

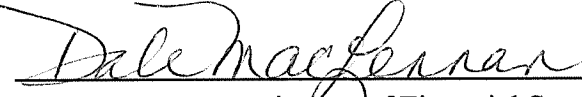
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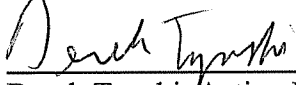


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Halifax Regional Council
September 27, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 
Dale MacLennan, Director of Financial Services


Derek Tynski, Acting Manager Strategic Capital Projects

DATE: September 12, 2005

SUBJECT: Investment Activities - Quarter Ending March 31, 2005

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, 2005 has been reviewed by the Committee.

DISCUSSION

HRM Investment Performance & Activities

HRM Short Term (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, 2005:

Money Market Funds	3 Months (to March 31, 2005)	1 Year (to March 31, 2005)
5 th Percentile	0.7%	2.4%
1 st Quartile	0.6%	2.4%
Mercer Median	0.6%	2.3%
3 rd Quartile	0.6%	2.3%
95 th Percentile	0.5%	1.8%
SC 91 Day T-Bills	0.6%	2.2%
HRM	0.63%	2.41%

Relative performance of the HRM Money Market Portfolio continues to be very positive compared to the Mercer Survey. However, future returns may be impacted by a reduction in the amount of cash available for 'discretionary' investment. Subsequent to the end of the Quarter staff learned of the need to provide bridge financing for a substantial capital purchase (\$20 to \$25 million) in the mid-summer. Recent purchases of busses, land and payment of other obligations are putting some further strain on investment balances and investment discretion. A greater percentage of investments will be targeted to meet liquidity requirements regardless of the yield available. Staff will work within the Sector Weight constraints of the Investment Policy to minimize this impact.

As previously reported to Council, a limited 'sell' strategy was implemented during the reporting Quarter. The simultaneous sale and purchase of some \$23,500,000 of investments generated incremental income of \$8,300 and more importantly facilitated the purchase of some one year

Government of Canada Treasury Bills to lock in yield and reduce some downside interest rate risk in the Money Market Portfolio.

During the Quarter 6 investments were sold prior to maturity as discussed above while 19 investments were purchased. The average term to maturity of these purchases was 232 days. The major strategic emphasis was on locking in yield with one year Government of Canada Treasury Bills.

In addition to the usual Banker's Acceptances, staff purchased some Bearer Deposit Notes issued by the Financial Institutions. These instruments carry the same credit quality and rating as Banker's Acceptances. While Banker's Acceptances are generally issued by Financial Institutions to borrow for a secondary party, Bearer Deposit Notes are usually issued for direct borrowing by the Financial Institutions. Bearer Deposit Notes add more flexibility in maturity dates to match cash requirements and occasionally these instruments offer a slight yield premium to Banker's Acceptances. Bearer Deposit Notes are included as eligible investments in Schedule B of the Investment Policy.

Investment income for the fiscal year ending March 31, 2005 was \$1,926,000 for the Operating Fund versus an initial budget of \$1,327,000. This was an increase of some \$26,000 over previous projections of \$1,900,000. The rate of return for the fiscal year was 2.41% for the Money Market Pool versus a budgeted rate of 2.75%. Obviously the optimism of staff for the expected growth in the economy was not shared by the markets.

Investment income for the Reserve Fund was \$5,797,000 in line with previous projections.

HRM Short Term Bond Pool

As discussed in a previous report to Council, staff began accumulation of investments for the Short Term Bond Pool during the Quarter. Eight Government of Canada Bonds were purchased at a cost of \$14,550,000. In keeping with the laddered strategy these bonds will mature at various dates from December 1, 2006 to September 1, 2009. While staff do not find these bonds 'cheap' by historical standards, in the context of the current yield environment they offer an acceptable risk premium particularly in light of the Money Market alternatives.

Staff will look for opportunities to purchase another approximately \$10,000,000 in bonds to fill out the balance of the \$25,000,000 Short Term Bond Pool target amount discussed with the Committee. At that time staff will re-assess the appropriateness of the \$25,000,000 target amount.

