



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 12.1.1
Audit and Finance Standing Committee
December 16, 2015

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

Original Signed

SUBMITTED BY:

Amanda Whitewood, Director of Finance and Information Technology / CFO

DATE: December 04, 2015

SUBJECT: Investment Activities – Quarter Ending September 30, 2015

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, 2015 has been reviewed by the Investment Committee. A report from the Investment Committee on compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of December 16, 2015.

DISCUSSION

Overall Results

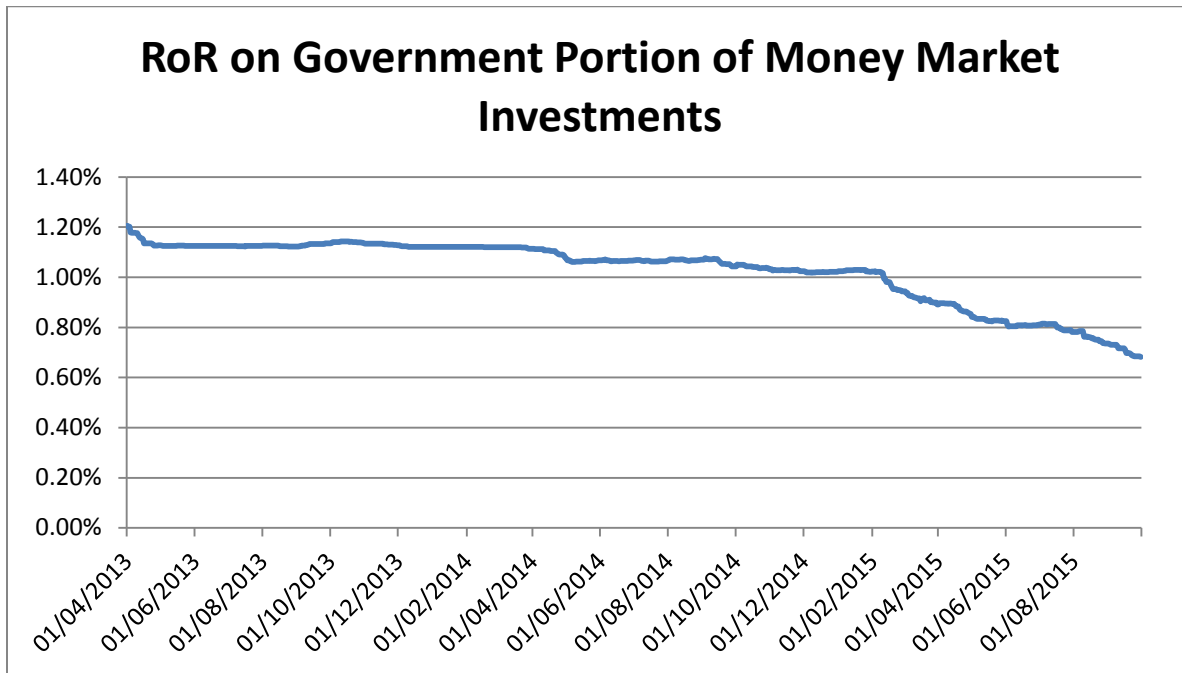
Operating Fund Investment Income to September 30, 2015 was \$859,129 versus a budget of \$800,000 for a surplus of \$59,000. This surplus was primarily due to a higher rate of return than budgeted in the first quarter of the year as the rate of return for this quarter was equal to the budget of .24%. Cash flows were also pretty much equal to the previous year. While our rate of return is on budget at this time, the impacts of the Bank of Canada rate cut in July will have a negative influence on Investment Income for the balance of the fiscal year.

