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Item No. 6

**Halifax Regional Council
September 22, 2009**

TO: Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY: 

Cathie O'Toole, CGA, Director of Finance

DATE: September 18, 2009

SUBJECT: Investment Activities - Quarter Ending June 30, 2009

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 June 30, 2009 has been reviewed by the Committee.

DISCUSSION

HRM Investment Activities

HRM Short Term (Money Market Pool)

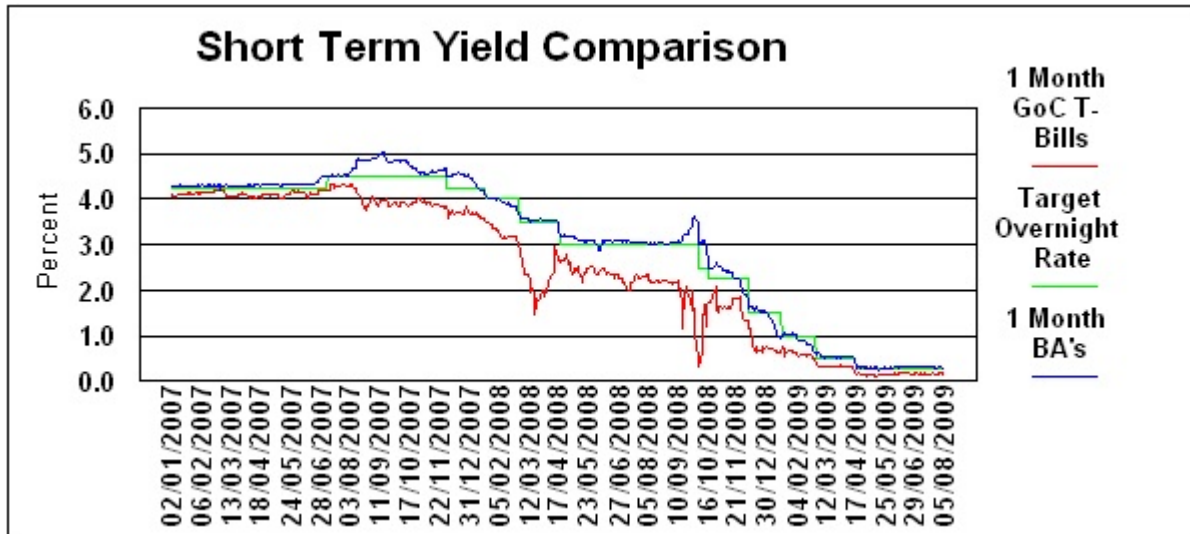
HRM Money Market investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending June 30, 2009:

Money Market Funds	3 Months (to June 30, 2009)	6 Months (to June 30, 2009)	1 Year (to June 30, 2009)
5 th Percentile	0.47%	1.18%	2.89%
1 st Quartile	0.34%	0.81%	2.46%
Mercer Median	0.23%	0.71%	2.21%
3 rd Quartile	0.18%	0.51%	1.94%
95 th Percentile	0.12%	0.39%	1.42%
DEX 91 Day T-Bills	0.12%	0.45%	1.98%
HRM	.21%	0.71%	2.15%

Relative performance was just below the median level for the Quarter and year. The Mercer Survey figures are before management fees. The internal management of the HRM portfolio results in savings of external management fees. HRM returns were negatively impacted by the influx of new cash from the April tax billing and the June 1 debenture issue as these funds were invested in the current low interest rate environment.

The Quarter saw 91 investments made at a cost of \$344,127,000 with an average term to maturity of 164 days. This compares to last year's 1st Quarter of 161 investments made at a cost of \$449,000,000 with an average term of 76 days. Continuing with the strategy from the 4th quarter, there was a significant reduction in investment activity as well as an increase in the term to maturity of investments compared to last year's 1st Quarter. The decrease in activity was primarily due to the rates available in the Financial Institutions Sector being lower than what could be earned in the Royal Bank account. Investments were generally only being made when Sector Weight limits for Royal Bank were reached. From time to time the long end of the Money Market yield curve offered a relatively attractive yield so this term was emphasized when not covering short term cash needs.

