



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Halifax Regional Council
May 17, 2005

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

A handwritten signature in cursive script, reading "Dale MacLennan", written over a horizontal line.

Dale MacLennan, Director of Financial Services

A handwritten signature in cursive script, reading "Derek Tynski", written over a horizontal line.

Derek Tynski, Investment Analyst

DATE: May 5, 2005

SUBJECT: Investment Activities - Quarter Ending September 30, 2004

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, 2004 has been reviewed by the Committee.

DISCUSSION

HRM Investment Performance & Activities

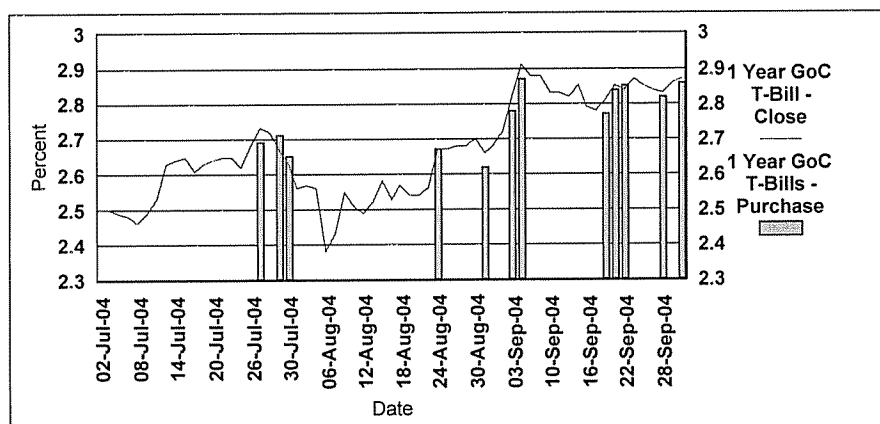
HRM Short Term investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending September 30, 2004:

| Money Market Funds | 3 Months (to Sept. 30, 2004) | 9 Months (to Sept. 30, 2004) | 1 Year (to Sept. 30, 2004) |
|-----------------------------|---------------------------------|---------------------------------|-------------------------------|
| 5 th Percentile | 0.6% | 1.8% | 2.6% |
| 1 st Quartile | 0.5% | 1.8% | 2.5% |
| Mercer Median | 0.5% | 1.7% | 2.4% |
| 3 rd Quartile | 0.5% | 1.6% | 2.3% |
| 95 th Percentile | 0.4% | 1.3% | 2.0% |
| SC 91 Day T-Bills | 0.5% | 1.6% | 2.3% |
| HRM | 0.58% | 1.84% | 2.56% |

The relative performance of the HRM Short Term Portfolio compared to the Mercer Survey continued to be very favorable for periods ending September 30, 2004. These returns exclude the Province of Nova Scotia Promissory Notes discussed below.

It would not be anticipated that this level of relative performance can be maintained indefinitely. For example, a continuous stream of rate increases by the Bank of Canada at each of its future rate decision meetings would be detrimental to relative performance over the next 3 to 4 months. However, for now the 16 bps of added performance over the Mercer Median has added approximately \$380,000 of income before fees over the one year period. The very high quality of the HRM Portfolio has been maintained.

The strategic approach has generally been to lock in yield with 1 Year Treasury Bills when the markets were paying up for possible future Bank of Canada rate increases and to make investments that match known short term cash requirements when the markets were less generous. As a way to illustrate this, the Graph below shows the closing yield on the 1 Year Government of Canada Treasury Bills from the Bank of Canada as a line with the yield on actual HRM investments in 1 Year Government of Canada Treasury Bills as bars.

