

**Audit and Finance Standing Committee
March 20, 2013**

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

Original Signed

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

DATE: February 18, 2013

SUBJECT: Investment Activities – Quarter Ending September 30, 2012

ORIGIN

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

LEGISLATIVE AUTHORITY

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

RECOMMENDATION

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

BACKGROUND

The HRM Investment Policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee (the Committee). The report for the Quarter ending September 30, 2012 has been reviewed by the Committee. A report from the Committee on staff's compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of March 20.

It should be noted that the terms of the Members of the Committee expired in the Fall of 2012. Staff did not forward reports to the Committee pending appointment of Members to the Committee. As a result the Quarterly reports are somewhat delayed compared to typical timing.

DISCUSSIONHRM Investment Activities

HRM Money Market investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending September 30, 2012:

Money Market Funds	3 Months (to Sept. 30, 2012)	9 Months (to Sept. 30, 2012)	1 Year (to Sept. 30, 2012)
5 th Percentile	.36%	1.12%	1.46%
1 st Quartile	.32%	.92%	1.23%
Mercer Median	.30%	.88%	1.18%
3 rd Quartile	.26%	.79%	1.04%
95 th Percentile	.22%	.70%	.92%
DEX 91 Day T-Bills	.23%	.72%	.94%
HRM	.30%	.87%	1.15%

HRM relative performance was at Median for the Quarter and somewhat below for the nine month and one year periods. This relative performance was before taking into consideration fees that would have been paid to an external investment management firm. Relative performance would be above Median on an after fee basis for all reported periods. The very high quality of the HRM portfolio has been maintained.

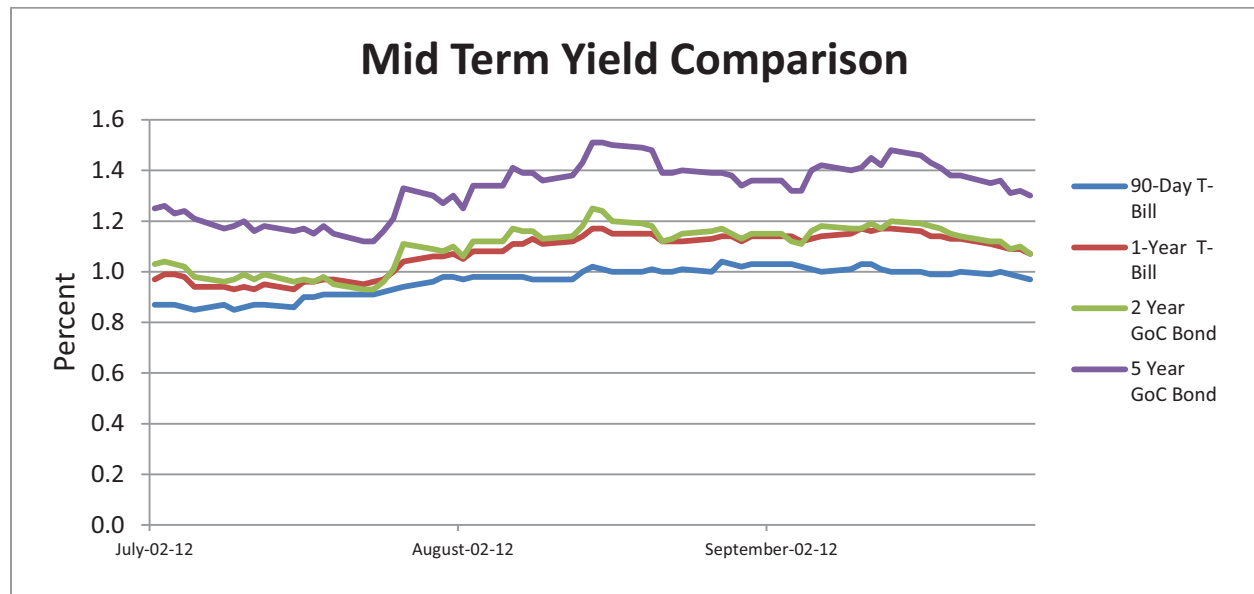
The Quarter saw 36 money market investments made at a cost of \$114,895,576 with an average term to maturity of 97 days. This compares to last year's 2nd Quarter of 28 investments made at a cost of \$108,973,000 with an average term of 98 days. In mid-August some Provincial instruments were relatively attractive near the six month term and some cash was invested in that area. Also \$2,000,000 in Province of Quebec Floating Rate Notes maturing in December 2013 were purchased. However, there was a far greater emphasis on shorter term investments to cover cash requirements and ensure funds were available to be rolled over with 79% of investments