The actual rate of return for the Quarter was .21% versus a budget of .26%. Operating Fund Investment Income was \$175,000 versus a budget of \$215,000. All of the negative variance was due to rate of return with positive cash flows trends offsetting some of the negative impacts of the rate variance. While it was hard to believe back in January when the Operating Fund Investment Income budget was prepared, a budgeted average rate of return for the fiscal year of 1.03% is proving to be wildly optimistic. The graph below helps illustrate the collapse in short term interest rates over the past couple of years:



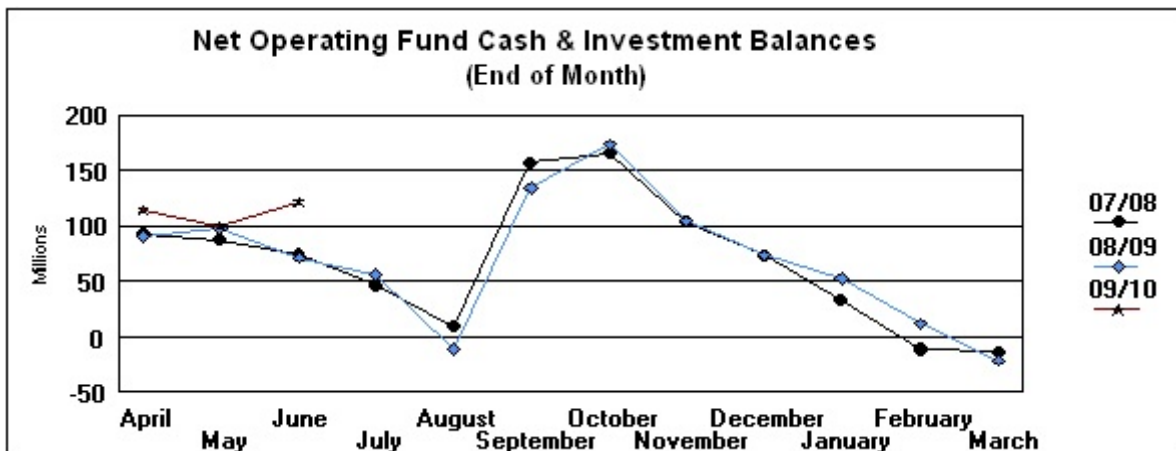
Incremental gross income earned on investments to the end of the Quarter as a result of the Investment Policy change in 2007 was \$ 669,656. This is little changed over the previous Quarter as the investment strategy pursued was similar and did not seek to maximize the Non-Government Sector.

HRM Short Term Bond Pool and Targeted Reserve Fund Investments

There were no purchases for the Short Term Bond Pool as levels were not attractive for these longer term investments in the current environment.

Cash Flows

Net Operating Fund cash flows were significantly higher at the end of the Quarter than in recent years largely because of the receipt of a greater than usual Spring debenture issue in early June versus in July last year. Property taxes paid this year was another positive cash flow influence.



On June 30 a deposit during the day of some \$15,500,000 for Federal Gas Tax and Provincial Grant in Lieu caused the Royal Bank Sector Weight to exceed the Policy guidelines by some \$9,000,000. Investments on the next business day brought this Sector Weight back in line with the Policy.

Because of favorable bank account interest rates versus short term instruments the bank account balance was kept high averaging 87% of the maximum allowed under the Policy for the Quarter.

Subsequent to End of Reporting Quarter

The Bank of Canada in its July 23 Monetary Policy Report declared the end of the technical recession in Canada in the current Quarter. However, growth in Canada and indeed in other countries was seen as tepid at best with downside risks remaining. The Bank reaffirmed its conditional commitment to keep rates at the lower bound of .25% until the end of June 2010. It did not provide any indication that Quantitative or Qualitative easing would be necessary. The Bank continued to be guardedly optimistic on the economic recovery with its September 10 statement accompanying the decision to hold rates at the effective lower bound.

Outlook & Strategy

There continue to be signs that global economies have bottomed out and will be moving towards some level of growth. However it has taken massive fiscal and monetary stimulus to turn this ship around and it is unclear what the medium and longer term impacts of this may be. It is anticipated that many OECD Government debt levels will approach or exceed those not seen since World War II. The hope is that this will buy time for the household sector, particularly in the U.S., to ramp up as Government's emergency fiscal measures wind down. There are certainly risks with this view with one analyst projecting that in 2010 close to half the households in the U.S. with mortgages will owe more than their homes could be sold for.

