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Halifax Regional Council
February 10, 2004

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: *S. Dale MacLennan*
S. Dale MacLennan, Director, Financial Services

Derek Tynski
Derek Tynski, Investment Analyst

DATE: January 26, 2004

SUBJECT: Investment Activities - Quarter Ending September 30, 2003

INFORMATION REPORT

ORIGIN

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

BACKGROUND

The Investment Policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee (the Committee). The report for the Quarter ending September 30, 2003 has been submitted to the Committee.

DISCUSSION

Economic and Investment Climate

Economic Statistics:

	Canada	US
Q3 GDP (Ending September 30)	1.1%	8.2% (Preliminary) (Revised up from 7.2% Advance Reading)
Unemployment Rate	July 7.8%, August 8.0%, September 8.0%	July 6.2%, August 6.1%, September 6.1%
CPI (year over year)	July 2.2%, August 2.0 %, September 2.2%	July 2.1%, August 2.2%, September 2.3%
CPI-X (Core) (year over year)	July 1.8%, August 1.5%, September 1.7%	July 1.5%, August 1.3%, September 1.2%

The Canadian economy continued to show weakness during the Quarter with the Unemployment rate trending upward and CPI-X below the Bank of Canada's 2% target. Third Quarter GDP came in at 1.1% well below the consensus expectation of 2.2%. In addition, there were downward revisions to the Q1 and Q2 GDP figures from 2.6% to 2.0% and -0.3% to -0.7% respectively. The Bank of Canada responded with 25 basis points cuts at their July and September meetings to bring the target overnight rate down to 2.75%. The Bank held rates at the October 15 and December 2 meetings but signaled they were ready to step in with more cuts if necessary. The economic shocks to the Canadian economy in the form of SARS, Mad Cow Disease, BC Forest Fires and the Ontario Power Blackout appear to be subsiding. It is unfortunate that the impacts of Hurricane Juan on the East Coast does not rate a mention by commentators in this mix.

The US economy came roaring back in the Quarter with a 8.2% GDP figure. The US tax cuts figured heavily in this above consensus number so questions of sustainability of US economic growth continued. The US Federal Reserve took no action at its August, September, October and December meetings.

After Quarter end, employment reports for October in Canada and the US seemed to point to better times ahead. In Canada 65,400 jobs were created in October versus the consensus call for 10,000. This drove the unemployment rate down to 7.6%. In the US 126,000 jobs were created in October versus the consensus estimate of 65,000. In addition there were upward revisions to the previous months US figures with September jobs revised up to 125,000 from 57,000 and August from a loss of 41,000 to a gain of 35,000. Employed people spend more money so this is certainly a plus for the sustainability camp.

HRM Investment Activities & Strategy

In the Quarter ending September 30 there were 41 investments made totaling approximately \$106,000,000. The closure of HRM offices due to the state of emergency in effect because of Hurricane Juan as well as the postponement of the September 30 property tax due date to October 14 resulted in a shift of investments into October.

Approximately half of the investments in the Quarter were made with the Federal Government and its Guarantees in the 92 to 365 day term. This was largely done to lock in available yield particularly with the investments made in July and August. The emphasis in September was to match investments to cash requirements using Financial Institution investments.

The Sector Weight Schedules (Schedules A through E) are attached. As a result of the closure of HRM offices due to the state of emergency, amounts deposited through EDI around September 30 were not invested in other Sectors until October 2nd. As a result the Sector Weight for the Royal Bank was exceeded by \$6,521,913 (or 3%) on September 30.

Staff have had discussions with regards to adopting a longer term investment time horizon for Reserve Funds. HRM staff are currently developing new "General Guidelines and Accounting Procedures for Reserves". It is anticipated that this will provide a framework to provide the information necessary to make these longer term investments.

Staff attended the Moody's Annual Structured Finance Conference in Toronto. Asset Backed Securities have appeared somewhat paradoxical in that they are often rated R1-High or AAA by rating agencies yet their market yield is generally greater than R1- Middle Banker's Acceptances and even R1- Low Provincials.

The conclusion of staff is that these investments do not fit the risk profile for investments held by HRM at this time. Depending on the structure and the underlying assets of the securitization there can be a complex web of sponsors, servicers, custodians and credit rating agencies. In the parlance of rating agencies there is no "risk transference" from the investor to, for example, the rating agency. The rating agency must rely on the information it is provided. The legislative and regulatory environment is also still evolving for these products.