being made in Non-Government instruments in the 3 month and under time frame. The bank account continued to provide an attractive rate of interest relative to other short term Financial Institution instruments and was used extensively. The new Notice Investment account further enhanced these returns from the HRM banker.

Operating Fund Investment Income for the first six months of the fiscal year was \$1,102,000 versus a budget of \$544,000 while the actual rate of return was .6% versus the budgeted rate of .5 %. While the better rate of return was a contributing factor the majority of the positive variance was a result of better than anticipated cash flows. Operating Fund Investment Income for the fiscal year is currently projected to be \$2,050,000 versus a budget of \$1,100,000.

HRM Short Term Bond Pool

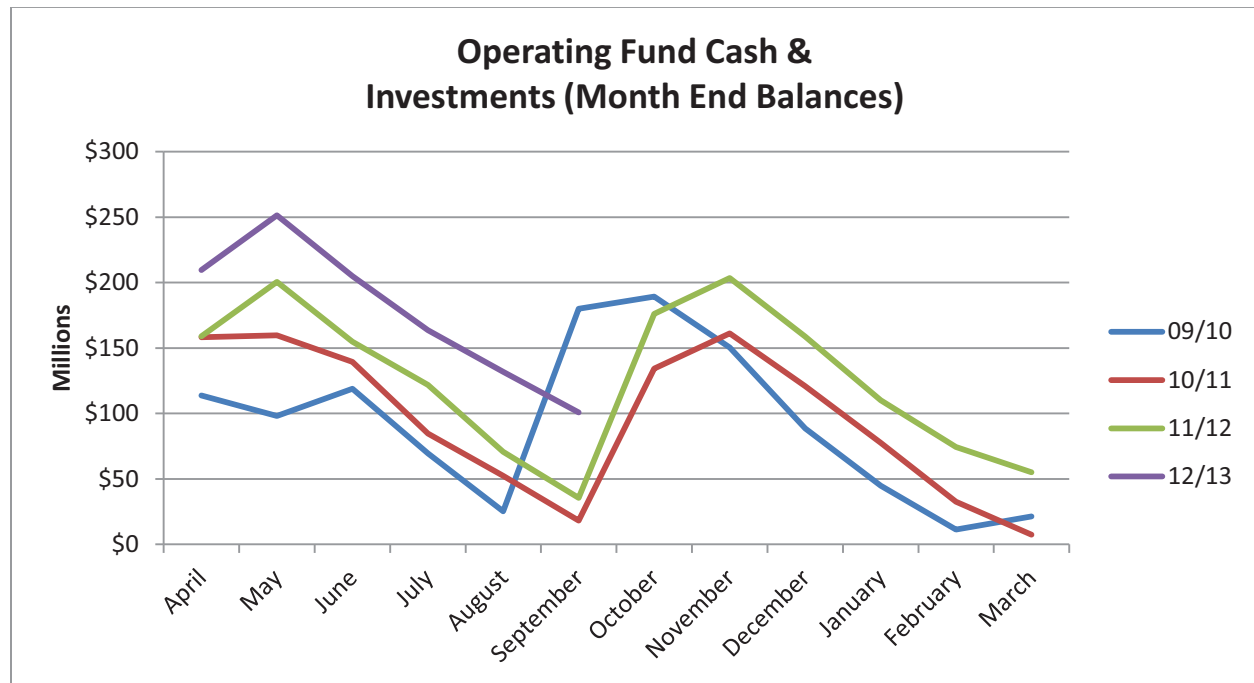
The Short Term Bond Pool holds bonds to a maximum term to maturity of approximately five years. The \$5,000,000 of bonds currently held have yields ranging from 2.21% to 3.07%. These bonds are guaranteed by either the Government of Canada or highly rated Provinces. There were no additions to the Bond Pool during the Quarter. Staff continues to look for opportunities to add to the Bond Pool with the ever changing outlook for future interest rates over a potential five year holding period and the very narrow spread on yields between the shorter and longer dated instruments key considerations.



