



P.O. Box 1749
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Item No. 9.1.3
Audit and Finance Standing Committee
December 17, 2014

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

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

DATE: December 5, 2014

SUBJECT: Investment Activities – Quarter Ending September 30, 2014

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 Investment Committee). The report for the Quarter ending September 30, 2014 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 December 17.

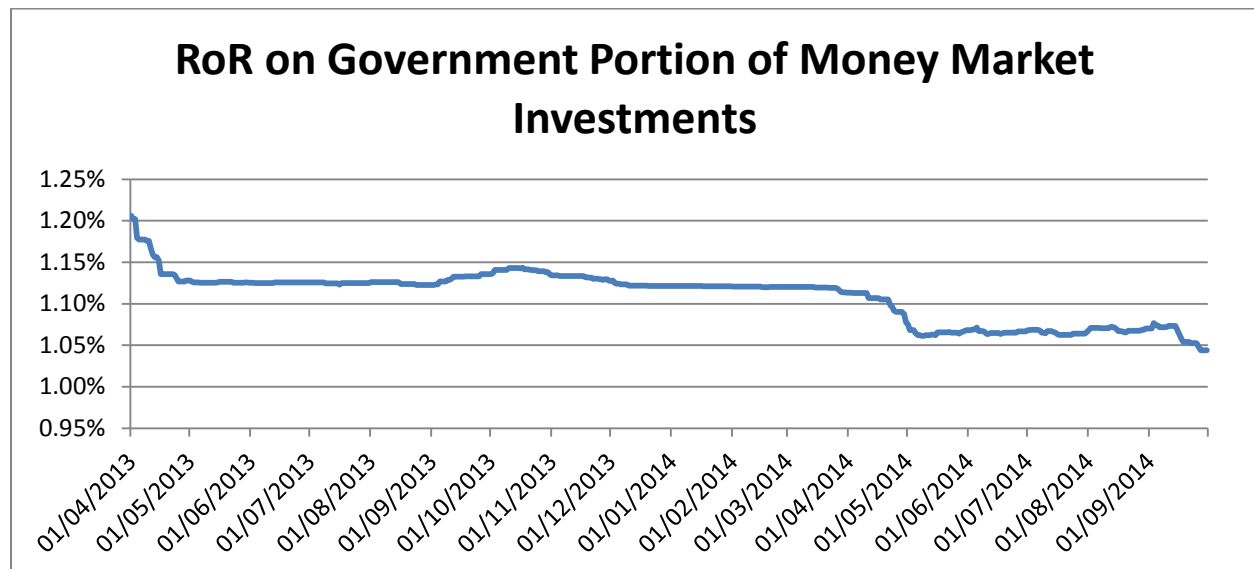
DISCUSSION

HRM Investment Activities

HRM Money Market Pool investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending September 30, 2014:

Money Market Funds	3 Months (to Sept. 30, 2014)	9 Months (to Sept. 30, 2014)	1 Year (to Sept. 30, 2014)
5 th Percentile	.34%	1.00%	1.33%
1 st Quartile	.31%	.92%	1.23%
Mercer Median	.29%	.88%	1.18%
3 rd Quartile	.27%	.80%	1.06%
95 th Percentile	.21%	.69%	.96%
FTSE TMX 91 Day T-Bill	.24%	.68%	.93%
HRM	.31%	.91%	1.21%

Relative performance was at the 1st Quartile break in the three month period and somewhat above median for the other reported terms. As indicated in the graph below, returns from the Government half of the portfolio continue to deteriorate. The investment bank accounts are exerting a very positive influence on the portfolio rate of return. Internal management of funds continue to add to net income by saving the fees that would have been paid to an external management firm.



The Quarter saw 29 money market investments made at a cost of \$69,269,519 with an average term to maturity of 126 days. This compares to last year when 56 investments were made at a cost of \$165,628,074 with an average term of 91 days. During the Quarter \$5,000,000 Hydro Quebec Floating Rate Notes (FRN's) and \$5,800,000 Province of Nova Scotia FRN's were purchased at favorable yields compared to other Provincial instruments. These were short term in nature with no further resets for the Nova Scotia FRN's and only one for the Hydro Quebec instruments.