Attendance at this conference also provided the additional benefit of bringing into focus a fundamental difference between business and government. While the "business of business" is to risk capital to increase capital, the "business of government" is to provide services to the public. Hence the appetites for risk should be different as investments are much more of a by-product for governments. Nevertheless, governments must manage their cash assets prudently to earn a reasonable investment return.

On October 20, a milestone was reached by going over the \$1,000,000,000 mark in external investments made under the guidance of the Investment Policy.

Policy Compliance

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

Preservation of Capital - There was no loss of capital during the Quarter and all investments were held to maturity.

Liquidity - Sufficient funds were available to meet all requirements and no overdraft interest charges were incurred.

At the September meeting of the Investment Policy Advisory Committee there was discussion as to the authority required for the lending of cash from one Fund to another. Staff have researched this issue. The authorizing mechanism is Section 3050 of the Nova Scotia Municipal Accounting and Reporting Manual. This section pertains to Inter-Fund Transfers. It states in part "An unauthorized due to/from transfer outstanding at year end must be either repaid in the next year or included in the next year's estimates of the operating fund which received the benefit." The amounts borrowed from the Reserve Funds by the Operating Fund in March were repaid in April.

To address the degree of liquidity impairment these loans may have caused the Reserve Funds the “funded ratio” of the Reserve Funds was calculated. At March 31, 2003 this ratio was 89%. In April 2003 this ratio returned to 100% and remains there.

Diversification of Investment Portfolio - Staff continue to maintain that the Diversification Objective of managing risk and return is being met.

Competitive Return on Investment - Mercer Investment Consulting performance data for periods ending September 30, 2003 are summarized below. Staff believe that the Competitive Return Objective is being met, particularly in light of the high quality of the HRM Portfolio.

Money Market Funds	3 Months (%) (to Sept 30, 2003)	9 Months (%) (to Sept 30, 2003)	1 Year (%) (to Sept 30, 2003)
5 th Percentile	0.9	2.4	3.2
1 st Quartile	0.8	2.3	3.1
Mercer Median	0.8 HRM 0.8	2.3 HRM 2.3	3.0 HRM 3.0
3 rd Quartile	0.8	2.2	3.0
95 th Percentile	0.7	2.0	2.8
SC 91 Day T-Bills	0.8	2.3	3.0

Staff have projected Investment Income for the year ending March 31, 2004 at \$6,195,000 versus a budget of \$4,170,000. This positive projected variance of \$2,025,000 can be attributed as follows:

Delays in Harbour Solutions expenditures	\$877,000
Other increases in Reserve Cash Balances	\$554,000
Greater than anticipated Spring Bond Issue	\$382,000
Higher than anticipated interest rates	\$212,000

Total	\$2,025,000
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Regular Review of Performance - Performance data continues to be reported to the Investment Policy Advisory Committee.

Outlook

The tug of war continues in Canada between the positive impacts of economic growth developments in the US, and their likely impact on the Canadian economy in the form of increased demand for our products, versus the negative impacts of the near 20% appreciation in the Canadian dollar this year over its US counterpart. This has been played out in the money markets in the past month or so by one year T-Bill rates rising to near 3% on the good economic news only to drop again to the 2.75% range when Governor Dodge repeats his willingness, if necessary, to cut rates to offset the impact of the Canadian dollar.

Our current view is that the Bank of Canada is most likely to keep rates at the current level of 2.75% for the next 3 to 6 months at which time rates may begin to rise. Fiscal and monetary policy in the US as well as the US dollar are all highly stimulative. None of these forces can be reversed on a dime, so to speak, with the likely outcome to be higher than desirable inflation. This would then feed back into Canada due to our extensive trading relationship with the US which takes 85% of our exports accounting for a third of our GDP.

Of course there are many risks to this view. Taking the usual portfolio approach, investments will be placed to both take advantage of and counter-balance this forecast. In addition, the inflow of cash around the April and September tax due dates will also be used as a natural hedge in the investment strategy.

BUDGET IMPLICATIONS

N/A

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

This report complies with the Municipality's Multi-Year Financial Strategy, the approved Operating, Capital and Reserve budgets, policies and procedures regarding withdrawals from the utilization of Capital and Operating reserves, as well as any relevant legislation.