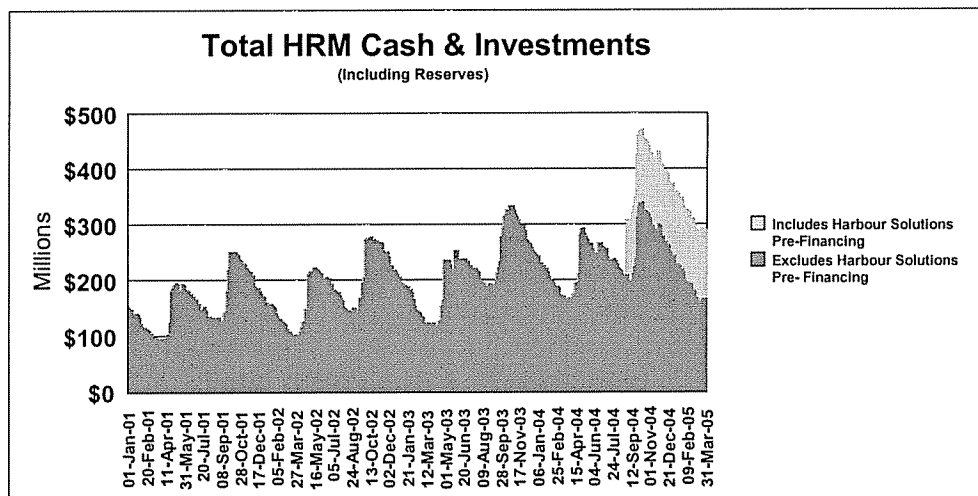
Although the Bond Pool is still in its infancy, an incremental gain in Investment Income of \$7,000 has been realized during the Quarter compared to having invested these funds as part of the Money Market Pool.

Targeted Reserve Fund Investments

In addition to the Nova Scotia Promissory Notes purchased in conjunction with the \$110,000,000 financing for the Harbour Solutions Project through the Nova Scotia Municipal Finance Corporation, staff are using recent cash flow projections for the Project to make other targeted investments for the benefit of the Reserve funding this Project. While only one such investment was made during the Quarter, subsequent to the end of the Quarter 3 additional investments were made for a total cost of \$8,500,000. Additional investments will be made depending on market conditions and as projected cash flows are firmed up.

Cash Flows

At the last meeting of the Committee there was a request to provide some historical information on HRM Cash and Investment Balances. The Graph below summarizes this information from January 1, 2000 to March 31, 2005. The predictable annual cash flow cycle dominated by the semi-annual tax billing is well illustrated. The stabilization of the peaks and troughs in the latter years is also as expected as expenditures on the Harbour Solutions Project have begun to have an impact.



Subsequent to End of Reporting Quarter

On June 2 a management decision was made to allow the Sector Weight for Financial Institutions to be exceeded by \$8,049,000 for 1 day. This was a significant departure from past practice but one that staff believe was justified in the circumstances. Market conditions were the primary driver of this decision.

From Monday May 30 to Wednesday June 1 the yield on the 1 Year Government of Canada Treasury Bills dropped by 12 bps from 2.78% to 2.66%. While a change of this magnitude is quite large it does occur from time to time in response to economic data that are a major surprise to the market

or in response to important speeches by key Central Bankers. In this particular instance there was no such catalytic event. A relatively new member of the US Federal Open Market Committee (FOMC) did make a speech saying that he thought the FOMC was in the 8th inning of their interest raising cycle. However, his stature and having not demonstrated in the past any ability to speak for Chairman Greenspan or the other members of the FOMC did not appear to justify this market reaction. Another explanation offered was that June 1 in particular and June in general was a period with many bond coupon payments and maturities. As a result it was reported that there was a lot of new cash available which in turn may have bid down rates.

As misfortune would have it, June 1 was the settlement date for the Nova Scotia Municipal Finance Corporation Spring debenture issue that had been priced several weeks before. Proceeds to HRM and the Halifax Regional Water Commission for this debenture were some \$28,000,000. Due to some last minute issues with the paperwork, it was unclear whether funds would be received on June 1. Funds were received in the HRM interest bearing bank accounts late that day beyond the cut off time for investing as prescribed by the HRM Custodian, RBC Global Services.

Staff made some investments in late May and on June 1 to prepare for the receipt of these funds. However, on the morning of June 2, the first opportunity to invest with the knowledge that these funds had in fact been received, the decision was made to invest only half of the funds that would be required to stay within the Financial Institution Sector Weights and to reassess the market situation on the morning of June 3. The market appeared to be stabilizing at the new lower level so staff made investments totaling some \$10,000,000 (\$8,049,000 carried over plus approximately \$2,000,000 of new cash) on June 3 to re-balance the Sector Weights in line with the Policy. Again staff believe this very short term increase in risk exposure prudent under the prevailing market conditions. This situation has been discussed with the Committee with no objections raised to staff's actions.