Again the predominant strategy was quite different from last year of using Non- Government instruments to cover cash needs and investing in Provincial instruments to lock in yield longer term. This Quarter the predominant strategy was to allocate funds to the investment bank accounts and when necessary to use Government instruments to manage sector weights.

The negative figures shown in some of the Sector Weight sheets for Limit Available was as a result of the usual practice of encumbering funds that would be payable the next business day.

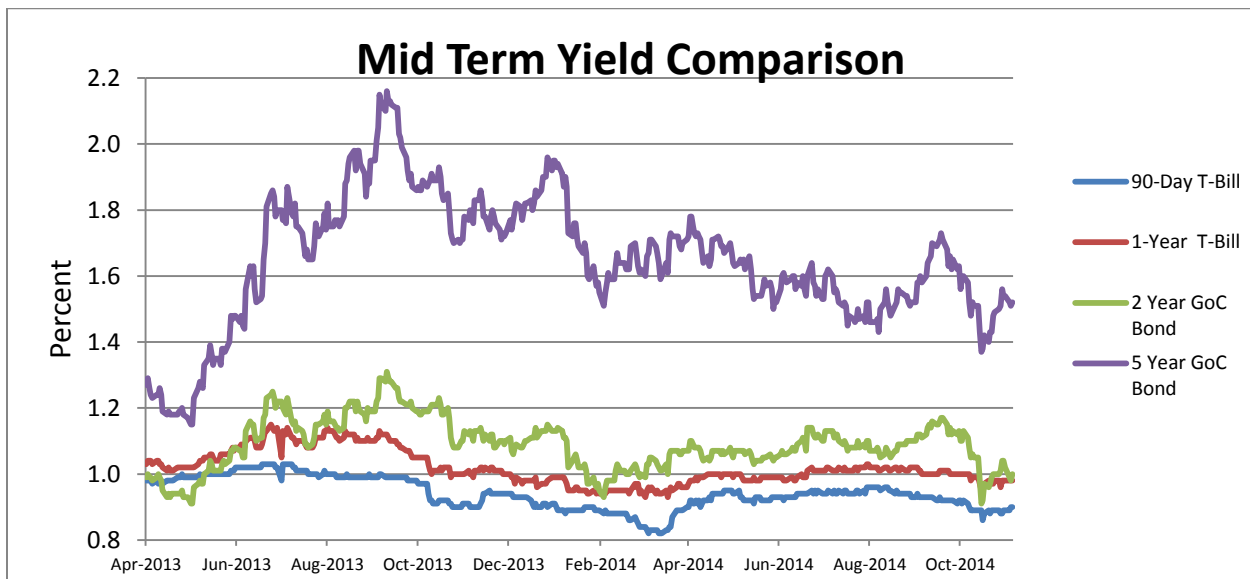
Funds held in the investment bank accounts, including Term Deposits, totaled \$112,300,890 by the end of the Quarter. Incremental income over Banker's Acceptances (BA's) and Bearer Deposit Notes (BDN's), using a rate of 1.15% as a proxy for the BA and BDN rates, was \$70,000 for the Quarter bringing the cumulative amount for the first two Quarters to \$161,000.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the Non-Government Sector Weight was \$1,123,929.63 or a \$84,106.63 increase during the Quarter.

Operating Fund Investment Income was \$1,130,000 versus a budget of \$1,101,000 for the six months ending September 30. The actual rate of return was .61% versus a budget of .58% which was the sole factor behind the positive income variance as cash flows were modestly below anticipated levels. It should be noted that although the previous year's actual cash flows are used as a guide when preparing the succeeding year's budget there may be material variances as non-recurring cash flows are adjusted for. Also the budget is usually prepared before year end / opening cash balances are known which can be another source of variances.

