



PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

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**Halifax Regional Council**  
**November 18, 2003**

**TO:** Mayor Kelly and Members of Halifax Regional Council

**SUBMITTED BY:**

A handwritten signature in dark ink, appearing to read "S. Dale MacLennan", written over a horizontal line.

S. Dale MacLennan, CA, Director of Financial Services

A handwritten signature in dark ink, appearing to read "Derek Tynski", written over a horizontal line.

Derek Tynski, Investment Analyst

**DATE:** October 28, 2003

**SUBJECT:** Investment Activities - Quarter Ending March 31, 2003

## **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, 2003 has been submitted to the Committee.

## DISCUSSION

### Economic and Investment Climate

#### Economic Statistics:

	Canada	US
Q1 GDP (Ending March 31)	2.4%	1.9%
Unemployment Rate	Jan. 7.4%, Feb. 7.4%, Mar. 7.3%	Jan. 5.7%, Feb. 5.8%, Mar. 5.8%
CPI (year over year)	Jan. 4.5%, Feb. 4.6%, Mar. 4.3%	Jan. 2.6%, Feb. 3.0%, Mar. 3.0%
CPI-X (Core) (year over year)	Jan. 3.3%, Feb. 3.1%, Mar. 2.9%	Jan. 1.9%, Feb. 1.7%, Mar. 1.7%

Responding to above target Core inflation and the threat of rising inflation expectations, the Bank of Canada raised rates 25 bps at their March 4 meeting to 3% and followed through with another 25 bps hike on April 15. Since that time the data and sentiment has changed considerably such that the Bank held rates at their June 3 meeting and cut 25 bps at the July 15 and September 3 meetings.

In the U.S. the Federal Open Market Committee (FOMC) kept rates steady at 1.25% at the two meetings held during the Quarter ending March 31. At their March meeting they took the remarkable step of not providing any guidance due to "the unusually large uncertainties clouding the geopolitical situation in the short run and their apparent effects on economic decision making". Fearing at least a remote chance of deflation the FOMC cut rates by 25 bps at their June 25 meeting.

### HRM Investment Activities & Strategy

In the Quarter ending March 31 there were 29 investments made totaling in excess of \$79,000,000. Most of these investments were made in the 61 to 91 day and the 92 to 180 terms. These terms were emphasized to match maturities to cash requirements and lock in available yield.

With regards to investment quality, the majority of investments were made in the Federal Government and its Guarantees. This was particularly the case in the later part of the Quarter with the uncertainties surrounding the war in Iraq. Investments in R-1 Middle Financial Institutions were used to target maturities to cash requirements and enhance the yield of the portfolio. There was 1 investment made in an R-1 High Provincial and no investments made in the R-1 Middle Provincial sector due to a lack of availability of product in desired terms.

The Sector Weight Schedules (Schedules A through E) for the portfolio in Total as well as by Fund are attached. The investment portfolio at March 31, 2003 was fully allocated to the Trust and Reserve Funds. This will be discussed further below when considering the Liquidity Objective.

Sector Weight Schedule A indicates one instance where there is an amount in excess of the Guideline Limit by 1%. This reflects the net amount of deposits made during the day of March 31. The excess amount was invested April 1.

For the year ending March 31, 2003, 149 investments were made totaling in excess of \$483,000,000. While approximately one third of investments were made in the R - 1 Middle Financial Institution Sector, they were restricted to terms of 91 days or less and hence there was considerable turnover in this category.

### **Policy Compliance**

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

Preservation of Capital - No loss of capital occurred and all investments were held to maturity. The very high quality of investments was maintained to ensure that the Objective of Preservation of Capital was achieved.

Liquidity - Sufficient funds were on hand to meet requirements and no overdraft interest charges were incurred. However a decision to purchase rather than lease a number of transit busses resulted in an unanticipated demand for cash. This impact was particularly felt in the month of February when excess cash allowed for only one investment to be made. The resulting discussions with staff served to highlight the importance of planning and communication in the use of the cash asset.

As indicated in the Sector Weight Schedules, all investments held at March 31, 2003 were held by the Trust and Reserve Funds with no investments remaining available for the Operating Fund. In fact, there were insufficient investments to cover all of the Reserve Funds. While there are a number of factors contributing to this, the most significant in terms of dollar impact is the provision of interest free interim financing for Capital Projects. The corporate policy of providing interim financing for Capital Projects on an interest free basis is currently under review. While this policy in its present form prevents current income from being generated at a future higher cost in the case of Capital Projects financed through long term debt, it does not allow for assignment of an interest cost for Capital Projects financed through other means.