Cash Flows

As indicated in the graph below Operating Cash and Investment balances continue to outstrip levels of previous years by a healthy margin. One contributing factor was the methodology for calculating the interim property tax billing which applies the previous year's tax rates to the

current year’s assessed values. The net result was that the interim tax billing was higher than the final tax billing in the 2012/13 fiscal year because of the decrease in the 2012/13 tax rates. Other factors were the surplus from the previous fiscal year and the receipt of funds from claims for disaster assistance from Hurricane Juan and White Juan. Staff is continuing efforts to refine the attribution of Operating Fund cash flows and balances.



The Sector Weight guidelines for the HRM banker exceeded the Policy limits for two days during the Quarter. These instances were discussed with the Committee and they agreed with staff’s assessment that this temporary variance did not constitute a material increase in risk to the portfolio. It should also be noted that the negative figures in the Sector Weight Schedules for Bank of Nova Scotia – Effective Cash does not reflect an actual overdraft of the bank account but rather reflects funds committed to Outstanding Cheque Coverage.

The average level for the bank account for the Quarter was 91% of the Policy guideline.

Outlook & Strategy

The sub-par growth scenario suggested by economists Reinhart and Rogoff in the wake of financial crisis and when government debt to GDP levels rise above 90% seems to be playing out. On the latter point it appears the government debt drag on the economy is more than just a crowding out affect. In addition, the uncertainty around tax and fiscal policy that contributed to getting to the magic number of 90% is also a factor as is a lack of confidence that the political process will produce sound policy to definitively address economic issues. This appears to be particularly problematic in the U.S. the Euro area and Japan. The double edged sword of

experimental monetary policy also contributes to a heightened sense of unease which further clouds investment decisions whether they be in new plant and equipment or financial markets. Staff continues to look for opportunities to lock in rates on Government instruments when they are relatively attractive in terms beyond six months.

Policy Compliance

In keeping with the most amendments to the Policy staff has modified the Policy Compliance section to reflect the new breakdown of Objectives and Strategies.

Objectives:

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

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

Competitive Return on Investments - The rate of return was somewhat below median for the year ending September 30, 2012 before allowing for fees for external management. After allowing for these fees the rate of return would have exceeded median therefore staff maintain that the Policy benchmark was met.

Strategies:

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

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

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

FINANCIAL IMPLICATIONS

Staff is anticipating that Operating Fund Investment Income for the fiscal year will be \$2,050,000 versus a budget of \$1,100,000. This substantial positive variance is primarily due to much better than anticipated cash levels for the Operating Fund. Somewhat better than expected interest rates were also a contributing factor.