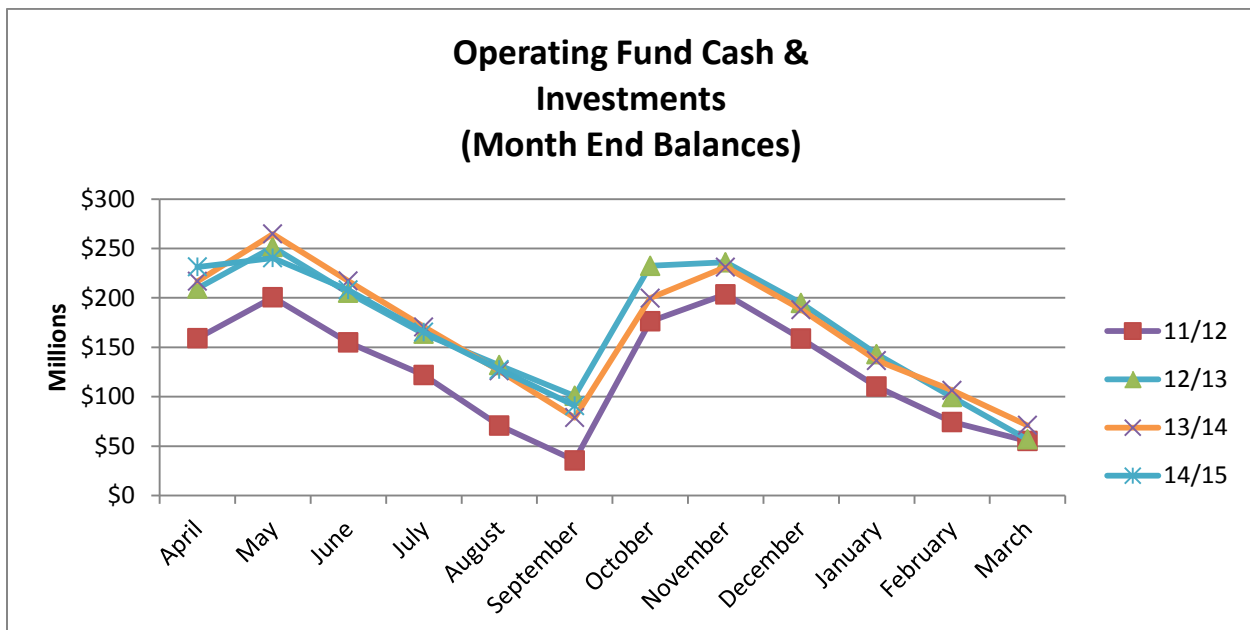
HRM Short Term Bond Pool

During the Quarter \$2,000,000 of five year CMHC bonds matured that carried a yield of 3.07%. Staff added \$1,000,000 of CMHC bonds for a little over a three year term at a yield of 1.59%. Even this meagre yield reflected the recent top of the trading channel for this bond. Staff will continue to look for opportunities to add to the bond portfolio.



Cash Flows

Operating Fund cash and investments were generally in line with last year although finished the Quarter at somewhat higher levels largely due to timing differences on some payments.



During the Quarter there were a number of instances where there were one day variances from the Investment Policy Sector Weight guidelines. While two of these occasions were for amounts of approximately \$1,000,000 or more, there were seven days where the variances were of approximately \$100,000 or less. All of these temporary variances were discussed with the Investment Committee and there was agreement with staff's assertion that they did not constitute a material increase in risk to the portfolio.

Subsequent to End of Reporting Quarter

October inflation in Canada came in higher than consensus for both the core and headline measures at 2.3% and 2.4% respectively. If this continues it will call into question the Bank of Canada's views that ample slack remains in the Canadian economy to justify their current accommodative Policy stance.

Oil prices dropped sharply in late November and into early December as OPEC decided not to cut output to support prices. It is uncertain as to how low and for how long prices will fall. Lower prices should have a mixed impact on Canada by reducing activity and investment in oil producing areas while providing an economic stimulus in other areas from lower transportation costs for companies and individuals.

At the December 4 meeting of the Investment Committee a number of potential changes to the Policy were discussed. However after due consideration the Investment Committee decided not to recommend any changes at this time.