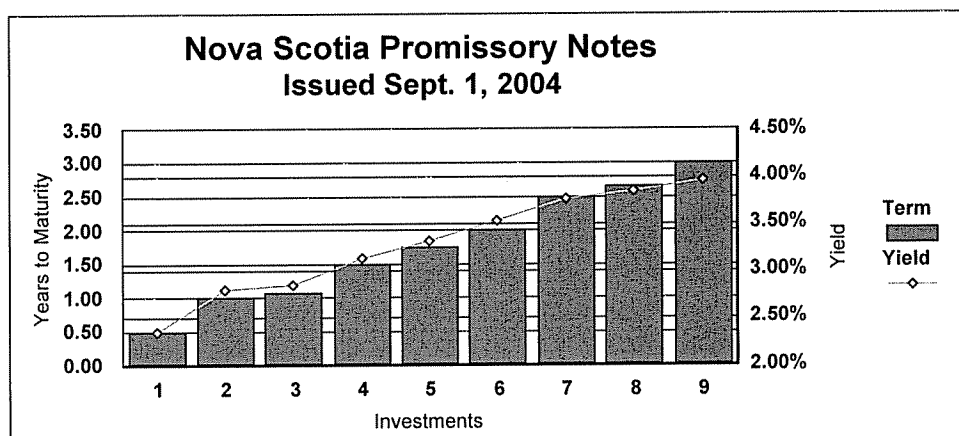


From an analytical perspective this graph demonstrates a number of things. One is that rates move in response to economic data, perceptions of economic data and other factors such as the statements and speeches of Bank of Canada officials. For the most part these market moving events by their very nature cannot be known in advance. However, while the 'content' of events isn't known the timing of normal events certainly is. Staff are generally prepared to take advantages of upside surprises in data and speeches when the market reacts with 'hyper' efficiency. It should be stressed that these investments are made in the context of available cash flow projections and liquidity requirements.

Another point is the gap in some cases between the Bank of Canada closing rate and the rate HRM obtained. This speaks to intra-day movements in rates. While staff are under certain time constraints with respect to advising the Custodian of trades, there is a considerable window of opportunity for the placing of trades. To get better information on intra-day movements of rates, staff have had discussions with CanDeal which offers real-time live quotes on a variety of Money Market and Fixed Income instruments. This firm (a partnership of the six major Canadian Banks plus the TSX) offers a free trial of its service. Should it prove valuable staff will subscribe to this product.

During the Quarter ending September 30, 2004 there were 42 Money Market investments made totaling \$137,000,000. There were 20 investments made in the Federal Government and its Guarantees and an additional 20 investments made in R1-Middle rated Canadian Financial Institutions with the remaining 2 investments being placed with the Province of Ontario. The average Term to Maturity of investments made during the Quarter was 169 days.

Also during the Quarter, the \$110,000,000 of Province of Nova Scotia Promissory Notes were issued to the Halifax Regional Municipality on September 1 with maturities from February 28, 2005 to August 31, 2007. These investments are recorded under the "Fixed (bonds over 1 year)" caption of the Sector Weight Schedules attached. Pertinent characteristics are summarized in the Graph below:



The most recent projection of investment income for the fiscal year indicates that the Operating Fund will earn \$1,750,000 compared to a budget of \$1,327,000. While the actual rate of return on the Short Term Portfolio continues to lag behind the budgeted return, higher cash levels have more than offset this. Factors contributing to these higher cash balances include the level and duration of accrued expenditures, a lesser cash impact than anticipated from Hurricane Juan, better than anticipated tax collection performance and a lesser demand on the Operating Fund for interim financing of Capital Projects. Staff are continuing to look at ways to better forecast cash balances for more accurate budgeting. One area of focus will be the cash relationship between the Operating and Capital Funds.

Reserve Fund investment income projections have been revised upward to \$5,100,000. This figure includes income related to the financing put in place for the Harbour Solutions Project with the Province of Nova Scotia for \$110,000,000 and the Federation of Canadian Municipalities for \$20,000,000.

Economic Statistics and Central Bank Activities from the Quarter are summarized in Appendix A attached.

Subsequent to the end of the reporting Quarter it was learned that there would be delays in the receipt of some \$23,000,000 for the Fall Debenture issue. This disrupted investment operations as funds that were anticipated to be available for investment were diverted to more immediate cash requirements. HRM staff have met with staff of the Nova Scotia Municipal Finance Corporation to try to improve the flow of information on bond issue timing as well as to explore alternatives for the timing of the issuance of bonds.

Investment Activities

Quarter Ending September 30, 2004

Council Report

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May 17, 2005

With regards to our outlook and future strategy, the Bank of Canada appears to be in a holding pattern as they continue to assess the impacts on the economy of the rise in the exchange value of the Canadian Dollar. Inflation remains subdued so an extended period of inaction by the Bank appears likely. We will use opportunities of market optimism to lock in yield and may use periods of pessimism to execute some limited trading. We continue to look for good market entry points to begin to build the Short Term Bond Pool.

Policy Compliance

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

Preservation of Capital - All investments were held to maturity and 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 has been maintained at 100% during the Quarter.

Diversification of Investment Portfolio - Staff believe that the Diversification Objective of managing risk and return has been achieved.

Competitive Return on Investment - In light of the investment performance reported above, staff maintain that this objective is being met.

