



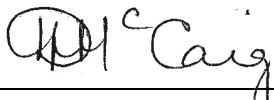
PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 3

**Halifax Regional Council
October 21, 2008**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:



Debbi McCaig, Operations Manager, Accounting

DATE: October 20, 2008

SUBJECT: Investment Activities - Quarter Ending June 30, 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 June 30, 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 June 30, 2008:

Money Market Funds	3 Months (to June 30, 2008)	6 Months (to June 30, 2008)	1 Year (to June 30, 2008)
5 th Percentile	0.94%	2.16%	4.64%
1 st Quartile	0.88%	2.04%	4.47%
Mercer Median	0.84%	1.97%	4.32%
3 rd Quartile	0.76%	1.86%	4.24%
95 th Percentile	0.44%	1.19%	2.94%
DEX 91 Day T-Bills	0.55%	1.78%	4.13%
HRM	0.80%	1.85%	4.12%

HRM performance was solidly in the 3rd Quartile for the Quarter while in the 4th Quartile for the year and just below the 3rd Quartile break for the 6 month period. Spreads between the top and bottom performers continue to be quite wide relative to historical norms. This is probably indicative of varying risk appetites of the Funds covered by the Survey.

The Quarter saw 161 investments made at a cost of \$449,000,000 with an average term to maturity of 76 days. This compares to last year's first quarter of 108 investments made at a cost of \$401,000,000 with an average term of 96 days. This increased activity combined with lower term to maturity was due to a combination of a greater proportion of investments made in the non-Government sector. This was a result of last year's Policy change and the agreement at the March 19th meeting of the Investment Policy Advisory Committee (the Committee) to temporarily limit non-Government investments to a maximum term of two months. However, the average term to

maturity of these investments has been gradually extended after discussions at the May 22 Committee meeting.

Actual Operating Fund Investment Income for the Quarter at \$591,000 was below budget of \$746,000. The attribution for this negative variance is roughly split equally between interest rate and cash flow factors. The 50 bps cut by the Bank of Canada on April 22 was particularly problematic as it lowered rates just as cash inflows ramped up from the interim Tax Billing that was due April 30. This also resulted in rates for non-Government instruments dropping from the 3.50% area to closer to 3.00%. The budgeted rate of return is 3.55%. It is still too early in the year to reasonably project year end results as there is still potential for considerable variations in cash flows in particular that can either offset or exacerbate this early income trend.

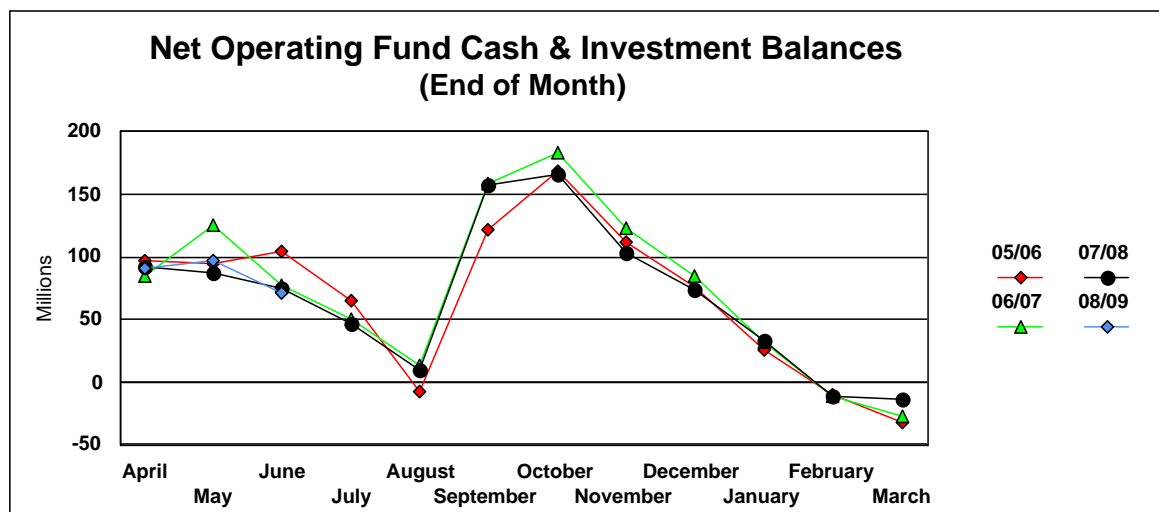
The gross incremental income resulting from last year's change in the Policy is estimated to be \$452,000 to June 30, 2008.