Policy Compliance

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

Preservation of Capital - All investments were held to maturity and 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 has been maintained at 100% during the Quarter.

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

Competitive Return on Investment - In light of the investment performance reported above, staff maintain that this objective is being met.

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

BUDGET IMPLICATIONS

N/A

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.

ALTERNATIVES

N/A

ATTACHMENTS

Appendix A - Economic Statistics and Central Bank Actions
Sector Weight Schedules @ March 31, 2005 (Schedules A, B, C, D & E)

Additional copies of this report, and information on its status, can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by: Derek Tynski, BA, CMA, Acting Manager Strategic Capital Projects *NT*
Approved by: Derek Tynski, BA, CMA, Acting Manager Strategic Capital Projects

Economic Statistics

	Canada	US
Unemployment Rate	Jan. 7.0%, Feb. 7.0%, Mar. 6.9%	Jan. 5.2%, Feb. 5.4%, Mar. 5.2%
Jobs Created / (Lost) ('000's)	Jan. (5.7), Feb. 26.6, Mar. 4.4	Jan. 132 , Feb. 300, Mar. 146
CPI (year over year)	Jan. 2.0% , Feb.2.1% , Mar. 2.3%	Jan. 3.0% , Feb. 3.0% , Mar. 3.1%
CPI-X (Core) (year over year)	Jan. 1.6%, Feb. 1.8%, Mar. 1.9%	Jan. 2.3 % , Feb.2.4 % , Mar. 2.3%
GDP Q1	2.3%	3.5%

Central bank Activities January 1 to March 31, 2005

- January 25 - Bank of Canada Maintain Rate @ 2.50%, Bias Neutral
- February 2 - US Federal Open Market Committee Increases Rate 25 bps to 2.50%, Bias Tighten
- March 1 - Bank of Canada Maintain Rate @ 2.50%, Bias Neutral
- March 22 - US Federal Open Market Committee Increases Rate 25 bps to 2.75%, Bias Tighten

**Total Investments
Sector Weights
@ March 31, 2005**

Schedule A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$125,884,249	82%	\$153,644,709	100%	\$27,760,460	18%
Federal Government	Open	\$117,089,862	76%				
Business Development Bank	Open	\$3,860,337	3%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$4,934,050	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$1,979,500	1%	\$153,644,709	100%	\$151,665,209	99%
Total Alberta (R-1 High)	Open	\$0	0%	\$38,411,177	25%	\$38,411,177	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$38,411,177	25%	\$38,411,177	25%
Manitoba (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
New Brunswick (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
Nova Scotia (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
Ontario (R-1 Mid)	Open	\$1,979,500	1%	\$38,411,177	25%	\$36,431,677	24%
Prince Edward Island (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
Quebec (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
Saskatchewan (R-1 Low)	Closed			\$38,411,177	25%	\$38,411,177	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$38,411,177	25%	\$38,411,177	25%
Calgary (R-1 Mid)	Open			\$15,364,471	10%	\$15,364,471	10%
Edmonton (R-1 High)	Open			\$15,364,471	10%	\$15,364,471	10%
Winnipeg (R-1 Mid)	Open			\$15,364,471	10%	\$15,364,471	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Mid	\$25,780,960	17%	\$38,411,177	25%	\$12,630,217	8%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$15,364,471	10%	\$15,364,471	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$8,949,050	6%	\$15,364,471	10%	\$6,415,421	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$4,982,250	3%	\$15,364,471	10%	\$10,382,221	7%
Laurentian Bank (R-1 Low)	Closed			\$15,364,471	10%	\$15,364,471	
National Bank of Canada (R-1 Low)	Closed			\$15,364,471	10%	\$15,364,471	
Royal Bank (R-1 Mid)	Open	\$0	8%	\$15,364,471	10%	\$3,514,811	2%
Royal Bank 1 Day BA		\$11,849,660					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$15,364,471	10%	\$15,364,471	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$153,644,709	100%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees							
Federal Government (AAA)		\$14,604,214					
Province of Nova Scotia (A-Low)		\$107,000,000					
TOTAL FIXED		\$121,604,214					
EQUITIES							
Bank of Montreal		\$6,410					
TOTAL EQUITIES		\$6,410					
TOTAL INVESTMENTS		\$275,255,333					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$15,232,405					
TOTAL INVESTMENTS & O/S Cheques Coverage		\$290,487,738					