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

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

Appendix A - Economic Statistics and Central Bank Actions
Sector Weight Schedules @ September 30, 2004 (Schedules A, B, C, D & E)

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

Report Prepared by: Derek Tynski, BA, CMA, Investment Analyst *DT*
Approved by: Reg Ridgley, CGA, Manager, Strategic Capital Project Support *RR*

Appendix A

Economic Statistics

| | Canada | US |
|--------------------------------|----------------------------------|----------------------------------|
| Unemployment Rate | July 7.2%, Aug. 7.2%, Sept. 7.1% | July 5.5%, Aug. 5.4%, Sept. 5.4% |
| Jobs Created / (Lost) ('000's) | July 8.7, Aug. (7.0), Sept. 43.2 | July 85 , Aug. 198, Sept. 139 |
| CPI (year over year) | July 2.3%, Aug. 1.9%, Sept. 1.8% | July 3%, Aug. 2.7%, Sept. 2.5% |
| CPI-X (Core) (year over year) | July 1.9%, Aug. 1.5%, Sept. 1.5% | July 1.8%, Aug. 1.7%, Sept. 2.0% |
| GDP | July 0.2%, Aug. .05%, Sept N/A | Q3 (Advance) 3.7% |

Central bank Activities July 1 to September 30, 2004

- July 20 - Bank of Canada Maintains Rate @ 2%, Bias Neutral
- August 10 - US Federal Open Market Committee Increases Rate 25 bps to 1.50%, Bias Tighten
- September 8 - Bank of Canada Increases Rate 25 bps to 2.25%, Bias Tighten
- September 21 - US Federal Open Market Committee Increases Rate 25 bps to 1.75%, Bias Tighten

**Total Investments
Sector Weights
@ September 30, 2004**

Schedule A

| | | <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 | \$193,214,935 | 66% | \$291,487,352 | 100% | \$98,272,417 | 34% |
| Federal Government | Open | \$176,077,749 | 60% | | | | |
| Business Development Bank | Open | \$7,325,593 | 3% | | | | |
| Canada Mortgage & Housing Corp. | Open | \$2,478,875 | 1% | | | | |
| Canadian Wheat Board | Open | \$2,378,328 | 1% | | | | |
| Export Development Canada | Open | | | | | | |
| Farm Credit Corp | Open | \$4,954,390 | 2% | | | | |
| Provincial Governments & their Guarantees | R-1 Mid or Greater | \$33,161,240 | 11% | \$291,487,352 | 100% | \$258,326,112 | 89% |
| Total Alberta (R-1 High) | Open | \$0 | 0% | \$72,871,838 | 25% | \$72,871,838 | 25% |
| 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 | | | \$72,871,838 | 25% | \$72,871,838 | 25% |
| Manitoba (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| New Brunswick (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| New Brunswick Municipal Finance Corp (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| Nova Scotia (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| Nova Scotia Municipal Finance Corp (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| Ontario (R-1 Mid) | Open | \$33,161,240 | 11% | \$72,871,838 | 25% | \$39,710,598 | 14% |
| Prince Edward Island (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| Quebec (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| Saskatchewan (R-1 Low) | Closed | | | \$72,871,838 | 25% | \$72,871,838 | |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | \$0 | | \$72,871,838 | 25% | \$72,871,838 | 25% |
| Calgary (R-1 Mid) | Open | | | \$29,148,735 | 10% | \$29,148,735 | 10% |
| Edmonton (R-1 High) | Open | | | \$29,148,735 | 10% | \$29,148,735 | 10% |
| Winnipeg (R-1 Mid) | Open | | | \$29,148,735 | 10% | \$29,148,735 | 10% |
| BA's Schedule A | | | | | | | |
| Financial Institutions & their Guarantees | Mid | \$65,111,177 | 22% | \$72,871,838 | 25% | \$7,760,661 | 3% |
| Bank of Montreal (R-1 Mid) | Open | \$2,985,600 | 1% | \$29,148,735 | 10% | \$26,163,135 | 9% |
| Bank of Nova Scotia (R-1 Mid) | Open | \$8,961,510 | 3% | \$29,148,735 | 10% | \$20,187,225 | 7% |
| Canadian Imperial Bank of Commerce (R-1 Mid) | Open | \$23,877,230 | 8% | \$29,148,735 | 10% | \$5,271,505 | 2% |
| Laurentian Bank (R-1 Low) | Closed | | | \$29,148,735 | 10% | \$29,148,735 | |
| National Bank of Canada (R-1 Low) | Closed | | | \$29,148,735 | 10% | \$29,148,735 | |
| Royal Bank (R-1 Mid) | Open | \$1,194,660 } | 4% | \$29,148,735 | 10% | \$17,764,368 | 6% |
| Royal Bank 1 Day BA | | \$10,189,707 } | | | | | |
| Toronto Dominion (R-1 Mid) | Open | \$17,902,470 | 6% | \$29,148,735 | 10% | \$11,246,265 | 4% |
| Corporations & their Guarantees | Closed | | | | | | |
| TOTAL CASH & EQUIVALENTS | | \$291,487,352 | 100% | | | | |
| <u>FIXED (Bonds, etc. over one year)</u> | | | | | | | |
| Federal Government & its Guarantees | | | | | | | |
| Federal Government (AAA) | | \$54,175 | | | | | |
| Province of Nova Scotia (A-Low) | | \$110,000,000 | | | | | |
| TOTAL FIXED | | \$110,054,175 | | | | | |
| <u>EQUITIES</u> | | | | | | | |
| Bank of Montreal | | \$6,410 | | | | | |
| TOTAL EQUITIES | | \$6,410 | | | | | |
| TOTAL INVESTMENTS | | \$401,547,937 | | | | | |
| Interest Bearing Bank Accounts - O/S Cheque Coverage | | \$23,464,738 | | | | | |
| TOTAL INVESTMENTS & O/S Cheques Coverage | | \$425,012,675 | | | | | |