COMMUNITY ENGAGEMENT

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

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ September 30, 2012 (Schedules A,B,C,D & E)

Appendix A - Economic Statistics and Central Bank Actions

Appendix B - List of Eligible Investments

Appendix C - DBRS Rating Scale

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

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


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

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jul 7.3%, Aug 7.3%, Sep 7.2%	Jul 8.3%, Aug 8.1%, Sep 7.8%
Jobs Created / (Lost) (‘000's)	Jul -30, Aug 34, Sep 52	Jul 153, Aug 165, Sep 138
CPI (year over year)	Jul 1.3%, Aug 1.2%, Sep 1.2%	Jul 1.4%, Aug 1.7%, Sep 2.0%
CPI-X (Core) (year over year)	Jul 1.7%, Aug 1.6% , Sep 1.3%	Jul 2.1%, Aug 1.9% , Sep 2.0%
GDP	Q3 0.6%	Q3 Final 3.1%

Central Bank Activities

- July 17 Bank of Canada Maintains overnight rate at 1.0%
- August 10 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- September 5 Bank of Canada Maintains overnight rate at 1.0%
- September 21 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

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 and Lands Corporation

OMERS Finance Trust

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.

Federal Government & its Guarantees	Open	6,916,840	3%	254,936,091	100%	244,036,418	96%
Federal Government	Open	6,916,840	3%				
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	147,530,202	58%	254,936,091	100%	107,405,889	42%
Total Alberta (R-1 High)	Open	0	4%	63,734,023	25%	54,691,193	21%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	35,299,312	14%	63,734,023	25%	28,434,711	11%
Manitoba (R-1 Mid)	Open	4,234,080	2%	63,734,023	25%	59,499,943	23%
New Brunswick (R-1 Mid)	Open	0	0%	63,734,023	25%	63,734,023	25%
Ontario (R-1 Mid)	Open	61,846,104	24%	63,734,023	25%	1,887,919	1%
Quebec (R-1 Mid)	Open	46,150,706	19%	63,734,023	25%	15,583,674	6%
Quebec		20,421,666					
Financement Quebec		14,807,250					
Hydro Quebec		10,921,790					
Saskatchewan (R-1 High)	Open	0	0%	63,734,023	25%	63,734,023	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		63,734,023	25%	63,734,023	25%
Calgary (R-1 High)	Open			25,493,609	10%	25,493,609	10%
Edmonton (R-1 High)	Open			25,493,609	10%	25,493,609	10%
Financial Institutions & their Guarantees /Corporations		85,457,333	34%	127,468,046	50%	42,010,712	16%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	58,729,909	23%	127,468,046	50%	68,738,136	27%
Bank of Montreal (R-1 High)	Open	15,966,530	6%	25,493,609	10%	9,527,079	4%
Bank of Nova Scotia (R-1 High)	Open	0	7%	25,493,609	10%	7,847,510	3%
Bank of Nova Scotia Effective Cash		-2,353,901					
Bank of Nova Scotia - Notice Account		20,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	22,631,110	9%	25,493,609	10%	2,862,499	1%
Royal Bank (R-1 High)	Open	0	0%	25,493,609	10%	25,002,619	10%
Royal Bank - Effective Cash		490,990					
Toronto Dominion (R-1 High)	Open	1,995,180	1%	25,493,609	10%	23,498,429	9%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	26,727,424	10%	63,734,023	25%	37,006,599	15%
National Bank of Canada (R-1 Mid)	Open	10,470,191	4%	12,746,805	5%	2,276,614	1%
OMERS Realty Corporation (R-1 High)	Open	12,267,293	5%	12,746,805	5%	479,512	0%
CDP Financial Inc (R-1 High)	Open	0	0%	12,746,805	5%	12,746,805	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	12,746,805	5%	12,746,805	5%
Desjardins Total		3,989,940	2%	12,746,805	5%	8,756,865	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	3,989,940					
Total Cash and Equivalents		239,904,375	94%				
FIXED (Bonds, etc. over one year)							
Federal Government		3,982,833	2%	50,987,218	20%	47,004,385	18%
Money Market							
Bond Pool		3,982,833					
Provincial Government & their Guarantees		11,042,473	4%	50,987,218	20%	39,944,745	16%
Money Market		10,006,882	4%	50,987,218	20%	39,944,745	16%
Alberta		8,007,239	4%	25,493,609	10%	16,450,779	6%
Alberta		1,989,938					
Alberta Capital Finance Authority		6,017,301					
Alberta Treasury Branches							
British Columbia		0	0%	25,493,609	10%	25,493,609	10%
Manitoba		0	0%	25,493,609	10%	25,493,609	10%
New Brunswick		0	0%	25,493,609	10%	25,493,609	10%
Ontario		0	0%	25,493,609	10%	25,493,609	10%
Quebec		1,999,643	1%	25,493,609	10%	23,493,966	9%
Quebec		1,999,643					
Financement Quebec		0					
Saskatchewan		0	0%	25,493,609	10%	25,493,609	10%
Bond Pool		1,035,591	4%	50,987,218	20%	39,944,745	16%
Alberta		1,035,591	4%	25,493,609	10%	16,450,779	6%
Alberta							
Alberta Capital Finance Authority		1,035,591					
Alberta Treasury Branches							
British Columbia		0	0%	25,493,609	10%	25,493,609	10%
Manitoba		0	0%	25,493,609	10%	25,493,609	10%
New Brunswick		0	0%	25,493,609	10%	25,493,609	10%
Ontario		0	0%	25,493,609	10%	25,493,609	10%
Quebec		0	1%	25,493,609	10%	23,493,966	9%
Quebec							
Financement Quebec							
Saskatchewan		0	0%	25,493,609	10%	25,493,609	10%
Total Fixed		15,025,306	6%	50,987,218	20%	35,961,912	14%
Equities							
Bank of Montreal		6,410					