**Operating Fund
Sector Weights
@ March 31, 2005**

Schedule B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$8,929,739	82%	\$10,929,921	100%	\$2,000,182	18%
Federal Government	Open	\$8,296,091	76%				
Business Development Bank	Open	\$278,143	3%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$355,506	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$142,626	1%	\$10,929,921	100%	\$10,787,295	99%
Total Alberta (R-1 High)	Open	\$0	0%	\$2,732,480	25%	\$2,732,480	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$2,732,480	25%	\$2,732,480	25%
Manitoba (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
New Brunswick (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
Nova Scotia (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
Ontario (R-1 Mid)	Open	\$142,626	1%	\$2,732,480	25%	\$2,589,854	24%
Prince Edward Island (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
Quebec (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
Saskatchewan (R-1 Low)	Closed			\$2,732,480	25%	\$2,732,480	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$2,732,480	25%	\$2,732,480	25%
Calgary (R-1 Mid)	Open			\$1,092,992	10%	\$1,092,992	10%
Edmonton (R-1 High)	Open			\$1,092,992	10%	\$1,092,992	10%
Winnipeg (R-1 Mid)	Open			\$1,092,992	10%	\$1,092,992	10%
BA's Schedule A							
Financial Institutions & their Guarantees	Mid	\$1,857,556	17%	\$2,732,480	25%	\$874,924	8%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$1,092,992	10%	\$1,092,992	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$644,792	6%	\$1,092,992	10%	\$448,200	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$358,978	3%	\$1,092,992	10%	\$734,014	7%
Laurentian Bank (R-1 Low)	Closed			\$1,092,992	10%	\$1,092,992	
National Bank of Canada (R-1 Low)	Closed			\$1,092,992	10%	\$1,092,992	
Royal Bank (R-1 Mid)	Open	\$0	8%	\$1,092,992	10%	\$239,207	2%
Royal Bank 1 Day BA		\$853,785					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$1,092,992	10%	\$1,092,992	10%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$10,929,921	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$15,232,405					
Total Cash and Investments		\$26,162,326					

**Capital Fund
Sector Weights
@ March 31, 2005**

Schedule C

<u>Category</u>	<u>Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
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 Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$0	25%	\$0	0%
Manitoba (R-1 Low)	Closed			\$0	25%	\$0	
New Brunswick (R-1 Low)	Closed			\$0	25%	\$0	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$0	25%	\$0	
Nova Scotia (R-1 Low)	Closed			\$0	25%	\$0	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$0	25%	\$0	
Ontario (R-1 Mid)	Open	\$0	0%	\$0	25%	\$0	0%
Prince Edward Island (R-1 Low)	Closed			\$0	25%	\$0	
Quebec (R-1 Low)	Closed			\$0	25%	\$0	
Saskatchewan (R-1 Low)	Closed			\$0	25%	\$0	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$0	25%	\$0	0%
Calgary (R-1 Mid)	Open			\$0	10%	\$0	0%
Edmonton (R-1 High)	Open			\$0	10%	\$0	0%
Winnipeg (R-1 Mid)	Open			\$0	10%	\$0	0%
	BA's Schedule A						
	Canadian Banks R-1						
Financial Institutions & their Guarantees	Mid	\$0	0%	\$0	25%	\$0	0%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Bank of Nova Scotia (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Laurentian Bank (R-1 Low)	Closed			\$0	10%	\$0	
National Bank of Canada (R-1 Low)	Closed			\$0	10%	\$0	
Royal Bank (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Royal Bank 1 Day BA		\$0					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$0	0%				