**Operating Fund
Sector Weights
@ September 30, 2004**

Schedule B

| <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 | \$90,632,011 | 66% | \$136,729,001 | 100% | \$46,096,990 | 34% |
| Federal Government | Open | \$82,593,411 | 60% | | | | |
| Business Development Bank | Open | \$3,436,242 | 3% | | | | |
| Canada Mortgage & Housing Corp. | Open | \$1,162,775 | 1% | | | | |
| Canadian Wheat Board | Open | \$1,115,611 | 1% | | | | |
| Export Development Canada | Open | | | | | | |
| Farm Credit Corp. | Open | \$2,323,973 | 1% | | | | |
| Provincial Governments & their Guarantees | R-1 Mid or Greater | \$15,555,060 | 11% | \$136,729,001 | 100% | \$121,173,941 | 89% |
| Total Alberta (R-1 High) | Open | \$0 | 0% | \$34,182,250 | 25% | \$34,182,250 | 25% |
| 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 | | | \$34,182,250 | 25% | \$34,182,250 | 25% |
| Manitoba (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| New Brunswick (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| New Brunswick Municipal Finance Corp (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| Nova Scotia (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| Nova Scotia Municipal Finance Corp (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| Ontario (R-1 Mid) | Open | \$15,555,060 | 11% | \$34,182,250 | 25% | \$18,627,190 | 14% |
| Prince Edward Island (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| Quebec (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| Saskatchewan (R-1 Low) | Closed | | | \$34,182,250 | 25% | \$34,182,250 | |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | \$0 | | \$34,182,250 | 25% | \$34,182,250 | 25% |
| Calgary (R-1 Mid) | Open | | | \$13,672,900 | 10% | \$13,672,900 | 10% |
| Edmonton (R-1 High) | Open | | | \$13,672,900 | 10% | \$13,672,900 | 10% |
| Winnipeg (R-1 Mid) | Open | | | \$13,672,900 | 10% | \$13,672,900 | 10% |
| BA's Schedule A Canadian Banks R-1 | | | | | | | |
| Financial Institutions & their Guarantees | Mid | \$30,541,929 | 22% | \$34,182,250 | 25% | \$3,640,321 | 3% |
| Bank of Montreal (R-1 Mid) | Open | \$1,400,466 | 1% | \$13,672,900 | 10% | \$12,272,434 | 9% |
| Bank of Nova Scotia (R-1 Mid) | Open | \$4,203,607 | 3% | \$13,672,900 | 10% | \$9,469,293 | 7% |
| Canadian Imperial Bank of Commerce (R-1 Mid) | Open | \$11,200,176 | 8% | \$13,672,900 | 10% | \$2,472,724 | 2% |
| Laurentian Bank (R-1 Low) | Closed | | | \$13,672,900 | 10% | \$13,672,900 | |
| National Bank of Canada (R-1 Low) | Closed | | | \$13,672,900 | 10% | \$13,672,900 | |
| Royal Bank (R-1 Mid) | Open | \$560,383 | 4% | \$13,672,900 | 10% | \$8,332,795 | 6% |
| Royal Bank 1 Day BA | | \$4,779,722 | | | | | |
| Toronto Dominion (R-1 Mid) | Open | \$8,397,575 | 6% | \$13,672,900 | 10% | \$5,275,325 | 4% |
| Corporations & their Guarantees | Closed | | | | | | |
| FIXED (Bonds, etc. over one year) | Closed | | | | | | |
| Total Investments | | \$136,729,001 | 100% | | | | |
| Interest Bearing Bank Accounts - O/S Cheque Coverage | | \$23,464,738 | | | | | |
| Total Cash and Investments | | \$160,193,738 | | | | | |