CASH & EQUIVALENTS

Federal Government & its Guarantees	Open	3,577,696	3%	129,265,160	100%	125,687,464	97%
Federal Government	Open	3,577,696	3%				
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	76,309,148	59%	129,265,160	100%	52,956,012	41%
Total Alberta (R-1 High)	Open	0	0%	32,316,290	25%	29,203,876	23%
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	18,258,366	14%	32,316,290	25%	14,057,924	11%
Manitoba (R-1 Mid)	Open	2,190,054	2%	32,316,290	25%	30,126,236	23%
New Brunswick (R-1 Mid)	Open	0	0%	32,316,290	25%	32,316,290	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			32,316,290	25%	32,316,290	25%
Ontario (R-1 Mid)	Open	31,989,541	27%	32,316,290	25%	326,749	0%
Quebec (R-1 Mid)	Open	23,871,187	18%	32,316,290	25%	7,410,799	6%
Saskatchewan (R-1 High)	Open	0	0%	32,316,290	25%	32,316,290	25%

Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		32,316,290	25%	32,316,290	25%
Calgary (R-1 High)	Open			12,926,516	10%	12,926,516	10%
Edmonton (R-1 High)	Open			12,926,516	10%	12,926,516	10%

Financial Institutions & their Guarantees /Corporations **44,202,314** **34%** **64,632,580** **50%** **20,430,266** **16%**

	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	30,377,708	24%	64,632,580	50%	34,254,872	26%
Bank of Montreal (R-1 High)	Open	8,258,596	6%	12,926,516	10%	4,667,920	4%
Bank of Nova Scotia (R-1 High)	Open	0	7%	12,926,516	10%	3,799,173	3%
Bank of Nova Scotia Effective Cash		-1,217,542					
Bank of Nova Scotia - Notice Account		10,344,885					
Canadian Imperial Bank of Commerce (R-1 High)	Open	11,705,811	9%	12,926,516	10%	1,220,705	1%
Royal Bank (R-1 High)	Open	0	0%	12,926,516	10%	12,672,554	10%
Royal Bank - Effective Cash		253,962					
Toronto Dominion (R-1 High)	Open	1,031,995	1%	12,926,516	10%	11,894,521	9%

Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	13,824,606	11%	32,316,290	25%	18,491,684	14%
National Bank of Canada (R-1 Mid)	Open	5,415,646	4%	6,463,258	5%	1,047,612	1%
OMERS Realty Corporation (R-1 High)	Open	6,345,187	5%	6,463,258	5%	118,071	0%
CDP Financial Inc (R-1 High)	Open	0	0%	6,463,258	5%	6,463,258	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	6,463,258	5%	6,463,258	5%
Desjardins Total		2,063,774	2%	6,463,258	5%	4,399,484	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	2,063,774					

Total Investments **124,089,158** **96%**

FIXED (Bonds, etc. over one year)

Federal Government		0	0%	25,853,032	20%	25,853,032	20%
Money Market		0					
Bond Pool		0					

Provincial Government & their Guarantees **5,176,002** **4%** **25,853,032** **20%** **20,677,030** **16%**

Money Market		5,176,002	4%	25,853,032	20%	20,677,030	16%
Alberta		3,112,414	2%	12,926,516	10%	9,814,102	8%
Alberta							
Alberta Capital Finance Authority		3,112,414					
Alberta Treasury Branches							
British Columbia		0	0%	12,926,516	10%	12,926,516	10%
Manitoba		0	0%	12,926,516	10%	12,926,516	10%
New Brunswick		0	0%	12,926,516	10%	12,926,516	10%
Ontario		0	0%	12,926,516	10%	12,926,516	10%
Quebec		1,034,304	1%	12,926,516	10%	11,892,212	9%
Quebec		1,034,304					
Financement Quebec		0					
Saskatchewan		0	0%	12,926,516	10%	12,926,516	10%

Bond Pool **0** **4%** **25,853,032** **20%** **20,677,030** **16%**

Alberta		0	2%	12,926,516	10%	9,814,102	8%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	12,926,516	10%	12,926,516	10%
Manitoba		0	0%	12,926,516	10%	12,926,516	10%
New Brunswick		0	0%	12,926,516	10%	12,926,516	10%
Ontario		0	0%	12,926,516	10%	12,926,516	10%
Quebec		0	1%	12,926,516	10%	11,892,212	9%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	12,926,516	10%	12,926,516	10%

	Category Status	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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%	0	100%	0	0%
Total Alberta (R-1 High)	Open	0	0%	0	25%	0	0%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	0	25%	0	0%
Ontario (R-1 Mid)	Open	0	0%	0	25%	0	0%
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	0%
Saskatchewan (R-1 High)	Open	0	0%	0	25%	0	0%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open	0		0	10%	0	0%
Edmonton (R-1 High)	Open	0		0	10%	0	0%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	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%
Bank of Nova Scotia Effective Cash		0					
Bank of Nova Scotia - Notice Account		0					
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
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 Investments		0	0%				
FIXED (Bonds, etc. over one year)							
Federal Government		0	0%	0	20%	0	0%
Money Market		0					
Bond Pool		0					
Provincial Government & their Guarantees		0	0%	0	20%	0	0%
Money Market		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta							
Alberta Capital Finance Authority		0					
Alberta Treasury Branches							
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Bruswick		0	0%	0	10%	0	0%
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
Bond Pool		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Bruswick		0	0%	0	10%	0	0%
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					