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ September 30, 2003 (Schedules A, B, C, D & E)

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

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**Total Investments
Sector Weights
@ September 30, 2003**

Schedule A

	<u>Category Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$145,765,530	59%	\$247,396,943	100%	\$101,631,413	41%
Federal Government	Open	\$95,499,450	39%				
Business Development Bank	Open	\$20,638,920	8%				
Canada Mortgage & Housing Corp.	Open	\$2,957,730	1%				
Canadian Wheat Board	Open	\$19,708,950	8%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$6,960,480	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$36,585,228	15%	\$247,396,943	100%	\$210,811,715	85%
Total Alberta (R-1 High)	Open	\$2,984,040	1%	\$61,849,236	25%	\$58,865,196	24%
Alberta (R-1 High)	Open	\$2,984,040					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$61,849,236	25%	\$61,849,236	25%
Manitoba (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
New Brunswick (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
Nova Scotia (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
Ontario (R-1 Mid)	Open	\$33,601,188	14%	\$61,849,236	25%	\$28,248,048	11%
Prince Edward Island (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
Quebec (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
Saskatchewan (R-1 Low)	Closed			\$61,849,236	25%	\$61,849,236	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$61,849,236	25%	\$61,849,236	25%
Calgary (R-1 Mid)	Open			\$24,739,694	10%	\$24,739,694	10%
Edmonton (R-1 High)	Open			\$24,739,694	10%	\$24,739,694	10%
Winnipeg (R-1 Mid)	Open			\$24,739,694	10%	\$24,739,694	10%
	BA's Schedule A						
	Canadian Banks R-1						
Financial Institutions & their Guarantees	Mid	\$65,046,185	26%	\$61,849,236	25%	(\$3,196,949)	-1%
Bank of Montreal (R-1 Mid)	Open	\$4,579,746	2%	\$24,739,694	10%	\$20,159,948	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$14,965,130	6%	\$24,739,694	10%	\$9,774,564	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$9,250,012	4%	\$24,739,694	10%	\$15,489,682	6%
Laurentian Bank (R-1 Low)	Closed			\$24,739,694	10%	\$24,739,694	
National Bank of Canada (R-1 Low)	Closed			\$24,739,694	10%	\$24,739,694	
Royal Bank (R-1 Mid)	Open	\$0	13%	\$24,739,694	10%	(\$6,521,913)	-3%
Royal Bank 1 Day BA		\$31,261,607					
Toronto Dominion (R-1 Mid)	Open	\$4,989,690	2%	\$24,739,694	10%	\$19,750,004	8%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$247,396,943	100%				
<u>FIXED (Bonds, etc. over one year)</u>							
Federal Government & its Guarantees							
Federal Government		\$54,175					
TOTAL FIXED		\$54,175					
<u>EQUITIES</u>							
Bank of Montreal		\$6,410					
TOTAL EQUITIES		\$6,410					
TOTAL INVESTMENTS		\$247,457,528					
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$15,563,307	*				
TOTAL INVESTMENTS & O/S Cheques Coverage		\$263,020,835					

**Operating Fund
Sector Weights
@ September 30, 2003**

Schedule B

<u>Catagory Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>	
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$55,333,957	59%	\$93,914,192	100%	\$38,580,235	41%
Federal Government	Open	\$36,252,484	39%				
Business Development Bank	Open	\$7,834,727	8%				
Canada Mortgage & Housing Corp.	Open	\$1,122,782	1%				
Canadian Wheat Board	Open	\$7,481,702	8%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$2,642,263	1%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$13,888,094	15%	\$93,914,192	100%	\$80,026,098	85%
Total Alberta (R-1 High)	Open	\$1,132,769	1%	\$23,478,548	25%	\$22,345,779	24%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$23,478,548	25%	\$23,478,548	25%
Manitoba (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
New Brunswick (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
Nova Scotia (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
Ontario (R-1 Mid)	Open	\$12,755,325	14%	\$23,478,548	25%	\$10,723,223	11%
Prince Edward Island (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
Quebec (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
Saskatchewan (R-1 Low)	Closed			\$23,478,548	25%	\$23,478,548	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$23,478,548	25%	\$23,478,548	25%
Calgary (R-1 Mid)	Open			\$9,391,419	10%	\$9,391,419	10%
Edmonton (R-1 High)	Open			\$9,391,419	10%	\$9,391,419	10%
Winnipeg (R-1 Mid)	Open			\$9,391,419	10%	\$9,391,419	10%
Financial Institutions & their Guarantees	BA's Schedule A Canadian Banks R-1 Mid	\$24,692,140	26%	\$23,478,548	25%	(\$1,213,592)	-1%
Bank of Montreal (R-1 Mid)	Open	\$1,738,514	2%	\$9,391,419	10%	\$7,652,905	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$5,680,903	6%	\$9,391,419	10%	\$3,710,516	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$3,511,391	4%	\$9,391,419	10%	\$5,880,028	6%
Laurentian Bank (R-1 Low)	Closed			\$9,391,419	10%	\$9,391,419	
National Bank of Canada (R-1 Low)	Closed			\$9,391,419	10%	\$9,391,419	
Royal Bank (R-1 Mid)	Open	\$0	13%	\$9,391,419	10%	(\$2,475,779)	-3%
Royal Bank 1 Day BA		\$11,867,198					
Toronto Dominion (R-1 Mid)	Open	\$1,894,133	2%	\$9,391,419	10%	\$7,497,286	8%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$93,914,192	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		\$15,563,307	*				
Total Cash and Investments		\$109,477,498					