Diversification of Investment Portfolio - Staff continue to believe that the Diversification Objective of managing risk and return has been met despite the relatively small number of names in the portfolio due to the very high quality maintained.

Competitive Return on Investment - Mercer Investment Consulting performance data for the 3 month period and year ending March 31, 2003 are summarized below with the applicable HRM returns superimposed. Given the high quality emphasis in the HRM portfolio these returns are more than reasonable.

Money Market Funds	3 Months (%)	1 Year (%)
5 <sup>th</sup> Percentile	0.8	2.9%
1 <sup>st</sup> Quartile	0.7	2.8%
Mercer Median	0.7 <b>HRM 0.71</b>	2.8%
3 <sup>rd</sup> Quartile	0.7	2.7% <b>HRM 2.67</b>
95 <sup>th</sup> Percentile	0.6	2.5%
SC 91 Day T-Bills	0.6	2.7%

A competitive bidding process was used in the placing of all investments.

Investment income for the fiscal year ending March 31, 2003 was \$5,005,995 versus a budget of \$3,396,000. The positive variance was due to higher than anticipated cash balances, largely because of the timing of expenditures on the Harbour Solutions Project, and the achievement of higher rates of return than budgeted.

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

### Conclusion

The fiscal year ending March 31, 2003 saw the approval of the Investment Policy as well as its successful implementation. It was also a difficult year in financial markets with large and high profile bankruptcies and accounting scandals causing a greater than normal level of fear and uncertainty.

However, guided by the Investment Policy and the sound advice of the Investment Policy Advisory Committee, staff were able to invest with confidence and fulfill the stewardship role over the cash of the HRM.

**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.


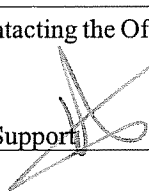
**ALTERNATIVES**

N/A

**ATTACHMENTS**

Sector Weight Schedules @ March 31, 2003 (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, Investment Analyst		490-6471
Approved by:	Reg Ridgley, CGA, Manager, Strategic Capital Project Support		490-6475