Category Status	Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%	
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	3,246,269	3%	122,308,861	100%	115,079,758	94%
Federal Government	Open	3,246,269	3%				
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	69,240,105	57%	122,308,861	100%	53,068,755	43%
Total Alberta (R-1 High)	Open	0	2%	30,577,215	25%	25,783,600	21%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	16,566,968	14%	30,577,215	25%	14,010,247	11%
Manitoba (R-1 Mid)	Open	1,987,174	2%	30,577,215	25%	28,590,041	23%
New Brunswick (R-1 Mid)	Open	0	0%	30,577,215	25%	30,577,215	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			30,577,215	25%	30,577,215	25%
Ontario (R-1 Mid)	Open	29,026,130	27%	30,577,215	25%	1,551,086	1%
Quebec (R-1 Mid)	Open	21,659,834	18%	30,577,215	25%	7,978,892	7%
Saskatchewan (R-1 High)	Open	0	1%	30,577,215	25%	30,577,215	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		30,577,215	25%	30,577,215	25%
Calgary (R-1 High)	Open			12,230,886	10%	12,230,886	10%
Edmonton (R-1 High)	Open			12,230,886	10%	12,230,886	10%
Financial Institutions & their Guarantees /Corporations		40,107,549	33%	61,154,430	50%	21,046,882	17%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	27,563,611	23%	61,154,430	50%	33,590,819	27%
Bank of Montreal (R-1 High)	Open	7,493,545	6%	12,230,886	10%	4,737,341	4%
Bank of Nova Scotia (R-1 High)	Open	0	7%	12,230,886	10%	3,949,071	3%
Bank of Nova Scotia Effective Cash		-1,104,752					
Bank of Nova Scotia - Notice Account		9,386,567					
Canadian Imperial Bank of Commerce (R-1 High)	Open	10,621,421	9%	12,230,886	10%	1,609,465	1%
Royal Bank (R-1 High)	Open	0	0%	12,230,886	10%	12,000,451	10%
Royal Bank - Effective Cash		230,436					
Toronto Dominion (R-1 High)	Open	936,395	1%	12,230,886	10%	11,294,492	9%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	12,543,938	10%	30,577,215	25%	18,033,277	15%
National Bank of Canada (R-1 Mid)	Open	4,913,957	4%	6,115,443	5%	1,201,486	1%
OMERS Realty Corporation (R-1 High)	Open	5,757,388	5%	6,115,443	5%	358,055	0%
CDP Financial Inc (R-1 High)	Open	0	0%	6,115,443	5%	6,115,443	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	6,115,443	5%	6,115,443	5%
Desjardins Total		1,872,592	2%	6,115,443	5%	4,242,851	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	1,872,592					
Total Cash and Equivalents		112,593,923	92%				
FIXED (Bonds, etc. over one year)							
Federal Government		3,982,833	3%	122,308,861	100%	118,326,028	97%
Money Market		0					
Bond Pool		3,982,833					
Provincial Government & their Guarantees		5,732,104	5%	61,154,430	50%	55,422,326	45%
Money Market		4,696,513	5%	61,154,430	50%	55,422,326	45%
Alberta		3,758,024	4%	12,230,886	10%	7,437,271	6%
Alberta		933,934					
Alberta Capital Finance Authority		2,824,090					
Alberta Treasury Branches							
British Columbia		0	0%	12,230,886	10%	12,230,886	10%
Manitoba		0	0%	12,230,886	10%	12,230,886	10%
New Bruswick		0	0%	12,230,886	10%	12,230,886	10%
Ontario		0	0%	12,230,886	10%	12,230,886	10%
Quebec		938,489	1%	12,230,886	10%	11,292,397	9%
Quebec		938,489					
Financement Quebec		0					
Saskatewan		0	0%	12,230,886	10%	12,230,886	10%
Bond Pool		1,035,591	5%	61,154,430	50%	55,422,326	45%
Alberta		1,035,591	4%	12,230,886	10%	7,437,271	6%
Alberta		0					
Alberta Capital Finance Authority		1,035,591					
Alberta Treasury Branches		0					
British Columbia		0	0%	12,230,886	10%	12,230,886	10%
Manitoba		0	0%	12,230,886	10%	12,230,886	10%
New Bruswick		0	0%	12,230,886	10%	12,230,886	10%
Ontario		0	0%	12,230,886	10%	12,230,886	10%
Quebec		0	1%	12,230,886	10%	11,292,397	9%
Quebec		0					
Financement Quebec		0					
Saskatewan		0	0%	12,230,886	10%	12,230,886	10%
Total Fixed		9,714,937	8%	122,308,861	100%	112,593,923	92%