**Reserve Funds
Sector Weights
@ March 31, 2005**

Schedule D

<u>Category</u>	<u>Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$114,688,206	44%	\$261,490,892	100%	\$146,802,685	56%
Federal Government	Open	\$106,688,283	41%				
Business Development Bank	Open	\$3,511,603	1%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$4,488,320	2%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$1,800,677	1%	\$261,490,892	100%	\$259,690,215	99%
Total Alberta (R-1 High)	Open	\$0	0%	\$65,372,723	25%	\$65,372,723	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$65,372,723	25%	\$65,372,723	25%
Manitoba (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
New Brunswick (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
Nova Scotia (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
Ontario (R-1 Mid)	Open	\$1,800,677	1%	\$65,372,723	25%	\$63,572,046	24%
Prince Edward Island (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
Quebec (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
Saskatchewan (R-1 Low)	Closed			\$65,372,723	25%	\$65,372,723	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$65,372,723	25%	\$65,372,723	25%
Calgary (R-1 Mid)	Open			\$26,149,089	10%	\$26,149,089	10%
Edmonton (R-1 High)	Open			\$26,149,089	10%	\$26,149,089	10%
Winnipeg (R-1 Mid)	Open			\$26,149,089	10%	\$26,149,089	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$23,451,969	9%	\$65,372,723	25%	\$41,920,753	16%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$26,149,089	10%	\$26,149,089	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$8,140,614	3%	\$26,149,089	10%	\$18,008,475	7%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$4,532,165	2%	\$26,149,089	10%	\$21,616,924	8%
Laurentian Bank (R-1 Low)	Closed			\$26,149,089	10%	\$26,149,089	
National Bank of Canada (R-1 Low)	Closed			\$26,149,089	10%	\$26,149,089	
Royal Bank (R-1 Mid)	Open	\$0	4%	\$26,149,089	10%	\$15,369,899	6%
Royal Bank 1 Day BA		\$10,779,190					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$26,149,089	10%	\$26,149,089	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$139,940,853	54%				
FIXED (Bonds, etc. over one year)	Open (Special)						
Federal Government (AAA)		\$14,550,039					
Province of Nova Scotia (A-Low)		\$107,000,000	41%				
Total Investments		\$261,490,892	100%				

**Trust Funds
Sector Weights
@ March 31, 2005**

Schedule E

	<u>Category Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$2,266,303	80%	\$2,834,520	100%	\$568,217	20%
Federal Government	Open	\$2,105,488	74%				
Business Development Bank	Open	\$70,591	2%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$90,225	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$36,197	1%	\$2,834,520	100%	\$2,798,323	99%
Total Alberta (R-1 High)	Open	\$0	0%	\$708,630	25%	\$708,630	25%
Alberta (R-1 High)	Open						
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$708,630	25%	\$708,630	25%
Manitoba (R-1 Low)	Closed			\$708,630	25%	\$708,630	
New Brunswick (R-1 Low)	Closed			\$708,630	25%	\$708,630	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$708,630	25%	\$708,630	
Nova Scotia (R-1 Low)	Closed			\$708,630	25%	\$708,630	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$708,630	25%	\$708,630	
Ontario (R-1 Mid)	Open	\$36,197	1%	\$708,630	25%	\$672,433	24%
Prince Edward Island (R-1 Low)	Closed			\$708,630	25%	\$708,630	
Quebec (R-1 Low)	Closed			\$708,630	25%	\$708,630	
Saskatchewan (R-1 Low)	Closed			\$708,630	25%	\$708,630	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$708,630	25%	\$708,630	25%
Calgary (R-1 Mid)	Open			\$283,452	10%	\$283,452	0%
Edmonton (R-1 High)	Open			\$283,452	10%	\$283,452	0%
Winnipeg (R-1 Mid)	Open			\$283,452	10%	\$283,452	0%
	BA's Schedule A Canadian Banks R-1						
Financial Institutions & their Guarantees	Mid	\$471,434	17%	\$708,630	25%	\$237,196	8%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$283,452	10%	\$283,452	10%
Bank of Nova Scotia (R-1 Mid)	Open	\$163,644	6%	\$283,452	10%	\$119,808	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$91,106	3%	\$283,452	10%	\$192,346	7%
Laurentian Bank (R-1 Low)	Closed			\$283,452	10%	\$283,452	
National Bank of Canada (R-1 Low)	Closed			\$283,452	10%	\$283,452	
Royal Bank (R-1 Mid)	Open	\$0 }	8%	\$283,452	10%	\$66,767	2%
Royal Bank 1 Day BA		\$216,685 }					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$283,452	10%	\$283,452	10%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,773,935	98%				
<u>FIXED (Bonds, etc. over one year)</u>							
Federal Government & its Guarantees							
Federal Government		\$54,175	2%				
TOTAL FIXED							
<u>EQUITIES</u>							
Bank of Montreal		\$6,410	0%				
TOTAL EQUITIES							
Total Investments		\$2,834,520	100%				