Staff continue to lock in yield in the 1 year term when rates back up and cover shorter term cash needs with Financial Institution instruments while keeping the bank account near maximum levels.

Policy Compliance

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

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%.

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

Competitive Return on Investments - The rate of return was slightly below median for the year ending June 30 on a before fee basis but on an after estimated fee basis the rate of return was in excess of the Mercer Median.

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

BUDGET IMPLICATIONS

Operating Fund Investment Income for the quarter ending June 30, 2009 was \$175,000 versus a budget of \$215,000. As a result of the drop in short term interest rates to unprecedented levels, a shortfall in Operating Fund Investment Income is anticipated. This may be partially offset by some positive cash flow trends. Staff will be in a better position to quantify the shortfall after the proceeds of the September tax billing are received and the construction season winds down.

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.

ATTACHMENTS

Sector Weight Schedules @ June 30, 2009 (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/council/agendasc/cagenda.html> then choose the appropriate 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

**Total Investments
Sector Weights
@ June 30, 2009**

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	111,257,060	34%	327,812,999	100%	216,555,939	66%
Federal Government	Open	111,257,060	34%				
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	118,767,191	36%	327,812,999	100%	209,045,808	64%
Total Alberta (R-1 High)	Open	28,602,001	9%	81,953,250	25%	53,351,249	16%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	28,602,001					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	23,799,576	7%	81,953,250	25%	58,153,674	18%
Manitoba (R-1 Mid)	Open	0	0%	81,953,250	25%	81,953,250	25%
New Brunswick (R-1 Mid)	Open	14,958,400	5%	81,953,250	25%	66,994,850	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			81,953,250	25%	81,953,250	25%
Ontario (R-1 High)	Open	30,258,688	9%	81,953,250	25%	51,694,562	16%
Quebec (R-1 Mid)	Open	14,590,862	4%	81,953,250	25%	67,362,388	21%
Saskatchewan (R-1 Mid)	Open	6,557,664	2%	81,953,250	25%	75,395,586	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		81,953,250	25%	81,953,250	25%
Calgary (R-1 High)	Open			32,781,300	10%	32,781,300	10%
Edmonton (R-1 High)	Open			32,781,300	10%	32,781,300	10%
Financial Institutions & their Guarantees /Corporations		97,788,748	30%	163,906,500	50%	66,117,752	20%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	90,790,288	28%	163,906,500	50%	73,116,212	22%
Bank of Montreal (R-1 High)	Open	5,998,260	2%	32,781,300	10%	26,783,040	8%
Bank of Nova Scotia (R-1 High)	Open	16,994,960	5%	32,781,300	10%	15,786,340	5%
Canadian Imperial Bank of Commerce (R-1 High)	Open	14,996,230	5%	32,781,300	10%	17,785,070	5%
Royal Bank (R-1 High)	Open	0	13%	32,781,300	10%	-8,726,532	-3%
Royal Bank - Effective Cash		41,507,832					
Toronto Dominion (R-1 High)	Open	11,293,006	3%	32,781,300	10%	21,488,294	7%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	6,998,460	2%	81,953,250	25%	74,954,790	23%
National Bank of Canada (R-1 Mid)	Open	6,998,460	2%	16,390,650	5%	9,392,190	3%
OMERS Realty Corporation (R-1 High)	Open	0	0%	16,390,650	5%	16,390,650	5%
CDP Financial Inc (R-1 High)	Open	0	0%	16,390,650	5%	16,390,650	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	16,390,650	5%	16,390,650	5%
Desjardins Total		0	0%	16,390,650	5%	16,390,650	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		327,812,999	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		6,986,957	2%				
Total Fixed		6,986,957					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		334,806,366					
Interest Bearing Bank Accounts - O/S Cheque Coverage		6,856,168	*				
Total Investments and O/S Cheques Coverage		341,662,534					