**Capital Fund
Sector Weights
@ September 30, 2004**

Schedule C

| | | <u>Cumulative</u> <u>Amount Invested</u> <u>@ Book Value</u> | <u>%</u> | <u>Guideline Limit</u> | <u>%</u> | <u>Limit</u> <u>Available</u> | <u>%</u> |
|--|---------------------------|--|-----------|------------------------|-------------|----------------------------------|-----------|
| <u>Category Status</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 | | | \$0 | 25% | \$0 | |
| 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, 2004**

Schedule D

| Category Status | | Cumulative Amount Invested @ Book Value | % | Guideline Limit | % | Limit Available | % |
|--|---------------------------|---|-------------|----------------------|-------------|----------------------|------------|
| CASH & EQUIVALENTS | | | | | | | |
| Federal Government & its Guarantees | Open | \$100,753,127 | 38% | \$261,997,889 | 100% | \$161,244,762 | 62% |
| Federal Government | Open | \$91,816,835 | 35% | | | | |
| Business Development Bank | Open | \$3,819,976 | 1% | | | | |
| Canada Mortgage & Housing Corp. | Open | \$1,292,625 | 0% | | | | |
| Canadian Wheat Board | Open | \$1,240,194 | 0% | | | | |
| Export Development Canada | Open | | | | | | |
| Farm Credit Corp | Open | \$2,583,497 | 1% | | | | |
| Provincial Governments & their Guarantees | R-1 Mid or Greater | \$17,292,134 | 7% | \$261,997,889 | 100% | \$244,705,755 | 93% |
| Total Alberta (R-1 High) | Open | \$0 | 0% | \$65,499,472 | 25% | \$65,499,472 | 25% |
| 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 | | | \$65,499,472 | 25% | \$65,499,472 | 25% |
| Manitoba (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| New Brunswick (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| New Brunswick Municipal Finance Corp (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| Nova Scotia (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| Nova Scotia Municipal Finance Corp (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| Ontario (R-1 Mid) | Open | \$17,292,134 | 7% | \$65,499,472 | 25% | \$48,207,338 | 18% |
| Prince Edward Island (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| Quebec (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| Saskatchewan (R-1 Low) | Closed | | | \$65,499,472 | 25% | \$65,499,472 | |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | \$0 | | \$65,499,472 | 25% | \$65,499,472 | 25% |
| Calgary (R-1 Mid) | Open | | | \$26,199,789 | 10% | \$26,199,789 | 10% |
| Edmonton (R-1 High) | Open | | | \$26,199,789 | 10% | \$26,199,789 | 10% |
| Winnipeg (R-1 Mid) | Open | | | \$26,199,789 | 10% | \$26,199,789 | 10% |
| BA's Schedule A | | | | | | | |
| Canadian Banks R-1 | | | | | | | |
| Financial Institutions & their Guarantees | Mid | \$33,952,627 | 13% | \$65,499,472 | 25% | \$31,546,845 | 12% |
| Bank of Montreal (R-1 Mid) | Open | \$1,556,860 | 1% | \$26,199,789 | 10% | \$24,642,929 | 9% |
| Bank of Nova Scotia (R-1 Mid) | Open | \$4,673,035 | 2% | \$26,199,789 | 10% | \$21,526,754 | 8% |
| Canadian Imperial Bank of Commerce (R-1 Mid) | Open | \$12,450,930 | 5% | \$26,199,789 | 10% | \$13,748,859 | 5% |
| Laurentian Bank (R-1 Low) | Closed | | | \$26,199,789 | 10% | \$26,199,789 | |
| National Bank of Canada (R-1 Low) | Closed | | | \$26,199,789 | 10% | \$26,199,789 | |
| Royal Bank (R-1 Mid) | Open | \$622,963 } | 2% | \$26,199,789 | 10% | \$20,263,340 | 8% |
| Royal Bank 1 Day BA | | \$5,313,486 } | | | | | |
| Toronto Dominion (R-1 Mid) | Open | \$9,335,354 | 4% | \$26,199,789 | 10% | \$16,864,435 | 6% |
| Corporations & their Guarantees | Closed | | | | | | |
| TOTAL CASH & EQUIVALENTS | | \$151,997,889 | 58% | | | | |
| FIXED (Bonds, etc. over one year) | Open (Special) | | | | | | |
| Province of Nova Scotia (A-Low) | | \$110,000,000 | 42% | | | | |
| Total Investments | | \$261,997,889 | 100% | | | | |