HRM Investment Activities

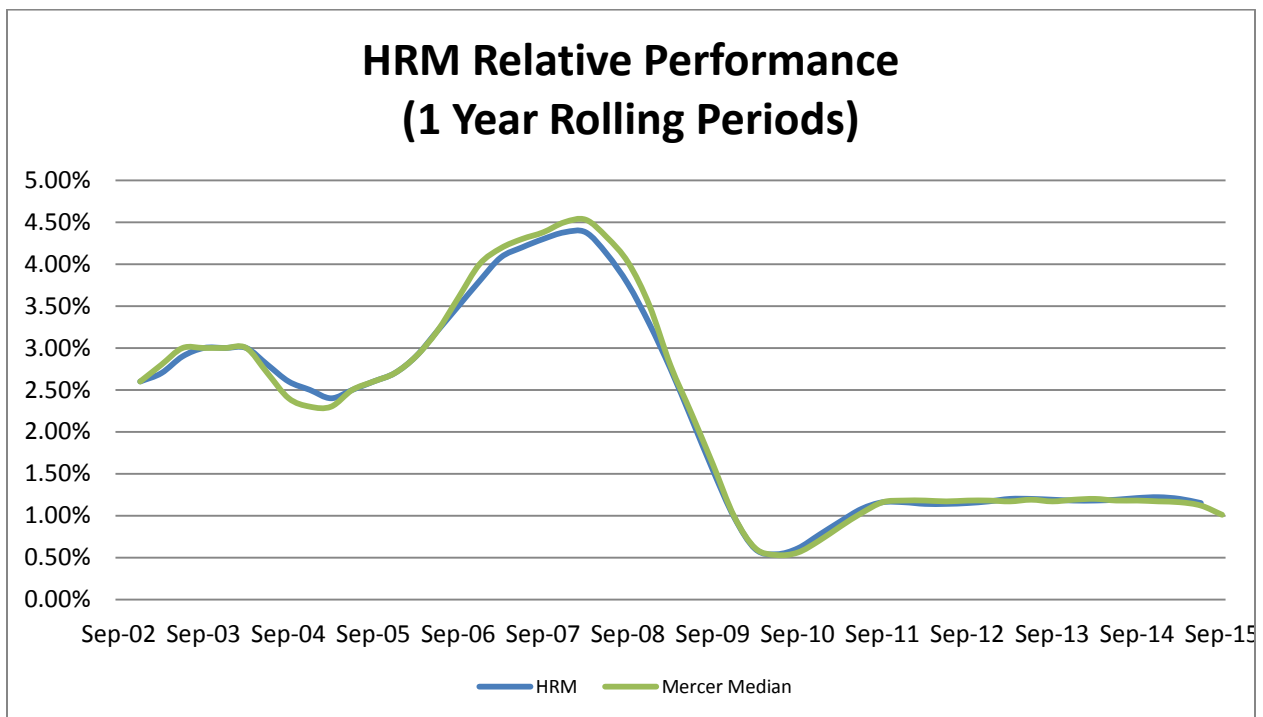
HRM Money Market Pool investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending September 30, 2015:

Money Market Funds	3 Months (to September 30, 2015)	YTD (to September 30, 2015)	1 Year (to September 30, 2015)
5 th Percentile	.26%	.84%	1.15%
1 st Quartile	.21%	.75%	1.06%
Mercer Median	.20%	.71%	1.01%
3 rd Quartile	.17%	.61%	.89%
95 th Percentile	.12%	.57%	.82%
Dec 91 Day T-Bills	.15%	.55%	.77%
HRM	.24%	.77%	1.08%

Relative performance was again quite positive, the 3 month rate was above the 1st Quartile, the Year to Date rate was above the 1st Quartile and the one year return was above the 1st Quartile. These returns are before any allowance for fees that could be paid for external management. The investment bank accounts continue to be largely responsible for this relative performance. The rate of return from the Government half of the portfolio continues to deteriorate as maturities are re-invested in the lower interest rate environment.



As shown in the graph below, over the longer term HRM investment performance closely matches the Mercer Median with fee savings also accruing to HRM.