**Total Investments**  
**Sector Weights**  
**March 31, 2003**

**Schedule A**

	<u>Catagory Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>\$75,733,540</b>	<b>68%</b>	<b>\$110,866,045</b>	<b>100%</b>	<b>\$35,132,505</b>	<b>32%</b>
Federal Government	Open	\$47,091,120	42%				
Business Development Bank	Open	\$10,860,560	10%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$17,781,860	16%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$8,895,840</b>	<b>8%</b>	<b>\$110,866,045</b>	<b>100%</b>	<b>\$101,970,205</b>	<b>92%</b>
Total Alberta (R-1 High)	Open	\$2,977,830	3%	\$27,716,511	25%	\$24,738,681	22%
Alberta (R-1 High)	Open	\$2,977,830		\$27,716,511	25%	\$24,738,681	22%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$27,716,511	25%	\$27,716,511	25%
Alberta Treasury Branches (R-1 High)	Open			\$27,716,511	25%	\$27,716,511	25%
British Columbia (R-1 Mid)	Open			\$27,716,511	25%	\$27,716,511	25%
Manitoba (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
New Brunswick (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
Nova Scotia (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
Ontario (R-1 Mid)	Open	\$5,918,010	5%	\$27,716,511	25%	\$21,798,501	20%
Prince Edward Island (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
Quebec (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
Saskatchewan (R-1 Low)	Closed			\$27,716,511	25%	\$27,716,511	
<b>Municipal Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>		<b>\$27,716,511</b>	<b>25%</b>	<b>\$27,716,511</b>	<b>25%</b>
Calgary (R-1 Mid)	Open			\$11,086,605	10%	\$11,086,605	10%
Edmonton (R-1 High)	Open			\$11,086,605	10%	\$11,086,605	10%
Winnipeg (R-1 Mid)	Open			\$11,086,605	10%	\$11,086,605	10%
<b>BA's Schedule A</b>							
<b>Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>\$26,176,081</b>	<b>24%</b>	<b>\$27,716,511</b>	<b>25%</b>	<b>\$1,540,430</b>	<b>1%</b>
Bank of Montreal (R-1 Mid)	Open	\$3,972,180	4%	\$11,086,605	10%	\$7,114,425	6%
Bank of Nova Scotia (R-1 Mid)	Open	\$4,966,300	4%	\$11,086,605	10%	\$6,120,305	6%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$2,988,510		\$11,086,605	10%	\$8,098,095	7%
Laurentian Bank (R-1 Low)	Closed			\$11,086,605	10%	\$11,086,605	
National Bank of Canada (R-1 Low)	Closed			\$11,086,605	10%	\$11,086,605	
Royal Bank (R-1 Mid)	Open	\$3,972,840 **	11%	\$11,086,605	10%	(\$1,171,306)	-1% **
Royal Bank 1 Day BA		\$8,285,071 }					
Toronto Dominion (R-1 Mid)	Open	\$1,991,180		\$11,086,605	10%	\$9,095,425	8%
<b>Corporations &amp; their Guarantees</b>	<b>Closed</b>						
<b>TOTAL CASH &amp; EQUIVALENTS</b>		<b>\$110,805,461</b>	<b>100%</b>	<b>\$110,866,045</b>	<b>100%</b>	<b>\$60,585</b>	<b>0%</b>
<b><u>FIXED (Bonds, etc. over one year)</u></b>							
<b>Federal Government &amp; its Guarantees</b>		<b>\$54,175</b>		<b>\$110,866,045</b>	<b>100%</b>	<b>\$110,811,870</b>	<b>100%</b>
Federal Government		\$54,175		\$110,866,045	100%	\$110,811,870	100%
<b>TOTAL FIXED</b>		<b>\$54,175</b>	<b>0%</b>	<b>\$110,866,045</b>	<b>100%</b>	<b>\$110,811,870</b>	<b>100%</b>
<b><u>EQUITIES</u></b>							
Bank of Montreal		\$6,410	0%	\$11,086,605	10%	\$11,080,195	10%
				\$2,217,321	2%	\$2,210,911	2%
<b>TOTAL EQUITIES</b>		<b>\$6,410</b>	<b>0%</b>	<b>\$11,086,605</b>	<b>2%</b>	<b>\$11,080,195</b>	<b>10%</b>
<b>TOTAL INVESTMENTS</b>		<b>\$110,866,045</b>	<b>100%</b>				
<b>Interest Bearing Bank Accounts O/S Cheque Coverage</b>		<b>\$8,881,250</b>					
<b>TOTAL INVESTMENTS &amp; O/S Cheque Coverage</b>		<b>\$119,747,295</b>					
<b>** Deposits Recieved March 31</b>		<b>\$1,735,452</b>					
<b>** Investments Made April 1</b>		<b>\$1,983,920</b>					

**Operating Fund**  
**Sector Weights**  
**March 31, 2003**

**Schedule B**

	<u>Catagory Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>100%</b>	<b>\$0</b>	<b>0%</b>
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%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>100%</b>	<b>\$0</b>	<b>0%</b>
Total Alberta (R-1 High)	Open	\$0					
Alberta (R-1 High)	Open			\$0	25%	\$0	0%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$0	25%	\$0	0%
Alberta Treasury Branches (R-1 High)	Open			\$0	25%	\$0	0%
British Columbia (R-1 Mid)	Open			\$0	25%	\$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						
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>		<b>\$0</b>	<b>25%</b>	<b>\$0</b>	<b>0%</b>
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%
<b>BA's Schedule A</b>							
<b>Financial Institutions &amp; their Guarantees</b>	<b>Canadaian Banks R-1</b>						
Bank of Montreal (R-1 Mid)	Mid	\$0	0%	\$0	25%	\$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)	Open			\$0	10%	\$0	
National Bank of Canada (R-1 Low)	Closed			\$0	10%	\$0	
Royal Bank (R-1 Mid)	Closed	\$0 }	0%	\$0	10%	\$0	0%
Royal Bank 1 Day BA	Open	\$0 }		\$0	10%	\$0	0%
Toronto Dominion (R-1 Mid)	Open						
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Nil						
<b>Total Investments</b>		<b>\$0</b>	<b>0%</b>				

**Capital Fund**  
**Sector Weights**  
**March 31, 2003**

**Schedule C**

<u>Category Status</u>		<u>Cumulative</u> <u>Amount Invested</u> <u>@ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit</u> <u>Available</u>	<u>%</u>
CASH & EQUIVALENTS							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>100%</b>	<b>\$0</b>	<b>0%</b>
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%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>100%</b>	<b>\$0</b>	<b>0%</b>
Total Alberta (R-1 High)	Open	\$0					
Alberta (R-1 High)	Open			\$0	25%	\$0	0%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$0	25%	\$0	0%
Alberta Treasury Branches (R-1 High)	Open			\$0	25%	\$0	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	
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>		<b>\$0</b>	<b>25%</b>	<b>\$0</b>	<b>0%</b>
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%
<b>BA's Schedule A</b>							
<b>Canadian Banks R-1</b>							
<b>Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>\$0</b>	<b>0%</b>	<b>\$0</b>	<b>25%</b>	<b>\$0</b>	<b>0%</b>
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	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 }			10%		
Toronto Dominion (R-1 Mid)	Open			\$0	10%	\$0	0%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Nil						
<b>Total Investments</b>		<b>\$0</b>	<b>0%</b>				