**Trust Funds
Sector Weights
@ September 30, 2004**

Schedule E

| <u>Catagory</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 | \$1,829,797 | 65% | \$2,821,048 | 100% | \$991,251 | 35% |
| Federal Government | Open | \$1,667,503 | 59% | | | | |
| Business Development Bank | Open | \$69,375 | 2% | | | | |
| Canada Mortgage & Housing Corp. | Open | \$23,476 | 1% | | | | |
| Canadian Wheat Board | Open | \$22,523 | 1% | | | | |
| Export Development Canada | Open | | | | | | |
| Farm Credit Corp | Open | \$46,919 | 2% | | | | |
| Provincial Governments & their Guarantees | R-1 Mid or Greater | \$314,046 | 11% | \$2,821,048 | 100% | \$2,507,002 | 89% |
| Total Alberta (R-1 High) | Open | \$0 | 0% | \$705,262 | 25% | \$705,262 | 25% |
| 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 | | | \$705,262 | 25% | \$705,262 | 25% |
| Manitoba (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| New Brunswick (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| New Brunswick Municipal Finance Corp (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| Nova Scotia (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| Nova Scotia Municipal Finance Corp (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| Ontario (R-1 Mid) | Open | \$314,046 | 11% | \$705,262 | 25% | \$391,216 | 14% |
| Prince Edward Island (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| Quebec (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| Saskatchewan (R-1 Low) | Closed | | | \$705,262 | 25% | \$705,262 | |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | \$0 | 0% | \$705,262 | 25% | \$705,262 | 25% |
| Calgary (R-1 Mid) | Open | | | \$282,105 | 10% | \$282,105 | 0% |
| Edmonton (R-1 High) | Open | | | \$282,105 | 10% | \$282,105 | 0% |
| Winnipeg (R-1 Mid) | Open | | | \$282,105 | 10% | \$282,105 | 0% |
| BA's Schedule A | | | | | | | |
| Canadian Banks R-1 | | | | | | | |
| Financial Institutions & their Guarantees | Mid | \$616,620 | 22% | \$705,262 | 25% | \$88,642 | 3% |
| Bank of Montreal (R-1 Mid) | Open | \$28,274 | 1% | \$282,105 | 10% | \$253,830 | 9% |
| Bank of Nova Scotia (R-1 Mid) | Open | \$84,868 | 3% | \$282,105 | 10% | \$197,237 | 7% |
| Canadian Imperial Bank of Commerce (R-1 Mid) | Open | \$226,124 | 8% | \$282,105 | 10% | \$55,981 | 2% |
| Laurentian Bank (R-1 Low) | Closed | | | \$282,105 | 10% | \$282,105 | |
| National Bank of Canada (R-1 Low) | Closed | | | \$282,105 | 10% | \$282,105 | |
| Royal Bank (R-1 Mid) | Open | \$11,314 } | 4% | \$282,105 | 10% | \$174,292 | 6% |
| Royal Bank 1 Day BA | | \$96,499 } | | | | | |
| Toronto Dominion (R-1 Mid) | Open | \$169,541 | 6% | \$282,105 | 10% | \$112,564 | 4% |
| Corporations & their Guarantees | Closed | | | | | | |
| TOTAL CASH & EQUIVALENTS | | \$2,760,463 | 98% | | | | |
| <u>FIXED (Bonds, etc. over one year)</u> | | | | | | | |
| Federal Government & its Guarantees | | | | | | | |
| Federal Government | | \$54,175 | 2% | | | | |
| TOTAL FIXED | | | | | | | |
| <u>EQUITIES</u> | | | | | | | |
| Bank of Montreal | | \$6,410 | 0% | | | | |
| TOTAL EQUITIES | | | | | | | |
| Total Investments | | \$2,821,048 | 100% | | | | |