HRM Short Term Bond Pool and Targeted Reserve Fund Investments

There were no Bond investments made during the Quarter as levels were not seen as attractive.

Cash Flows

Cash flows for the Quarter were generally in line with last year's levels but somewhat below the budgeted level. One significant variance was the timing of the Spring Debenture Issue. While proceeds are normally received at the end of May or beginning of June, this year proceeds were not received until July 7 because of later than normal Provincial Cabinet approval of the debt issue.



The Effective Cash in the Royal Bank averaged \$3,954,000 for the Quarter versus a target of \$5,000,000.

Subsequent to End of Reporting Quarter

The 'big six' Canadian banks all reported their most recent Quarterly results the week of August 25 with no major negative surprises. Total profits for the group were approximately \$4.1 billion with CIBC lagging the pack with a profit of only \$71 million. National Bank was the only bank to increase their profit over the comparable Quarter last year. Only TD raised its dividend. Meanwhile Global write downs and losses from the credit crisis have exceeded \$500 billion.

The Bank of Canada held rates at their meetings in July and September. They signaled a neutral stance going forward with their next move being economic data dependant. However, as part of a coordinated action by Central Banks around the world, the Bank of Canada cut rates by 50 bps on October 8 in an effort to ease credit market strains.

It had been the practice of staff to generally limit Provincial investment purchases to a term of 6 months or less. After discussing this matter with the Committee it was decided to relax the term limit on Provincial investments. The lack of issuance by Crown Corporations was becoming problematic as longer dated Government product was becoming limited to the single monthly Government of Canada T-Bills in terms beyond 6 months.

The list of extraordinary actions that have been taken to help alleviate the current credit crisis is impressive and growing all the time. The U.S. Government has moved to explicitly guarantee the obligations of mortgage giants Fannie Mae and Freddie Mac which collectively are involved in some \$4.5 trillion of mortgages. There have been numerous lending facilities put in place by the U.S. Federal Reserve to foster liquidity as well as an unprecedented decision to buy Commercial Paper. Guarantees have been put in place for Money Market Funds. The U.S. Senate and Congress, hesitantly approved a request from the Administration for a \$700 billion fund to buy troubled assets from banks. The U.K Government has also announced an \$85 billion assistance program for their financial institutions.

Canadian Financial Institutions have fared quite well on a relative basis having followed more conservative lending practices. Officials continue to emphasize the financial health of the Canadian Institutions. For example the Bank of Nova Scotia recently announced the purchase of a large portion of the CI Mutual Funds Company for \$2.3 billion in cash.

Outlook & Strategy

A consumer led U.S. recession seems inevitable. This will have negative affects on the Global economy including Canada. The magnitude of these impacts may well depend on how quickly the credit markets return to more normal operations.

Staff have taken the opportunity of the cash inflows from the recent Property Tax billing to lock in yields on Government investments in the 6 month to one year term. Non-Government investments will be kept to a much shorter term to meet cash requirements as well as to preserve flexibility

should longer term Government yields become attractive again.

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 June 30 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

Operating Fund Investment Income has been trailing budgeted levels because of both interest rates and cash flow factors. There is the potential for positive cashflow variances to offset some of the shortfall. Staff will be in a better position to project the year end position in late October or early November when cash flow trends for the second half of the year become clearer.

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 @ June 30, 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