Outlook & Strategy

While the U.S. economy continues to grind higher with consistent improvement in employment growth the European economies are barely staying out of recession. This can be seen in the actions of their respective Central Banks with the U.S. Federal Reserve ending their most recent bond buying program as expected in October while the European Central Bank continues to announce new measures. The recent drop in oil prices is a mixed blessing globally as it increases disposable income for consumers and also serves as a drag on inflation when deflation in some areas is a concern. Lower oil prices may also put some projects at risk in exporting countries such as Canada and if they persist could destabilize some countries that rely on their oil wealth for social stability. Lower oil prices also serve as a drag on the Canadian dollar in its role as a petro currency..

Unless employment and wage growth rise sharply creating more of a threat of inflation interest rate increases still appear a long way off. When they do come they will be quite muted compared to previous cycles. In this environment staff will continue to be opportunistic in seeking to eke out returns from the Government half of the portfolio while utilizing the investment bank accounts to optimize returns in the Non-Government half.

Policy Compliance

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 slightly above median for the year ending September 30, 2014 before allowing for fees that could have been paid to an external management firm. Staff maintains that the Policy benchmark was met.

Strategies:

Diversification of Investment Portfolio - Staff believes 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

Operating Fund Investment Income was \$1,130,000 versus a budget of \$1,101,000 for the six months ending September 30. The actual rate of return was .61% versus a budget of .58% which was the sole factor behind the positive income variance as cash flows were modestly below anticipated levels. It is currently anticipated that the Operating Fund Investment Income budget of \$2,100,000 will be met.

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, 2014 (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/index.php> 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

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

Financial Approval by: Original Signed
Greg Keefe, Director of Finance & ICT/CFO, 490-6308

**Total Portfolio
Sector Weights @ September 30, 2014**

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	283,372,559	100%	280,370,866	99%
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	131,045,671	46%	283,372,559	100%	152,326,888	54%
Total Alberta (R-1 High)	Open	0	0%	70,843,140	25%	58,946,129	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	30,999,370	11%	70,843,140	25%	37,670,497	13%
Manitoba (R-1 Mid)	Open	14,468,530	5%	70,843,140	25%	56,374,610	20%
New Brunswick (R-1 Mid)	Open	0	0%	70,843,140	25%	70,843,140	25%
Nova Scotia (R-1 Mid)	Open	9,976,035	4%	70,843,140	25%	60,867,105	21%
Ontario (R-1 Mid)	Open	32,970,450	12%	70,843,140	25%	37,872,690	13%
Quebec (R-1 Mid)	Open	34,651,565	12%	70,843,140	25%	36,191,575	13%
Quebec		17,880,920					