Category Status	Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%	
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	92,875	3%	3,362,071	100%	3,269,196	97%
Federal Government	Open	92,875	3%				
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	1,980,949	59%	3,362,071	100%	1,381,122	41%
Total Alberta (R-1 High)	Open	0	2%	840,518	25%	733,001	22%
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	473,978	15%	840,518	25%	366,539	11%
Manitoba (R-1 Mid)	Open	56,853	2%	840,518	25%	783,665	23%
New Brunswick (R-1 Mid)	Open	0	0%	840,518	25%	840,518	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			840,518	25%	840,518	25%
Ontario (R-1 Mid)	Open	830,433	28%	840,518	25%	10,085	0%
Quebec (R-1 Mid)	Open	619,684	18%	840,518	25%	193,983	6%
Saskatchewan (R-1 High)	Open	0	0%	840,518	25%	840,518	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		840,518	25%	840,518	25%
Calgary (R-1 High)	Open			336,207	10%	336,207	10%
Edmonton (R-1 High)	Open			336,207	10%	336,207	10%
Financial Institutions & their Guarantees /Corporations		1,147,471	34%	1,681,036	50%	533,565	16%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	788,591	23%	1,681,036	50%	892,445	27%
Bank of Montreal (R-1 High)	Open	214,389	6%	336,207	10%	121,818	4%
Bank of Nova Scotia (R-1 High)	Open	0	7%	336,207	10%	99,266	3%
Bank of Nova Scotia Effective Cash		-31,607					
Bank of Nova Scotia - Notice Account		268,548					
Canadian Imperial Bank of Commerce (R-1 High)	Open	303,877	9%	336,207	10%	32,330	1%
Royal Bank (R-1 High)	Open	0	0%	336,207	10%	329,614	10%
Royal Bank - Effective Cash		6,593					
Toronto Dominion (R-1 High)	Open	26,790	1%	336,207	10%	309,417	9%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	358,880	11%	840,518	25%	481,638	14%
National Bank of Canada (R-1 Mid)	Open	140,588	4%	168,104	5%	27,516	1%
OMERS Realty Corporation (R-1 High)	Open	164,718	5%	168,104	5%	3,386	0%
CDP Financial Inc (R-1 High)	Open	0	0%	168,104	5%	168,104	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	168,104	5%	168,104	5%
Desjardins Total		53,575	2%	168,104	5%	114,529	3%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	53,575					
Total Cash and Equivalents		3,221,295	96%				
FIXED (Bonds, etc. over one year)							
Federal Government		0	0%	3,362,071	100%	3,362,071	100%
Money Market		0					
Bond Pool		0					
Provincial Government & their Guarantees		134,367	4%	3,362,071	100%	3,227,705	96%
Money Market		134,367	100%	3,362,071	100%	3,227,705	96%
Alberta		107,516	3%	336,207	10%	228,691	7%
Alberta		26,720					
Alberta Capital Finance Authority		80,797					
Alberta Treasury Branches							
British Columbia		0	0%	336,207	10%	336,207	10%
Manitoba		0	0%	336,207	10%	336,207	10%
New Brunswick		0	0%	336,207	10%	336,207	10%
Ontario		0	0%	336,207	10%	336,207	10%
Quebec		26,850	1%	336,207	10%	309,357	9%
Quebec		26,850					
Financement Quebec		0					
Saskatchewan		0	0%	336,207	10%	336,207	10%
Bond Pool		0	4%	3,362,071	100%	3,227,705	96%
Alberta		0	3%	336,207	10%	228,691	7%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	336,207	10%	336,207	10%
Manitoba		0	0%	336,207	10%	336,207	10%
New Brunswick		0	0%	336,207	10%	336,207	10%
Ontario		0	0%	336,207	10%	336,207	10%
Quebec		0	1%	336,207	10%	309,357	9%
Quebec		0					
Financement Quebec		0					
Saskatchewan		0	0%	336,207	10%	336,207	10%
Total Fixed		134,367					