**Capital Fund
Sector Weights
@ September 30, 2003**

Schedule C

<u>Category</u>	<u>Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$0	0%	\$0	100%	\$0	0%
Federal Government	Open	\$0	0%				
Business Development Bank	Open	\$0	0%				
Canada Mortgage & Housing Corp.	Open	\$0	0%				
Canadian Wheat Board	Open	\$0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$0	0%	\$0	100%	\$0	0%
Total Alberta (R-1 High)	Open	\$0	0%	\$0	25%	\$0	0%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open	\$0					
British Columbia (R-1 Mid)	Open			\$0	25%	\$0	0%
Manitoba (R-1 Low)	Closed			\$0	25%	\$0	
New Brunswick (R-1 Low)	Closed			\$0	25%	\$0	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$0	25%	\$0	
Nova Scotia (R-1 Low)	Closed			\$0	25%	\$0	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$0	25%	\$0	
Ontario (R-1 Mid)	Open	\$0	0%	\$0	25%	\$0	0%
Prince Edward Island (R-1 Low)	Closed			\$0	25%	\$0	
Quebec (R-1 Low)	Closed			\$0	25%	\$0	
Saskatchewan (R-1 Low)	Closed						
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$0	25%	\$0	0%
Calgary (R-1 Mid)	Open			\$0	10%	\$0	0%
Edmonton (R-1 High)	Open			\$0	10%	\$0	0%
Winnipeg (R-1 Mid)	Open			\$0	10%	\$0	0%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$0	0%	\$0	25%	\$0	0%
Bank of Montreal (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Bank of Nova Scotia (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Laurentian Bank (R-1 Low)	Closed			\$0	10%	\$0	
National Bank of Canada (R-1 Low)	Closed			\$0	10%	\$0	
Royal Bank (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Royal Bank 1 Day BA		\$0					
Toronto Dominion (R-1 Mid)	Open	\$0	0%	\$0	10%	\$0	0%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$0	0%				

**Reserve Funds
Sector Weights
@ September 30, 2003**

Schedule D

<u>Category</u>	<u>Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$88,874,271	59%	\$150,839,659	100%	\$61,965,388	41%
Federal Government	Open	\$58,226,687	39%				
Business Development Bank	Open	\$12,583,695	8%				
Canada Mortgage & Housing Corp.	Open	\$1,803,349	1%				
Canadian Wheat Board	Open	\$12,016,686	8%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$4,243,854	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$22,306,271	15%	\$150,839,659	100%	\$128,533,388	85%
Total Alberta (R-1 High)	Open	\$1,819,390	1%	\$37,709,915	25%	\$35,890,525	24%
Alberta (R-1 High)	Open	\$0					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$37,709,915	25%	\$37,709,915	25%
Manitoba (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
New Brunswick (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
Nova Scotia (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
Ontario (R-1 Mid)	Open	\$20,486,881	14%	\$37,709,915	25%	\$17,223,034	11%
Prince Edward Island (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
Quebec (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
Saskatchewan (R-1 Low)	Closed			\$37,709,915	25%	\$37,709,915	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0		\$37,709,915	25%	\$37,709,915	25%
Calgary (R-1 Mid)	Open			\$15,083,966	10%	\$15,083,966	10%
Edmonton (R-1 High)	Open			\$15,083,966	10%	\$15,083,966	10%
Winnipeg (R-1 Mid)	Open			\$15,083,966	10%	\$15,083,966	10%
BA's Schedule A							
Canadian Banks R-1							
Financial Institutions & their Guarantees	Mid	\$39,659,117	26%	\$37,709,915	25%	(\$1,949,202)	-1%
Bank of Montreal (R-1 Mid)	Open	\$2,792,303	2%	\$15,083,966	10%	\$12,291,663	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$9,124,345	6%	\$15,083,966	10%	\$5,959,621	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$5,639,797	4%	\$15,083,966	10%	\$9,444,168	6%
Laurentian Bank (R-1 Low)	Closed			\$15,083,966	10%	\$15,083,966	
National Bank of Canada (R-1 Low)	Closed			\$15,083,966	10%	\$15,083,966	
Royal Bank (R-1 Mid)	Open	\$0 }	13%	\$15,083,966	10%	(\$3,976,456)	-3%
Royal Bank 1 Day BA		\$19,060,422 }					
Toronto Dominion (R-1 Mid)	Open	\$3,042,249	2%	\$15,083,966	10%	\$12,041,717	8%
Corporations & their Guarantees	Closed						
FIXED (Bonds, etc. over one year)	Closed						
Total Investments		\$150,839,659	100%				