Total Investments
Sector Weights
@ June 30, 2008

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	63,387,129	23%	278,439,384	100%	215,052,255	77%
Federal Government	Open	62,267,540	22%				
Business Development Bank	Open	1,119,589	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	80,362,887	29%	278,439,384	100%	198,076,497	71%
Total Alberta (R-1 High)	Open	27,898,140	10%	69,609,846	25%	41,711,706	15%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	9,850,700					
Alberta Treasury Branches (R-1 High)	Open	18,047,440					
British Columbia (R-1 High)	Open	8,947,600	3%	69,609,846	25%	60,662,246	22%
Manitoba (R-1 Mid)	Open	1,988,200	1%	69,609,846	25%	67,621,646	24%
New Brunswick (R-1 Mid)	Open	2,982,570	1%	69,609,846	25%	66,627,276	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			69,609,846	25%	69,609,846	25%
Ontario (R-1 High)	Open	26,160,967	9%	69,609,846	25%	43,448,879	16%
Quebec (R-1 Mid)	Open	12,385,410	4%	69,609,846	25%	57,224,436	21%
Saskatchewan (R-1 Mid)	Open		0%	69,609,846	25%	69,609,846	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		69,609,846	25%	69,609,846	25%
Calgary (R-1 High)	Open			27,843,938	10%	27,843,938	10%
Edmonton (R-1 High)	Open			27,843,938	10%	27,843,938	10%
Financial Institutions & their Guarantees /Corporations		134,689,368	48%	139,219,692	50%	4,530,324	2%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	93,965,638	34%	139,219,692	50%	45,254,054	16%
Bank of Montreal (R-1 High)	Open	19,806,981	7%	27,843,938	10%	8,036,957	3%
Bank of Nova Scotia (R-1 High)	Open	21,559,774	8%	27,843,938	10%	6,284,164	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	25,836,178	9%	27,843,938	10%	2,007,760	1%
Royal Bank (R-1 High)	Open	9,710,010	6%	27,843,938	10%	11,035,923	4%
Royal Bank - Effective Cash		7,098,005					
Toronto Dominion (R-1 High)	Open	9,954,690	4%	27,843,938	10%	17,889,248	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	40,723,730	15%	69,609,846	25%	28,886,116	10%
National Bank of Canada (R-1 Mid)	Open	12,740,177	5%	13,921,969	5%	1,181,792	0%
OMERS Realty Corporation (R-1 High)	Open	9,961,550	4%	13,921,969	5%	3,960,419	1%
CDP Financial Inc (R-1 High)	Open	4,607,528	2%	13,921,969	5%	9,314,441	3%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	13,921,969	5%	13,921,969	5%
Desjardins Total		13,414,475	5%	13,921,969	5%	507,494	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	13,414,475					
Total Cash and Equivalents		278,439,384	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		9,052,683	3%				
Total Fixed		9,052,683					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		287,498,477					
Interest Bearing Bank Accounts - O/S Cheque Coverage		11,578,507	*				
Total Investments and O/S Cheques Coverage		299,076,984					

SCHEDULE B

Operating Funds
Sector Weights
@ June 30, 2008

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	31,729,071	23%	139,375,661	100%	107,646,590	77%
Federal Government	Open	31,168,649	22%				
Business Development Bank	Open	560,422	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	40,226,459	29%	139,375,661	100%	99,149,202	71%
Total Alberta (R-1 High)	Open	13,964,697	10%	34,843,915	25%	20,879,218	15%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	4,930,868					
Alberta Treasury Branches (R-1 High)	Open	9,033,829					
British Columbia (R-1 High)	Open	4,478,812	3%	34,843,915	25%	30,365,103	22%
Manitoba (R-1 Mid)	Open	995,214	1%	34,843,915	25%	33,848,702	24%
New Brunswick (R-1 Mid)	Open	1,492,956	1%	34,843,915	25%	33,350,960	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			34,843,915	25%	34,843,915	25%
Ontario (R-1 High)	Open	13,095,138	9%	34,843,915	25%	21,748,778	16%
Quebec (R-1 Mid)	Open	6,199,643	4%	34,843,915	25%	28,644,272	21%
Saskatchewan (R-1 Mid)	Open		0%	34,843,915	25%	34,843,915	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		34,843,915	25%	34,843,915	25%
Calgary (R-1 High)	Open			13,937,566	10%	13,937,566	10%
Edmonton (R-1 High)	Open			13,937,566	10%	13,937,566	10%
Financial Institutions & their Guarantees /Corporations		67,420,131	48%	69,687,830	50%	2,267,700	2%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	47,035,454	34%	69,687,830	50%	22,652,376	16%
Bank of Montreal (R-1 High)	Open	9,914,585	7%	13,937,566	10%	4,022,981	3%
Bank of Nova Scotia (R-1 High)	Open	10,791,964	8%	13,937,566	10%	3,145,602	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	12,932,561	9%	13,937,566	10%	1,005,005	1%
Royal Bank (R-1 High)	Open	4,860,444 }	6%	13,937,566	10%	5,524,144	4%
Royal Bank - Effective Cash		3,552,978 }					
Toronto Dominion (R-1 High)	Open	4,982,921	4%	13,937,566	10%	8,954,645	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	20,384,677	15%	34,843,915	25%	14,459,239	10%
National Bank of Canada (R-1 Mid)	Open	6,377,225	5%	6,968,783	5%	591,558	0%
OMERS Realty Corporation (R-1 High)	Open	4,986,355	4%	6,968,783	5%	1,982,428	1%
CDP Financial Inc (R-1 High)	Open	2,306,345	2%	6,968,783	5%	4,662,438	3%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	6,968,783	5%	6,968,783	5%
Desjardins Total		6,714,752	5%	6,968,783	5%	254,031	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	6,714,752					
Total Investments		<u>139,375,661</u>	<u>100%</u>				
Interest Bearing Bank Accounts - O/S Cheque Coverage		11,578,507	*				
Total Investments and O/S Cheques Coverage		<u>150,954,168</u>					