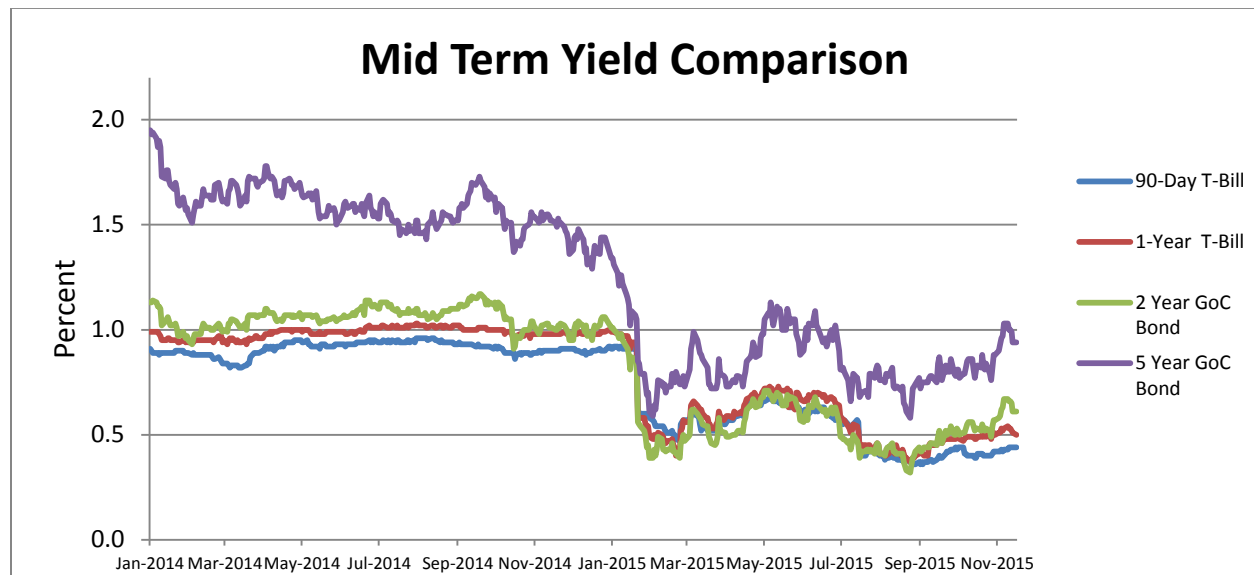
During the quarter, HRM made 23 money market investments made at a cost of \$75,817,000 with an average term to maturity of 109 days. This compares to last year when 29 investments were made at a cost of \$69,270,000 with an average term of 126 days. Similar to last year our predominant strategy was to allocate funds to the investment bank accounts and when necessary use Government instruments to manage sector weights and cover cash needs.

Funds held in the investment bank accounts, including Term Deposits, totaled \$119,933,000 by the end of the Quarter. Incremental income over BA's and BDN's, using a rate of .55% as a proxy for the BA and BDN rates, was \$189,000 for the Quarter.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the Non-Government Sector Weight was \$1,522,000 or a \$121,000 increase during the Quarter.