**Reserve Funds**  
**Sector Weights**  
**March 31, 2003**

**Schedule D**

		<u>Cumulative</u> <u>Amount Invested</u>					
<u>Catagory</u>	<u>Status</u>	<u>@ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>\$73,879,480</b>	<b>68%</b>	<b>\$108,092,792</b>	<b>100%</b>	<b>\$34,213,313</b>	<b>32%</b>
Federal Government	Open	\$45,938,265	42%				
Business Development Bank	Open	\$10,594,679	10%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$17,346,536	16%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$8,678,058</b>	<b>8%</b>	<b>\$108,092,792</b>	<b>100%</b>	<b>\$99,414,735</b>	<b>92%</b>
Total Alberta (R-1 High)	Open	\$2,904,929		\$27,023,198	25%	\$24,118,269	22%
Alberta (R-1 High)	Open	\$2,904,929		\$27,023,198	25%	\$24,118,269	22%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$27,023,198	25%	\$27,023,198	25%
Alberta Treasury Branches (R-1 High)	Open			\$27,023,198	25%	\$27,023,198	25%
British Columbia (R-1 Mid)	Open			\$27,023,198	25%	\$27,023,198	25%
Manitoba (R-1 Low)	Closed			\$27,023,198	25%	\$27,023,198	
New Brunswick (R-1 Low)	Closed			\$27,023,198	25%	\$27,023,198	
New Brunswick Municipal Finance Corp (R-1 L	Closed			\$27,023,198	25%	\$27,023,198	
Nova Scotia (R-1 Low)	Closed			\$27,023,198	25%	\$27,023,198	
Nova Scotia Municipal Finance Corp (R-1 Low	Closed			\$27,023,198	25%	\$27,023,198	
Ontario (R-1 Mid)	Open	\$5,773,129	5%	\$27,023,198	25%	\$21,250,069	20%
Prince Edward Island (R-1 Low)	Closed			\$27,023,198	25%	\$27,023,198	
Quebec (R-1 Low)	Closed			\$27,023,198	25%	\$27,023,198	
Saskatchewan (R-1 Low)	Closed			\$27,023,198	25%	\$27,023,198	
<b>Municipal Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>		<b>\$27,023,198</b>	<b>25%</b>	<b>\$27,023,198</b>	<b>25%</b>
Calgary (R-1 Mid)	Open			\$10,809,279	10%	\$10,809,279	10%
Edmonton (R-1 High)	Open			\$10,809,279	10%	\$10,809,279	10%
Winnipeg (R-1 Mid)	Open			\$10,809,279	10%	\$10,809,279	10%
<b>BA's Schedule A</b>							
<b>Canadain Banks R-1</b>							
<b>Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>\$25,535,255</b>	<b>24%</b>	<b>\$27,023,198</b>	<b>25%</b>	<b>\$1,487,943</b>	<b>1%</b>
Bank of Montreal (R-1 Mid)	Open	\$3,874,936	4%	\$10,809,279	10%	\$6,934,344	6%
Bank of Nova Scotia (R-1 Mid)	Open	\$4,844,718	4%	\$10,809,279	10%	\$5,964,561	6%
Canadian Imperial Bank of Commerce (R-1 M	Open	\$2,915,347		\$10,809,279	10%	\$7,893,932	7%
Laurentian Bank (R-1 Low)	Closed			\$10,809,279	10%	\$10,809,279	
National Bank of Canada (R-1 Low)	Closed			\$10,809,279	10%	\$10,809,279	
Royal Bank (R-1 Mid)	Open	\$3,875,579 }	11%	\$10,809,279	10%	(\$1,148,541)	-1%
Royal Bank 1 Day BA		\$8,082,241 }			10%		
Toronto Dominion (R-1 Mid)	Open	\$1,942,433		\$10,809,279	10%	\$8,866,846	8%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Nil						
<b>Total Investments</b>		<b>\$108,092,792</b>	<b>100%</b>				