**Trust Funds
Sector Weights
@ September 30, 2003**

Schedule E

<u>Category</u>	<u>Status</u>	<u>Cumulative Amount Invested @ Book Value</u>	<u>%</u>	<u>Guideline Limit</u>	<u>%</u>	<u>Limit Available</u>	<u>%</u>
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	\$1,557,302	58%	\$2,703,677	100%	\$1,146,375	42%
Federal Government	Open	\$1,020,279	38%				
Business Development Bank	Open	\$220,498	8%				
Canada Mortgage & Housing Corp.	Open	\$31,599	1%				
Canadian Wheat Board	Open	\$210,563	8%				
Export Development Canada	Open						
Farm Credit Corp	Open	\$74,363	3%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	\$390,862	14%	\$2,703,677	100%	\$2,312,815	86%
Total Alberta (R-1 High)	Open	\$31,880	1%	\$675,919	25%	\$644,039	24%
Alberta (R-1 High)	Open	\$31,880					
Alberta Municipal Finance Corp (R-1 High)	Open						
Alberta Treasury Branches (R-1 High)	Open						
British Columbia (R-1 Mid)	Open			\$675,919	25%	\$675,919	25%
Manitoba (R-1 Low)	Closed			\$675,919	25%	\$675,919	
New Brunswick (R-1 Low)	Closed			\$675,919	25%	\$675,919	
New Brunswick Municipal Finance Corp (R-1 Low)	Closed			\$675,919	25%	\$675,919	
Nova Scotia (R-1 Low)	Closed			\$675,919	25%	\$675,919	
Nova Scotia Municipal Finance Corp (R-1 Low)	Closed			\$675,919	25%	\$675,919	
Ontario (R-1 Mid)	Open	\$358,982	13%	\$675,919	25%	\$316,937	12%
Prince Edward Island (R-1 Low)	Closed			\$675,919	25%	\$675,919	
Quebec (R-1 Low)	Closed			\$675,919	25%	\$675,919	
Saskatchewan (R-1 Low)	Closed			\$675,919	25%	\$675,919	
Municipal Governments & their Guarantees*	R-1 Mid or Greater	\$0	0%	\$675,919	25%	\$675,919	25%
Calgary (R-1 Mid)	Open			\$270,368	10%	\$270,368	0%
Edmonton (R-1 High)	Open			\$270,368	10%	\$270,368	0%
Winnipeg (R-1 Mid)	Open			\$270,368	10%	\$270,368	0%
BA's Schedule A							
Financial Institutions & their Guarantees	Mid	\$694,928	26%	\$675,919	25%	(\$19,009)	-1%
Bank of Montreal (R-1 Mid)	Open	\$48,928	2%	\$270,368	10%	\$221,440	8%
Bank of Nova Scotia (R-1 Mid)	Open	\$159,882	6%	\$270,368	10%	\$110,486	4%
Canadian Imperial Bank of Commerce (R-1 Mid)	Open	\$98,824	4%	\$270,368	10%	\$171,544	6%
Laurentian Bank (R-1 Low)	Closed			\$270,368	10%	\$270,368	
National Bank of Canada (R-1 Low)	Closed			\$270,368	10%	\$270,368	
Royal Bank (R-1 Mid)	Open	\$0	12%	\$270,368	10%	(\$63,619)	-2%
Royal Bank 1 Day BA		\$333,987					
Toronto Dominion (R-1 Mid)	Open	\$53,308	2%	\$270,368	10%	\$217,060	8%
Corporations & their Guarantees	Closed						
TOTAL CASH & EQUIVALENTS		\$2,643,092	98%				
FIXED (Bonds, etc. over one year)							
Federal Government & its Guarantees							
Federal Government		\$54,175	2%				
TOTAL FIXED							
EQUITIES							
Bank of Montreal		\$6,410	0%				
TOTAL EQUITIES							
Total Investments		\$2,703,677	100%				