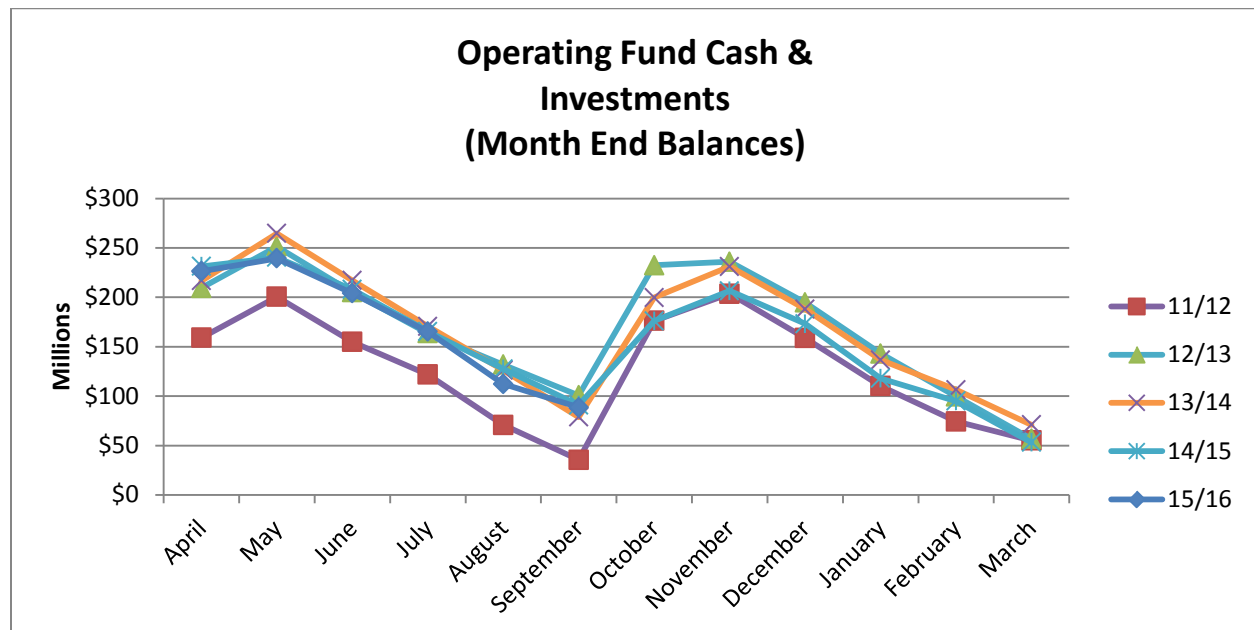
HRM Short Term Bond Pool

There were no additions or maturities in the Bond Pool during the Quarter. At the end of the Quarter the Bond Pool consisted of \$14,000,000 of bonds with yields ranging from 1.59% to 2.78% with a simple average yield of 2.26%. The term to maturity ranges from December 2015 to December 2018.



Cash Flows

Operating Fund Cash and Investment balances are running pretty much at the levels of the previous year. At the end of the Quarter these balances were some \$2,000,000 below the previous year's level. This appears to be as a result of some timing differences in some payments.



During the Quarter there were a number of instances where there were variances from the Investment Policy Sector Weight guidelines. All of these temporary variances were discussed with the Committee. The number of variances this quarter increased substantially from previous quarters. The committee was in agreement with staff's assertion that they did not constitute a material increase in risk to the portfolio. The Committee expressed concern with staff's recent use of temporary discretion in the management of cash flows and recommended corrective actions be developed. Staff's response to this is that no corrective action is required at this time. Staff believes that the objectives of the policy listed above have been met. From a preservation of capital objective, no capital has been lost. From a competitive return objective, the greater rate of return of roughly 0.5% in our bank accounts over Government instruments yielded an extra \$1,300.00 in investment income. From a liquidity objective, the overages ranged from 0.1%-4.0% of the total portfolio over the Sector Weights guideline limit. During staff vacations the cash from the maturities of provincial instruments goes into our Scotiabank account instead of being reinvested in other provincial Instruments. The primary goal of staff is to ensure that there is sufficient cash in our bank account to cover planned and unexpected payments.

Subsequent to End of Reporting Quarter

On October 21st The Bank of Canada maintained interest rates as it sees risks to financial stability evolving as expected. Meanwhile on November 3rd in the United States the Federal Reserve elected to keep rates unchanged. They state that the pace of recovery continues to be slow with modest income growth, high unemployment, tight credit and lower housing wealth. The investment bank accounts, which are for the most part linked to the commercial bank prime rates, are continuing to provide significantly better returns than are available from BA's and Government's

Outlook & Strategy

The dominant strategy will again be to maximize the returns from the investment bank accounts, keeping in mind that their liquidity adds a safety factor, while looking for opportunities in the Government half of the portfolio.

Policy Compliance

Objectives:

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

Liquidity – Overdraft charges were not 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 above median for the year ending September 30, 2015 before allowing for fees that could have been paid to an external management firm. 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

Actual Operating Fund investment income to September 30, 2015 was \$859,000 versus a budget of \$800,000.

The actual rate of return for the quarter was equal to the budgeted rate of .24%. The rate for the six months period was .49% versus a budgeted rate of .48%. The surplus was primarily due to a higher rate of return than budgeted in the previous quarter as cash flows for the quarter were pretty much equal to the previous year. It is too early to make reasonable projections for Operating Fund Investment Income for the fiscal year however information currently available to staff suggests that Operating Fund Investment Income may come in on budget at \$1,600,000.

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 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, 2015 (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 : Shawn Willia, Deputy Treasurer, 490-2023

Original Signed

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

Original Signed

Financial Approval by:

Amanda Whitewood, Director of Finance & ICT/CFO, 490-6308

**Total Portfolio
Sector Weights @ September 30, 2015**

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	296,855,107	100%	293,854,645	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	130,744,243	44%	296,855,107	100%	166,110,864	56%
Total Alberta (R-1 High)	Open	2,237,715	1%	74,213,777	25%	61,064,132	21%
Alberta (R-1 High)	Open	2,237,715					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	7,619,090	3%	74,213,777	25%	64,459,885	22%
Manitoba (R-1 Mid)	Open	4,993,750	2%	74,213,777	25%	69,220,027	23%
New Brunswick (R-1 Mid)	Open	1,990,560	1%	74,213,777	25%	72,223,217	24%
Nova Scotia (R-1 Mid)	Open	10,985,670	4%	74,213,777	25%	63,228,107	21%
Ontario (R-1 Mid)	Open	57,064,169	19%	74,213,777	25%	17,149,607	6%
Quebec (R-1 Mid)	Open	39,865,679	13%	74,213,777	25%	34,348,097	12%
Quebec		32,400,940					
Financement Quebec		7,464,740					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	5,987,610	2%	74,213,777	25%	68,226,167	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	74,213,777	25%	74,213,777	25%
Calgary (R-1 High)	Open	0	0%	29,685,511	10%	29,685,511	10%
Financial Institutions & their Guarantees /Corporations		150,057,259	51%	148,427,553	50%	-1,629,705	-1%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	135,509,510	46%	148,427,553	50%	12,918,044	4%
Bank of Montreal (R-1 High)	Open	29,111,943	10%	29,685,511	10%	573,567	0%
BMO - Instruments		0					
BMO - Account		29,111,943					
Bank of Nova Scotia (R-1 High)	Open	30,124,503	10%	29,685,511	10%	-438,992	0%
Bank of Nova Scotia Effective Cash		10,124,503					
Bank of Nova Scotia - Notice Account		20,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	29,111,772	10%	29,685,511	10%	573,738	0%
CIBC - Instruments		0					
CIBC - Account		29,111,772					
Royal Bank (R-1 High)	Open	29,161,292	10%	29,685,511	10%	524,219	0%
RBC - Instruments		0					
RBC - Account		29,161,292					
Toronto Dominion (R-1 High)	Open	18,000,000	6%	29,685,511	10%	11,685,511	4%
TD - Instruments		0					
TD - Account		18,000,000					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	14,547,749	5%	74,213,777	25%	59,666,028	20%
National Bank of Canada (R-1 Mid)	Open	14,547,749	5%	14,842,755	5%	295,006	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	14,842,755	5%	14,842,755	5%
CDP Financial Inc (R-1 High)	Open	0	0%	14,842,755	5%	14,842,755	5%
Desjardins Total	Open	0	0%	14,842,755	5%	14,842,755	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		280,801,502	95%				
Federal Government & its Guarantees							
Money Market		0	0%	25,907,364	20%	25,907,364	20%
Reserves - Bond Pool		3,000,462	1%	163,944,195	100%	160,943,733	98%
Canada Mortgage & Housing Corp.		3,000,462	1%	163,944,195	100%	160,943,733	98%
Provincial Government & their Guarantees		13,046,733	4%	25,907,364	20%	12,860,631	10%
Money Market		1,997,986	4%	25,907,364	20%	4,167,272	3%
Alberta		1,997,986	4%	12,953,682	10%	2,041,752	2%
Alberta		1,997,986					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	12,953,682	10%	10,818,880	8%
Manitoba		0	0%	12,953,682	10%	12,953,682	10%
New Brunswick		0	0%	12,953,682	10%	12,953,682	10%
Nova Scotia		0	0%	12,953,682	10%	12,953,682	10%
Ontario		0	0%	12,953,682	10%	12,953,682	10%
Quebec		0	0%	12,953,682	10%	12,953,682	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	12,953,682	10%	12,953,682	10%
Bond Pool		11,048,747	4%	32,788,839	20%	19,742,106	12%
Alberta		8,913,944	4%	16,394,420	10%	5,482,490	3%
Alberta		7,865,190					
Alberta Capital Finance Authority		1,048,754					
Alberta Treasury Branches		0					
British Columbia		2,134,802	1%	16,394,420	10%	14,259,617	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		16,047,195	5%	32,788,839	20%	16,741,644	10%
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		296,855,107					
Interest Bearing Bank Accounts - O/S Cheque Coverage		15,193,427	*				
Total Investments and O/S Cheques Coverage		312,048,533					