Financement Quebec		7,002,687					
Hydro Quebec		9,767,958					
Saskatchewan (R-1 High)	Open	7,979,720	3%	70,843,140	25%	62,863,420	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	70,843,140	25%	70,843,140	25%
Calgary (R-1 High)	Open			28,337,256	10%	28,337,256	10%
Financial Institutions & their Guarantees /Corporations		135,248,501	48%	141,686,279	50%	6,437,778	2%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	135,248,501	48%	141,686,279	50%	6,437,778	2%
Bank of Montreal (R-1 High)	Open	28,928,414	10%	28,337,256	10%	-591,158	0%
BMO - Instruments		0					
BMO - Account		28,928,414					
Bank of Nova Scotia (R-1 High)	Open	22,947,610	8%	28,337,256	10%	5,389,646	2%
Bank of Nova Scotia Effective Cash		2,947,610					
Bank of Nova Scotia - Notice Account		20,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	28,931,037	10%	28,337,256	10%	-593,781	0%
CIBC - Instruments		0					
CIBC - Account		28,931,037					
Royal Bank (R-1 High)	Open	26,191,440	9%	28,337,256	10%	2,145,816	1%
RBC - Instruments		0					
RBC - Account		26,191,440					
Toronto Dominion (R-1 High)	Open	28,250,000	10%	28,337,256	10%	87,256	0%
TD - Instruments		0					
TD - Account		28,250,000					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	70,843,140	25%	70,843,140	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	14,168,628	5%	14,168,628	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	14,168,628	5%	14,168,628	5%
CDP Financial Inc (R-1 High)	Open	0	0%	14,168,628	5%	14,168,628	5%
Desjardins Total	Open	0	0%	14,168,628	5%	14,168,628	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		266,294,172	94%				
Federal Government & its Guarantees							
Money Market		0	0%	23,210,854	20%	23,210,854	20%
Reserves - Bond Pool		3,001,693	1%	163,944,195	100%	160,942,502	98%
Canada Mortgage & Housing Corp.		3,001,693	1%	163,944,195	100%	160,942,502	98%
Provincial Government & their Guarantees		14,070,284	5%	23,210,854	20%	9,140,570	8%
Money Market		1,995,303	5%	23,210,854	20%	2,496,996	2%
Alberta		1,995,303	4%	11,605,427	10%	-291,584	0%
Alberta		1,995,303					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	11,605,427	10%	9,432,154	8%
Manitoba		0	0%	11,605,427	10%	11,605,427	10%
New Brunswick		0	0%	11,605,427	10%	11,605,427	10%
Nova Scotia		0	0%	11,605,427	10%	11,605,427	10%
Ontario		0	0%	11,605,427	10%	11,605,427	10%
Quebec		0	0%	11,605,427	10%	11,605,427	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	11,605,427	10%	11,605,427	10%
Bond Pool		12,074,981	5%	32,788,839	20%	18,718,555	11%
Alberta		9,901,708	4%	16,394,420	10%	4,497,409	3%
Alberta		7,820,649					
Alberta Capital Finance Authority		2,081,059					
Alberta Treasury Branches		0					
British Columbia		2,173,273	1%	16,394,420	10%	14,221,147	9%
Manitoba		0	0%	16,394,420	10%	16,394,420	10%
New Brunswick		0	0%	16,394,420	10%	16,394,420	10%
Nova Scotia		0	0%	16,394,420	10%	16,394,420	10%
Ontario		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	16,394,420	10%	16,394,420	10%
Total Fixed		17,071,977	6%	32,788,839	20%	15,716,862	10%
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		283,372,559					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13,179,802	*				
Total Investments and O/S Cheques Coverage		296,552,361					

