Nova Scotia (R-1 High)	Open	187,020	6%	293,984	10%	106,964	4%
Canadian Imperial Bank of Commerce (R-1 High)	Open	277,033	9%	293,984	10%	16,952	1%
Royal Bank (R-1 High)	Open	102,207 }	14%	293,984	10%	-120,591	-4%
Royal Bank - Effective Cash		312,368 }					
Toronto Dominion (R-1 High)	Open	153,614	5%	293,984	10%	140,370	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	221,363	8%	734,961	25%	513,598	17%
National Bank of Canada (R-1 Mid)	Open	102,096	3%	146,992	5%	44,896	2%
OMERS Realty Corporation (R-1 High)	Open	0	0%	146,992	5%	146,992	5%
CDP Financial Inc (R-1 High)	Open	0	0%	146,992	5%	146,992	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	146,992	5%	146,992	5%
Desjardins Total		119,267	4%	146,992	5%	27,725	1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	119,267					
Total Cash and Equivalents		2,939,845	100%				
FIXED (Bonds, etc. over one year)		54,175	2%				
Federal Government		54,175					
Total Fixed							
Equities		6,410					
Bank of Montreal		6,410					
Total Equities							
Total Investments		3,000,430					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jan. 5.8%, Feb. , 5.8%, March 6.0%	Jan. 4.9%, Feb. 4.8%, March 5.1%
Jobs Created / (Lost) ('000's)	Jan. 46.4, Feb. 43.3, March 14.6	Jan. (76), Feb. (83), March (81)
CPI (year over year)	Jan. 2.2%, Feb. 1.8%, March 1.4%	Jan. 4.3%, Feb. 4.0%, March 4.0%
CPI-X (Core) (year over year)	Jan. 1.4%, Feb. 1.5%, March 1.3%	Jan. 2.5%, Feb. 2.3%, March 2.4%
GDP Q1	TBA	0.6% (Adv.)

Central Bank Activities January 1 to March 31, 2008

- January 22 Bank of Canada reduces rate by .25% to 4.00%, Bias Easing
- January 30 US Federal Open Market Committee reduces rate by .50% to 3.00%, Bias Easing
- March 4 Bank of Canada reduces rate by .50% to 3.50%, Bias Easing
- March 18 US Federal Open Market Committee reduces rate by .75% to 2.25%, Bias Easing

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

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees
The Municipality of Edmonton & 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
Ontario Infrastructure Projects Corporation
OMERS Realty Corporation

**Investment Activities -
Quarter Ending March 31, 2008
Council Report**

- 9 -

June 17, 2008

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.