**Operating Funds
Sector Weights @ September 30, 2015**

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	119,670,264	100%	119,670,264	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	55,326,119	46%	119,670,264	100%	64,344,145	54%
Total Alberta (R-1 High)	Open	946,918	1%	29,917,566	25%	28,125,174	24%
Alberta (R-1 High)	Open	946,918					
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	3,224,116	3%	29,917,566	25%	26,693,450	22%
Manitoba (R-1 Mid)	Open	2,113,170	2%	29,917,566	25%	27,804,396	23%
New Brunswick (R-1 Mid)	Open	842,331	1%	29,917,566	25%	29,075,235	24%
Nova Scotia (R-1 Mid)	Open	4,648,728	4%	29,917,566	25%	25,268,838	21%
Ontario (R-1 Mid)	Open	24,147,442	20%	29,917,566	25%	5,770,124	5%
Quebec (R-1 Mid)	Open	16,869,678	14%	29,917,566	25%	13,047,888	11%
Quebec		13,710,877					
Financement Quebec		3,158,801					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	2,533,735	2%	29,917,566	25%	27,383,831	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		29,917,566	25%	29,917,566	25%
Calgary (R-1 High)	Open			11,967,026	10%	11,967,026	10%
Financial Institutions & their Guarantees /Corporations		63,498,671	53%	59,835,132	50%	-3,663,539	-3%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	57,342,603	48%	59,835,132	50%	2,492,529	2%
Bank of Montreal (R-1 High)	Open	12,319,096	10%	11,967,026	10%	-352,069	0%
BMO - Instruments		0					
BMO - Account		12,319,096					
Bank of Nova Scotia (R-1 High)	Open	12,747,573	11%	11,967,026	10%	-780,547	-1%
Bank of Nova Scotia Effective Cash		4,284,314					
Bank of Nova Scotia - Notice Account		8,463,259					
Canadian Imperial Bank of Commerce (R-1 High)	Open	12,319,023	10%	11,967,026	10%	-351,997	0%
CIBC - Instruments		0					
CIBC - Account		12,319,023					
Royal Bank (R-1 High)	Open	12,339,978	10%	11,967,026	10%	-372,952	0%
RBC - Instruments		0					
RBC - Account		12,339,978					
Toronto Dominion (R-1 High)	Open	7,616,933	6%	11,967,026	10%	4,350,093	4%
TD - Instruments		0					
TD - Account		7,616,933					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	6,156,068	5%	29,917,566	25%	23,761,498	20%
National Bank of Canada (R-1 Mid)	Open	6,156,068	5%	5,983,513	5%	-172,555	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	5,983,513	5%	5,983,513	5%
CDP Financial Inc (R-1 High)	Open	0	0%	5,983,513	5%	5,983,513	5%
Desjardins Total		0	0%	5,983,513	5%	5,983,513	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		118,824,790	99%				
Federal Government & its Guarantees							
Money Market		0	0%	23,934,053	20%	23,934,053	20%
Reserves - Bond Pool		0	0%	23,934,053	100%	23,934,053	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		845,474	1%	23,934,053	20%	23,088,579	19%
Money Market		845,474	1%	23,934,053	20%	23,088,579	19%
Alberta		845,474	1%	11,967,026	10%	11,121,553	9%
Alberta		845,474					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	11,967,026	10%	11,967,026	10%
Manitoba		0	0%	11,967,026	10%	11,967,026	10%
New Brunswick		0	0%	11,967,026	10%	11,967,026	10%
Nova Scotia		0	0%	11,967,026	10%	11,967,026	10%
Ontario		0	0%	11,967,026	10%	11,967,026	10%
Quebec		0	0%	11,967,026	10%	11,967,026	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	11,967,026	10%	11,967,026	10%
Bond Pool		0	1%	23,934,053	20%	23,088,579	19%
Alberta		0	1%	11,967,026	10%	11,121,553	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	11,967,026	10%	11,967,026	10%
Manitoba		0	0%	11,967,026	10%	11,967,026	10%
New Brunswick		0	0%	11,967,026	10%	11,967,026	10%
Nova Scotia		0	0%	11,967,026	10%	11,967,026	10%
Ontario		0	0%	11,967,026	10%	11,967,026	10%
Quebec		0	0%	11,967,026	10%	11,967,026	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	11,967,026	10%	11,967,026	10%
Total Fixed		845,474	1%	23,934,053	20%	23,088,579	19%
Total Investments		119,670,264					
Interest Bearing Bank Accounts - O/S Cheque Coverage		15,193,427	*				
Total Investments and O/S Cheques Coverage		134,863,691					