**Operating Funds
Sector Weights @ September 30, 2014**

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	114,890,271	100%	114,890,271	100%
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	56,118,014	49%	114,890,271	100%	58,772,257	51%
Total Alberta (R-1 High)	Open	0	0%	28,722,568	25%	27,868,114	24%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0	0%				
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	13,274,938	12%	28,722,568	25%	15,447,630	13%
Manitoba (R-1 Mid)	Open	6,195,895	5%	28,722,568	25%	22,526,673	20%
New Brunswick (R-1 Mid)	Open	0	0%	28,722,568	25%	28,722,568	25%
Nova Scotia (R-1 Mid)	Open	4,272,062	4%	28,722,568	25%	24,450,505	21%
Ontario (R-1 Mid)	Open	14,119,018	12%	28,722,568	25%	14,603,550	13%
Quebec (R-1 Mid)	Open	14,838,926	13%	28,722,568	25%	13,883,642	12%
Quebec		7,657,191					
Financement Quebec		2,998,778					
Hydro Quebec		4,182,957					
Saskatchewan (R-1 High)	Open	3,417,175	3%	28,722,568	25%	25,305,392	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		28,722,568	25%	28,722,568	25%
Calgary (R-1 High)	Open			11,489,027	10%	11,489,027	10%
Financial Institutions & their Guarantees /Corporations		57,917,803	50%	57,445,135	50%	-472,668	0%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	57,917,803	50%	57,445,135	50%	-472,668	0%
Bank of Montreal (R-1 High)	Open	12,388,087	11%	11,489,027	10%	-899,060	-1%
BMO - Instruments		0					
BMO - Account		12,388,087					
Bank of Nova Scotia (R-1 High)	Open	9,826,912	9%	11,489,027	10%	1,662,115	1%
Bank of Nova Scotia Effective Cash		1,262,262					
Bank of Nova Scotia - Notice Account		8,564,650					
Canadian Imperial Bank of Commerce (R-1 High)	Open	12,389,210	11%	11,489,027	10%	-900,183	-1%
CIBC - Instruments		0					
CIBC - Account		12,389,210					
Royal Bank (R-1 High)	Open	11,216,026	10%	11,489,027	10%	273,001	0%
RBC - Instruments		0					
RBC - Account		11,216,026					
Toronto Dominion (R-1 High)	Open	12,097,568	11%	11,489,027	10%	-608,541	-1%
TD - Instruments		0					
TD - Account		12,097,568					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	28,722,568	25%	28,722,568	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	5,744,514	5%	5,744,514	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	5,744,514	5%	5,744,514	5%
CDP Financial Inc (R-1 High)	Open	0	0%	5,744,514	5%	5,744,514	5%
Desjardins Total	Open	0	0%	5,744,514	5%	5,744,514	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		114,035,817	99%				
Federal Government & its Guarantees							
Money Market		0	0%	22,978,054	20%	22,978,054	20%
Reserves - Bond Pool		0	0%	22,978,054	100%	22,978,054	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		854,454	1%	22,978,054	20%	22,123,601	19%
Money Market		854,454	1%	22,978,054	20%	22,123,601	19%
Alberta		854,454	1%	11,489,027	10%	10,634,574	9%
Alberta		854,454					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	11,489,027	10%	11,489,027	10%
Manitoba		0	0%	11,489,027	10%	11,489,027	10%
New Brunswick		0	0%	11,489,027	10%	11,489,027	10%
Nova Scotia		0	0%	11,489,027	10%	11,489,027	10%
Ontario		0	0%	11,489,027	10%	11,489,027	10%
Quebec		0	0%	11,489,027	10%	11,489,027	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	11,489,027	10%	11,489,027	10%
Bond Pool		0	1%	22,978,054	20%	22,123,601	19%
Alberta		0	1%	11,489,027	10%	10,634,574	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	11,489,027	10%	11,489,027	10%
Manitoba		0	0%	11,489,027	10%	11,489,027	10%
New Brunswick		0	0%	11,489,027	10%	11,489,027	10%
Nova Scotia		0	0%	11,489,027	10%	11,489,027	10%
Ontario		0	0%	11,489,027	10%	11,489,027	10%
Quebec		0	0%	11,489,027	10%	11,489,027	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	11,489,027	10%	11,489,027	10%
Total Fixed		854,454	1%	22,978,054	20%	22,123,601	19%
Total Investments		114,890,271					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13,179,802	*				
Total Investments and O/S Cheques Coverage		128,070,073					