**Trust Funds**  
**Sector Weights**  
**March 31, 2003**

**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>
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>\$1,854,060</b>	<b>67%</b>	<b>\$2,773,253</b>	<b>100%</b>	<b>\$919,193</b>	<b>33%</b>
Federal Government	Open	\$1,152,855	42%				
Business Development Bank	Open	\$265,881	10%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$435,324	16%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>\$217,782</b>	<b>8%</b>	<b>\$2,773,253</b>	<b>100%</b>	<b>\$2,555,471</b>	<b>92%</b>
Total Alberta (R-1 High)	Open	\$72,901		\$693,313	25%	\$620,412	22%
Alberta (R-1 High)	Open	\$72,901		\$693,313	25%	\$620,412	22%
Alberta Municipal Finance Corp (R-1 High)	Open	\$0		\$693,313	25%	\$693,313	25%
Alberta Treasury Branches (R-1 High)	Open			\$693,313	25%	\$693,313	25%
British Columbia (R-1 Mid)	Open			\$693,313	25%	\$693,313	25%
Manitoba (R-1 Low)	Closed			\$693,313	25%	\$693,313	
New Brunswick (R-1 Low)	Closed			\$693,313	25%	\$693,313	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$693,313	25%	\$693,313	
Nova Scotia (R-1 Low)	Closed			\$693,313	25%	\$693,313	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$693,313	25%	\$693,313	
Ontario (R-1 Mid)	Open	\$144,881	5%	\$693,313	25%	\$548,432	20%
Prince Edward Island (R-1 Low)	Closed			\$693,313	25%	\$693,313	
Quebec (R-1 Low)	Closed			\$693,313	25%	\$693,313	
Saskatchewan (R-1 Low)	Closed			\$693,313	25%	\$693,313	
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>\$0</b>		<b>\$693,313</b>	<b>25%</b>	<b>\$693,313</b>	<b>25%</b>
Calgary (R-1 Mid)	Open			\$277,325	10%	\$277,325	10%
Edmonton (R-1 High)	Open			\$277,325	10%	\$277,325	10%
Winnipeg (R-1 Mid)	Open			\$277,325	10%	\$277,325	10%
<b>BA's Schedule A</b>							
<b>Financial Institutions &amp; their Guarantees</b>	<b>Canadaian Banks R-1</b>	<b>\$640,826</b>	<b>23%</b>	<b>\$693,313</b>	<b>25%</b>	<b>\$52,487</b>	<b>2%</b>
Bank of Montreal (R-1 Mid)	Open	\$97,244	4%	\$277,325	10%	\$180,081	6%
Bank of Nova Scotia (R-1 Mid)	Open	\$121,582	4%	\$277,325	10%	\$155,744	6%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$73,163		\$277,325	10%	\$204,163	7%
Laurentian Bank (R-1 Low)	Closed			\$277,325	10%	\$277,325	
National Bank of Canada (R-1 Low)	Closed			\$277,325	10%	\$277,325	
Royal Bank (R-1 Mid)	Open	\$97,261	11%	\$277,325	10%	(\$22,765)	-1%
Royal Bank 1 Day BA		\$202,830					
Toronto Dominion (R-1 Mid)	Open	\$48,747		\$277,325	10%	\$228,579	0%
Corporations & their Guarantees	Closed						
<b>TOTAL CASH &amp; EQUIVALENTS</b>		<b>\$2,712,669</b>	<b>98%</b>	<b>\$2,773,253</b>	<b>100%</b>	<b>\$60,585</b>	<b>2%</b>
<b><u>FIXED (Bonds, etc. over one year)</u></b>							
<b>Federal Government &amp; its Guarantees</b>		<b>\$54,175</b>		<b>\$2,773,253</b>	<b>100%</b>	<b>\$2,719,078</b>	<b>98%</b>
Federal Government		\$54,175		\$2,773,253	100%	\$2,719,078	98%
<b>TOTAL FIXED</b>		<b>\$54,175</b>	<b>2%</b>	<b>\$2,773,253</b>	<b>100%</b>	<b>\$2,719,078</b>	<b>98%</b>
<b><u>EQUITIES</u></b>							
Bank of Montreal		\$6,410	0%	\$277,325	10%	\$270,916	10%
				\$55,465	2%	\$49,056	2%
<b>TOTAL EQUITIES</b>		<b>\$6,410</b>	<b>0%</b>	<b>\$277,325</b>	<b>2%</b>	<b>\$270,916</b>	<b>10%</b>
<b>Total Investments</b>		<b>\$2,773,253</b>	<b>100%</b>				