**Capital Funds
Sector Weights @ September 30, 2015**

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, 2015

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	173,788,947	100%	170,788,485	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	73,851,093	42%	173,788,947	100%	99,937,854	58%
Total Alberta (R-1 High)	Open	1,263,977	1%	43,447,237	25%	32,140,751	18%
Alberta (R-1 High)	Open	1,263,977					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	4,303,655	2%	43,447,237	25%	37,008,780	21%
Manitoba (R-1 Mid)	Open	2,820,728	2%	43,447,237	25%	40,626,509	23%
New Brunswick (R-1 Mid)	Open	1,124,371	1%	43,447,237	25%	42,322,866	24%
Nova Scotia (R-1 Mid)	Open	6,205,273		43,447,237	25%	37,241,964	21%
Ontario (R-1 Mid)	Open	32,232,786	19%	43,447,237	25%	11,214,450	6%
Quebec (R-1 Mid)	Open	22,518,192	13%	43,447,237	25%	20,929,045	12%
Quebec		18,301,722					
Financement Quebec		4,216,470					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	3,382,111	2%	43,447,237	25%	40,065,126	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		43,447,237	25%	43,447,237	25%
Calgary (R-1 High)	Open			17,378,895	10%	17,378,895	10%
Financial Institutions & their Guarantees /Corporations		84,760,080	49%	86,894,473	50%	2,134,393	1%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	76,542,761	44%	86,894,473	50%	10,351,712	6%
Bank of Montreal (R-1 High)	Open	16,443,927	9%	17,378,895	10%	934,967	1%
BMO - Instruments		0					
BMO - Account		16,443,927					
Bank of Nova Scotia (R-1 High)	Open	17,015,873	10%	17,378,895	10%	363,022	0%
Bank of Nova Scotia Effective Cash		5,718,841					
Bank of Nova Scotia - Notice Account		11,297,032					
Canadian Imperial Bank of Commerce (R-1 High)	Open	16,443,831	9%	17,378,895	10%	935,064	1%
CIBC - Instruments		0					
CIBC - Account		16,443,831					
Royal Bank (R-1 High)	Open	16,471,802	9%	17,378,895	10%	907,093	1%
RBC - Instruments		0					
RBC - Account		16,471,802					
Toronto Dominion (R-1 High)	Open	10,167,329	6%	17,378,895	10%	7,211,566	4%
TD - Instruments		0					
TD - Account		10,167,329					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	8,217,319	5%	43,447,237	25%	35,229,918	20%
National Bank of Canada (R-1 Mid)	Open	8,217,319	5%	8,689,447	5%	472,128	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,689,447	5%	8,689,447	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,689,447	5%	8,689,447	5%
Desjardins Total		0	0%	8,689,447	5%	8,689,447	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		158,611,173	91%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		3,000,462	2%	173,788,947	100%	170,788,485	98%
Canada Mortgage & Housing Corp.		3,000,462					
Provincial Government & their Guarantees		12,177,311	7%	86,894,473	50%	74,717,162	43%
Money Market		1,128,565	7%	86,894,473	50%	74,717,162	43%
Alberta		1,128,565	6%	17,378,895	10%	7,336,385	4%
Alberta		1,128,565					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	17,378,895	10%	15,244,092	9%
Manitoba		0	0%	17,378,895	10%	17,378,895	10%
New Brunswick		0	0%	17,378,895	10%	17,378,895	10%
Nova Scotia		0	0%	17,378,895	10%	17,378,895	10%
Ontario		0	0%	17,378,895	10%	17,378,895	10%
Quebec		0	0%	17,378,895	10%	17,378,895	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	17,378,895	10%	17,378,895	10%
Bond Pool		11,048,746	7%	86,894,473	50%	74,717,162	43%
Alberta		8,913,944	6%	17,378,895	10%	7,336,385	4%
Alberta		7,865,190					
Alberta Capital Finance Authority		1,048,754					
Alberta Treasury Branches		0					
British Columbia		2,134,802	1%	17,378,895	10%	15,244,092	9%
Manitoba		0	0%	17,378,895	10%	17,378,895	10%
New Brunswick		0	0%	17,378,895	10%	17,378,895	10%
Nova Scotia		0	0%	17,378,895	10%	17,378,895	10%
Ontario		0	0%	17,378,895	10%	17,378,895	10%
Quebec		0	0%	17,378,895	10%	17,378,895	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	17,378,895	10%	17,378,895	10%
Total Fixed		15,177,773	9%	173,788,947	100%	158,611,173	91%
Total Investments		173,788,947					