**Capital Funds
Sector Weights @ September 30, 2014**

SCHEDULE C

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	0	100%	0	0%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%	0	100%	0	0%
Total Alberta (R-1 High)	Open	0	0%	0	25%	0	0%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
Nova Scotia (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%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	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%
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%
BMO - Instruments		0					
BMO - Account		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%
CIBC - Instruments		0					
CIBC - Account		0					
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
RBC - Instruments		0					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
TD - Instruments		0					
TD - Account		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%
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%				
Federal Government & its Guarantees							
Money Market		0	0		20%	0	20%
Reserves - Bond Pool		0	0%	0	100%	0	0%
Canada Mortgage & Housing Corp.		0			100%		
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 Brunswick		0	0%	0	10%	0	0%
Nova Scotia							
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Hydro Quebec							
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 Brunswick		0	0%	0	10%	0	0%
Nova Scotia							
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
Total Fixed		0	0%	0	20%	0	0%
Total Investments		0					
Interest Bearing Bank Accounts - O/S Cheque Coverage		0	*				
Total Investments and O/S Cheques Coverage		0					

Reserve Funds
Sector Weights @ September 30, 2014

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	165,098,803	100%	162,097,110	98%
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					
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	73,278,128	44%	165,098,803	100%	91,820,675	56%
Total Alberta (R-1 High)	Open	0	0%	41,274,701	25%	30,257,259	18%
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	17,334,230	10%	41,274,701	25%	21,767,198	13%
Manitoba (R-1 Mid)	Open	8,090,514	5%	41,274,701	25%	33,184,187	20%
New Brunswick (R-1 Mid)	Open	0	0%	41,274,701	25%	41,274,701	25%
Nova Scotia (R-1 Mid)	Open	5,578,400		41,274,701	25%	35,696,301	22%
Ontario (R-1 Mid)	Open	18,436,419	11%	41,274,701	25%	22,838,282	14%
Quebec (R-1 Mid)	Open	19,376,465	12%	41,274,701	25%	21,898,236	13%
Quebec		9,998,654					
Financement Quebec		3,915,763					
Hydro Quebec		5,462,047					
Saskatchewan (R-1 High)	Open	4,462,100	3%	41,274,701	25%	36,812,600	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		41,274,701	25%	41,274,701	25%
Calgary (R-1 High)	Open			16,509,880	10%	16,509,880	10%
Financial Institutions & their Guarantees /Corporations		75,628,267	46%	82,549,401	50%	6,921,134	4%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	75,628,267	46%	82,549,401	50%	6,921,134	4%
Bank of Montreal (R-1 High)	Open	16,176,193	10%	16,509,880	10%	333,687	0%
BMO - Instruments		0					
BMO - Account		16,176,193					
Bank of Nova Scotia (R-1 High)	Open	12,831,846	8%	16,509,880	10%	3,678,034	2%
Bank of Nova Scotia Effective Cash		1,648,245					
Bank of Nova Scotia - Notice Account		11,183,602					
Canadian Imperial Bank of Commerce (R-1 High)	Open	16,177,659	10%	16,509,880	10%	332,221	0%
CIBC - Instruments		0					
CIBC - Account		16,177,659					
Royal Bank (R-1 High)	Open	14,645,731	9%	16,509,880	10%	1,864,149	1%
RBC - Instruments		0					
RBC - Account		14,645,731					
Toronto Dominion (R-1 High)	Open	15,796,837	10%	16,509,880	10%	713,043	0%
TD - Instruments		0					
TD - Account		15,796,837					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	41,274,701	25%	41,274,701	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	8,254,940	5%	8,254,940	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,254,940	5%	8,254,940	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,254,940	5%	8,254,940	5%
Desjardins Total		0	0%	8,254,940	5%	8,254,940	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		148,906,395	90%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		3,001,693	2%	165,098,803	100%	162,097,110	98%
Canada Mortgage & Housing Corp.		3,001,693					
Provincial Government & their Guarantees		13,190,715	8%	82,549,401	50%	69,358,687	42%
Money Market		1,115,734	8%	82,549,401	50%	69,358,687	42%
Alberta		1,115,734	7%	16,509,880	10%	5,492,439	3%
Alberta		1,115,734					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	16,509,880	10%	14,336,607	9%
Manitoba		0	0%	16,509,880	10%	16,509,880	10%
New Brunswick		0	0%	16,509,880	10%	16,509,880	10%
Nova Scotia		0	0%	16,509,880	10%	16,509,880	10%
Ontario		0	0%	16,509,880	10%	16,509,880	10%
Quebec		0	0%	16,509,880	10%	16,509,880	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	16,509,880	10%	16,509,880	10%
Bond Pool		12,074,981	8%	82,549,401	50%	69,358,687	42%
Alberta		9,901,708	7%	16,509,880	10%	5,492,439	3%
Alberta		7,820,649					
Alberta Capital Finance Authority		2,081,059					
Alberta Treasury Branches		0					
British Columbia		2,173,273	1%	16,509,880	10%	14,336,607	9%
Manitoba		0	0%	16,509,880	10%	16,509,880	10%
New Brunswick		0	0%	16,509,880	10%	16,509,880	10%
Nova Scotia		0	0%	16,509,880	10%	16,509,880	10%
Ontario		0	0%	16,509,880	10%	16,509,880	10%
Quebec		0	0%	16,509,880	10%	16,509,880	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	16,509,880	10%	16,509,880	10%
Total Fixed		16,192,408	10%	165,098,803	100%	148,906,395	90%
Total Investments		165,098,803					