SCHEDULE C

**Capital Funds
Sector Weights
@ June 30, 2008**

	Catagory 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		<u>0</u>	<u>0%</u>				
Interest Bearing Bank Accounts - O/S Cheque Coverage		0	*				
Total Investments and O/S Cheques Coverage		<u>0</u>					

SCHEDULE D

Reserve Funds
Sector Weights
@ June 30, 2008

	Catagory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	31,040,423	23%	136,350,650	100%	105,310,227	77%
Federal Government	Open	30,492,165	22%				
Business Development Bank	Open	548,258	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	39,353,384	29%	136,350,650	100%	96,997,267	71%
Total Alberta (R-1 High)	Open	13,661,607	10%	34,087,663	25%	20,426,055	15%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	4,823,848					
Alberta Treasury Branches (R-1 High)	Open	8,837,759					
British Columbia (R-1 High)	Open	4,381,604	3%	34,087,663	25%	29,706,059	22%
Manitoba (R-1 Mid)	Open	973,614	1%	34,087,663	25%	33,114,049	24%
New Brunswick (R-1 Mid)	Open	1,460,553	1%	34,087,663	25%	32,627,110	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			34,087,663	25%	34,087,663	25%
Ontario (R-1 High)	Open	12,810,921	9%	34,087,663	25%	21,276,742	16%
Quebec (R-1 Mid)	Open	6,065,086	4%	34,087,663	25%	28,022,577	21%
Saskatchewan (R-1 Mid)	Open		0%	34,087,663	25%	34,087,663	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		34,087,663	25%	34,087,663	25%
Calgary (R-1 High)	Open			13,635,065	10%	13,635,065	10%
Edmonton (R-1 High)	Open			13,635,065	10%	13,635,065	10%
Financial Institutions & their Guarantees /Corporations		65,956,844	48%	68,175,325	50%	2,218,482	2%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	46,014,596	34%	68,175,325	50%	22,160,729	16%
Bank of Montreal (R-1 High)	Open	9,699,399	7%	13,635,065	10%	3,935,666	3%
Bank of Nova Scotia (R-1 High)	Open	10,557,735	8%	13,635,065	10%	3,077,330	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	12,651,873	9%	13,635,065	10%	983,192	1%
Royal Bank (R-1 High)	Open	4,754,953 }	6%	13,635,065	10%	5,404,247	4%
Royal Bank - Effective Cash		3,475,865 }					
Toronto Dominion (R-1 High)	Open	4,874,772	4%	13,635,065	10%	8,760,293	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	19,942,247	15%	34,087,663	25%	14,145,415	10%
National Bank of Canada (R-1 Mid)	Open	6,238,814	5%	6,817,533	5%	578,719	0%
OMERS Realty Corporation (R-1 High)	Open	4,878,131	4%	6,817,533	5%	1,939,401	1%
CDP Financial Inc (R-1 High)	Open	2,256,288	2%	6,817,533	5%	4,561,245	3%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	6,817,533	5%	6,817,533	5%
Desjardins Total		6,569,015	5%	6,817,533	5%	248,518	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	6,569,015					
Total Cash and Equivalents		<u>136,350,650</u>	<u>100%</u>				
FIXED (Bonds, etc. over one year)							
Federal Government		<u>8,998,508</u>	6%				
Total Fixed		<u>8,998,508</u>					
Total Investments		<u>145,349,158</u>					