**Trust Funds
Sector Weights @ September 30, 2015**

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,395,895	100%	3,395,895	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						
Farm Credit Corp	Open	0	0%				
		0					
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,567,031	46%	3,395,895	100%	1,828,864	54%
Total Alberta (R-1 High)	Open	26,820	1%	848,974	25%	798,207	24%
Alberta (R-1 High)	Open	26,820					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	91,318	3%	848,974	25%	757,655	22%
Manitoba (R-1 Mid)	Open	59,852	2%	848,974	25%	789,121	23%
New Brunswick (R-1 Mid)	Open	23,858	1%	848,974	25%	825,116	24%
Nova Scotia (R-1 Mid)	Open	131,668	4%	848,974	25%	717,305	21%
Ontario (R-1 Mid)	Open	683,941	20%	848,974	25%	165,033	5%
Quebec (R-1 Mid)	Open	477,809	14%	848,974	25%	371,165	11%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	71,764	2%	848,974	25%	777,209	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		848,974	25%	848,974	25%
Calgary (R-1 High)	Open			339,590	10%	339,590	10%
Financial Institutions & their Guarantees /Corporations		1,798,507	53%	1,697,948	50%	-100,559	-3%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	1,624,145	48%	1,697,948	50%	73,802	2%
Bank of Montreal (R-1 High)	Open	348,920	10%	339,590	10%	-9,331	0%
BMO - Instruments		0					
BMO - Account		348,920					
Bank of Nova Scotia (R-1 High)	Open	361,056	11%	339,590	10%	-21,467	-1%
Bank of Nova Scotia Effective Cash		121,347					
Bank of Nova Scotia - Notice Account		239,709					
Canadian Imperial Bank of Commerce (R-1 High)	Open	348,918	10%	339,590	10%	-9,329	0%
CIBC - Instruments		0					
CIBC - Account		348,918					
Royal Bank (R-1 High)	Open	349,512	10%	339,590	10%	-9,922	0%
RBC - Instruments		0					
RBC - Account		349,512					
Toronto Dominion (R-1 High)	Open	215,738	6%	339,590	10%	123,851	4%
TD - Instruments		0					
TD - Account		215,738					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	174,362	5%	848,974	25%	674,612	20%
National Bank of Canada (R-1 Mid)	Open	174,362	5%	169,795	5%	-4,567	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	169,795	5%	169,795	5%
CDP Financial Inc (R-1 High)	Open	0	0%	169,795	5%	169,795	5%
Desjardins Total		0	0%	169,795	5%	169,795	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,365,538	99%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,395,895	100%	3,395,895	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		23,947	1%	3,395,895	100%	3,371,948	99%
Money Market		23,947	100%	3,395,895	100%	3,371,948	99%
Alberta		23,947	1%	339,590	10%	315,643	9%
Alberta		23,947					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	339,590	10%	339,590	10%
Manitoba		0	0%	339,590	10%	339,590	10%
New Brunswick		0	0%	339,590	10%	339,590	10%
Nova Scotia		0	0%	339,590	10%	339,590	10%
Ontario		0	0%	339,590	10%	339,590	10%
Quebec		0	0%	339,590	10%	339,590	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	339,590	10%	339,590	10%
Bond Pool		0	1%	3,395,895	100%	3,371,948	99%
Alberta		0	1%	339,590	10%	315,643	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	339,590	10%	339,590	10%
Manitoba		0	0%	339,590	10%	339,590	10%
New Brunswick		0	0%	339,590	10%	339,590	10%
Nova Scotia		0	0%	339,590	10%	339,590	10%
Ontario		0	0%	339,590	10%	339,590	10%
Quebec		0	0%	339,590	10%	339,590	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	339,590	10%	339,590	10%
Total Fixed		23,947					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,395,895					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jul 6.8%, Aug 7.0%, Sep 7.1%	Jul 5.3%, Aug 5.1%, Sep 5.1%
Jobs Created / (Lost) ('000's)	Jul 6.6, Aug 12, Sep 12	Jul 223, Aug 153, Sep 137
CPI (year over year)	Jul 1.3%, Aug 1.3%, Sep 1.0%	Jul .2%, Aug .2%, Sep 0%
CPI-X (Core) (year over year)	Jul 2.4%, Aug 2.1%, Sep 2.1%	Jul 1.8%, Aug 1.8%, Sep 1.9%
GDP	Q3: N/A	Q3 (A) 1.5%

Central Bank Activities

- July 15th Bank of Canada lowers overnight rate to .50%
- July 29th U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- Sep 09th Bank of Canada Maintains overnight rate at .50%
- 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.