Trust Funds
Sector Weights @ September 30, 2014

SCHEDULE E

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,383,485	100%	3,383,485	100%
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	1,649,528	49%	3,383,485	100%	1,733,957	51%
Total Alberta (R-1 High)	Open	0	0%	845,871	25%	820,755	24%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	390,202	12%	845,871	25%	455,669	13%
Manitoba (R-1 Mid)	Open	182,122	5%	845,871	25%	663,750	20%
New Brunswick (R-1 Mid)	Open	0	0%	845,871	25%	845,871	25%
Nova Scotia (R-1 Mid)	Open	125,573	4%	845,871	25%	720,299	21%
Ontario (R-1 Mid)	Open	415,013	12%	845,871	25%	430,858	13%
Quebec (R-1 Mid)	Open	436,174	13%	845,871	25%	409,697	12%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	100,444	3%	845,871	25%	745,427	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		845,871	25%	845,871	25%
Calgary (R-1 High)	Open	0		338,348	10%	338,348	10%
Financial Institutions & their Guarantees /Corporations		1,702,431	50%	1,691,742	50%	-10,689	0%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	1,702,431	50%	1,691,742	50%	-10,689	0%
Bank of Montreal (R-1 High)	Open	364,134	11%	338,348	10%	-25,786	-1%
BMO - Instruments		0					
BMO - Account		364,134					
Bank of Nova Scotia (R-1 High)	Open	288,851	9%	338,348	10%	49,497	1%
Bank of Nova Scotia Effective Cash		37,103					
Bank of Nova Scotia - Notice Account		251,749					
Canadian Imperial Bank of Commerce (R-1 High)	Open	364,167	11%	338,348	10%	-25,819	-1%
CIBC - Instruments		0					
CIBC - Account		364,167					
Royal Bank (R-1 High)	Open	329,683	10%	338,348	10%	8,666	0%
RBC - Instruments		0					
RBC - Account		329,683					
Toronto Dominion (R-1 High)	Open	355,595	11%	338,348	10%	-17,246	-1%
TD - Instruments		0					
TD - Account		355,595					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	845,871	25%	845,871	25%
National Bank of Canada (R-1 Mid)	Open	0	0%	169,174	5%	169,174	5%
OMERS Realty Corporation (R-1 High)	Open	0	0%	169,174	5%	169,174	5%
CDP Financial Inc (R-1 High)	Open	0	0%	169,174	5%	169,174	5%
Desjardins Total	Open	0	0%	169,174	5%	169,174	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,351,959	99%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,383,485	100%	3,383,485	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		25,116	1%	3,383,485	100%	3,358,369	99%
Money Market		25,116	100%	3,383,485	100%	3,358,369	99%
Alberta		25,116	1%	338,348	10%	313,233	9%
Alberta		25,116					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	338,348	10%	338,348	10%
Manitoba		0	0%	338,348	10%	338,348	10%
New Brunswick		0	0%	338,348	10%	338,348	10%
Nova Scotia		0	0%	338,348	10%	338,348	10%
Ontario		0	0%	338,348	10%	338,348	10%
Quebec		0	0%	338,348	10%	338,348	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	338,348	10%	338,348	10%
Bond Pool		0	1%	3,383,485	100%	3,358,369	99%
Alberta		0	1%	338,348	10%	313,233	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	338,348	10%	338,348	10%
Manitoba		0	0%	338,348	10%	338,348	10%
New Brunswick		0	0%	338,348	10%	338,348	10%
Nova Scotia		0	0%	338,348	10%	338,348	10%
Ontario		0	0%	338,348	10%	338,348	10%
Quebec		0	0%	338,348	10%	338,348	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	338,348	10%	338,348	10%
Total Fixed		25,116					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,383,485					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jul 7.0%, Aug 7.0%, Sep 6.8%	Jul 6.2%, Aug 6.1%, Sep 5.9%
Jobs Created / (Lost) ('000's)	Jul 42, Aug -11, Sep -74	Jul 248, Aug 203, Sep 256
CPI (year over year)	Jul 2.1%, Aug 2.1%, Sep 2.0%	Jul 2.0%, Aug 1.7%, Sep 1.7%
CPI-X (Core) (year over year)	Jul 1.7%, Aug 2.1%, Sep 2.1%	Jul 1.9%, Aug 1.7%, Sep 1.7%
GDP	TBA	Q3 A 3.5%

Central Bank Activities

- July 16th Bank of Canada Maintains overnight rate at 1.0%
- July 30th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- Sep 3rd Bank of Canada Maintains overnight rate at 1.0%
- Sep 17th 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
The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & 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
OMERS Finance Trust

Appendix C

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.