SCHEDULE E

Trust Funds
Sector Weights
@ June 30, 2008

	Catagory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	617,635	23%	2,713,073	100%	2,095,438	77%
Federal Government	Open	606,726	22%				
Business Development Bank	Open	10,909	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	783,044	29%	2,713,073	100%	1,930,029	71%
Total Alberta (R-1 High)	Open	271,835	10%	678,268	25%	406,433	15%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	95,984					
Alberta Treasury Branches (R-1 High)	Open	175,852					
British Columbia (R-1 High)	Open	87,184	3%	678,268	25%	591,084	22%
Manitoba (R-1 Mid)	Open	19,373	1%	678,268	25%	658,896	24%
New Brunswick (R-1 Mid)	Open	29,062	1%	678,268	25%	649,207	24%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			678,268	25%	678,268	25%
Ontario (R-1 High)	Open	254,909	9%	678,268	25%	423,360	16%
Quebec (R-1 Mid)	Open	120,682	4%	678,268	25%	557,587	21%
Saskatchewan (R-1 Mid)	Open		0%	678,268	25%	678,268	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		678,268	25%	678,268	25%
Calgary (R-1 High)	Open			271,307	10%	271,307	10%
Edmonton (R-1 High)	Open			271,307	10%	271,307	10%
Financial Institutions & their Guarantees /Corporations		1,312,394	48%	1,356,536	50%	44,143	2%
BA's Schedule A							
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	915,588	34%	1,356,536	50%	440,949	16%
Bank of Montreal (R-1 High)	Open	192,996	7%	271,307	10%	78,311	3%
Bank of Nova Scotia (R-1 High)	Open	210,075	8%	271,307	10%	61,232	2%
Canadian Imperial Bank of Commerce (R-1 High)	Open	251,744	9%	271,307	10%	19,563	1%
Royal Bank (R-1 High)	Open	94,613 }	6%	271,307	10%	107,532	4%
Royal Bank - Effective Cash		69,162 }					
Toronto Dominion (R-1 High)	Open	96,997	4%	271,307	10%	174,310	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	396,806	15%	678,268	25%	281,462	10%
National Bank of Canada (R-1 Mid)	Open	124,138	5%	135,654	5%	11,515	0%
OMERS Realty Corporation (R-1 High)	Open	97,064	4%	135,654	5%	38,590	1%
CDP Financial Inc (R-1 High)	Open	44,895	2%	135,654	5%	90,759	3%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	135,654	5%	135,654	5%
Desjardins Total		130,709	5%	135,654	5%	4,945	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	130,709					
Total Cash and Equivalents		<u>2,713,073</u>	<u>100%</u>				
FIXED (Bonds, etc. over one year)							
Federal Government		54,175	2%				
Total Fixed		<u>54,175</u>					
Equities							
Bank of Montreal		6,410					
Total Equities		<u>6,410</u>					
Total Investments		<u>2,773,658</u>					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Apr. 6.1%, May 6.1%, June 6.2%	Apr. 5.0%, May 5.5%, June 5.5%
Jobs Created / (Lost) ('000's)	Apr. 19.2, May 8.4, June (5.0)	Apr. (67). May (62), June (62)
CPI (year over year)	Apr. 1.7%, May 2.2%, June 3.1%	Apr. , May , June 5.0%
CPI-X (Core) (year over year)	Apr. 1.5%, May 1.5%, June 1.5%	Apr. , May , June 2.4%
GDP Q2	0.3%	3.3% R

Central Bank Activities April 1 to June 30, 2008

- April 22 Bank of Canada reduces rate by .50% to 3.00%, Bias Easing
- April 30 US Federal Open Market Committee reduces rate by .25% to 2.00%, Bias Neutral
- June 10 Bank of Canada holds rate at 3.00%, Bias Neutral
- June 25 US Federal Open Market Committee holds rate at 2.00%, Bias Neutral

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

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.