**Operating Funds
Sector Weights
@ June 30, 2009**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	54,121,305	34%	159,465,542	100%	105,344,237	66%
Federal Government	Open	54,121,305	34%				
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	57,774,629	36%	159,465,542	100%	101,690,913	64%
Total Alberta (R-1 High)	Open	13,913,523	9%	39,866,385	25%	25,952,863	16%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	13,913,523					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	11,577,370	7%	39,866,385	25%	28,289,016	18%
Manitoba (R-1 Mid)	Open	0	0%	39,866,385	25%	39,866,385	25%
New Brunswick (R-1 Mid)	Open	7,276,555	5%	39,866,385	25%	32,589,830	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			39,866,385	25%	39,866,385	25%
Ontario (R-1 High)	Open	14,719,423	9%	39,866,385	25%	25,146,963	16%
Quebec (R-1 Mid)	Open	7,097,765	4%	39,866,385	25%	32,768,620	21%
Saskatchewan (R-1 Mid)	Open	3,189,994	2%	39,866,385	25%	36,676,392	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		39,866,385	25%	39,866,385	25%
Calgary (R-1 High)	Open			15,946,554	10%	15,946,554	10%
Edmonton (R-1 High)	Open			15,946,554	10%	15,946,554	10%
Financial Institutions & their Guarantees /Corporations		47,569,607	30%	79,732,771	50%	32,163,163	20%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	44,165,187	28%	79,732,771	50%	35,567,584	22%
Bank of Montreal (R-1 High)	Open	2,917,870	2%	15,946,554	10%	13,028,684	8%
Bank of Nova Scotia (R-1 High)	Open	8,267,245	5%	15,946,554	10%	7,679,309	5%
Canadian Imperial Bank of Commerce (R-1 High)	Open	7,294,958	5%	15,946,554	10%	8,651,597	5%
Royal Bank (R-1 High)	Open	0	13%	15,946,554	10%	-4,245,046	-3%
Royal Bank - Effective Cash		20,191,600					
Toronto Dominion (R-1 High)	Open	5,493,514	3%	15,946,554	10%	10,453,040	7%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	3,404,420	2%	39,866,385	25%	36,461,965	23%
National Bank of Canada (R-1 Mid)	Open	3,404,420	2%	7,973,277	5%	4,568,857	3%
OMERS Realty Corporation (R-1 High)	Open	0	0%	7,973,277	5%	7,973,277	5%
CDP Financial Inc (R-1 High)	Open	0	0%	7,973,277	5%	7,973,277	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	7,973,277	5%	7,973,277	5%
Desjardins Total		0	0%	7,973,277	5%	7,973,277	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		159,465,542	100%				
Interest Bearing Bank Accounts - O/S Cheque Coverage		6,856,168					
Total Investments and O/S Cheques Coverage		166,321,710					

**Capital Funds
Sector Weights
@ June 30, 2009**

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	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%	0	100%	0	0%
Total Alberta (R-1 High)	Open	0	0%	0	25%	0	0%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0	0%	0	25%	0	0%
Ontario (R-1 High)	Open	0	0%	0	25%	0	0%
Quebec (R-1 Mid)	Open	0	0%	0	25%	0	0%
Saskatchewan (R-1 Mid)	Open	0	0%	0	25%	0	0%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open	0		0	10%	0	0%
Edmonton (R-1 High)	Open	0		0	10%	0	0%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	0	0%	0	50%	0	0%
Bank of Montreal (R-1 High)	Open	0	0%	0	10%	0	0%
Bank of Nova Scotia (R-1 High)	Open	0	0%	0	10%	0	0%
Canadian Imperial Bank of Commerce (R-1 High)	Open	0	0%	0	10%	0	0%
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
Royal Bank - Effective Cash		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	0	25%	0	0%
National Bank of Canada (R-1 Mid)	Open	0	0%	0	5%	0	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	0	5%	0	0%
CDP Financial Inc (R-1 High)	Open	0	0%	0	5%	0	0%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	0	5%	0	0%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		0	0%				

**Reserve Funds
Sector Weights
@ June 30, 2009**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	56,005,439	34%	165,017,043	100%	109,011,603	66%
Federal Government	Open	56,005,439	34%				
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	59,785,947	36%	165,017,043	100%	105,231,096	64%
Total Alberta (R-1 High)	Open	14,397,896	9%	41,254,261	25%	26,856,364	16%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	14,397,896					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	11,980,415	7%	41,254,261	25%	29,273,846	18%
Manitoba (R-1 Mid)	Open	0	0%	41,254,261	25%	41,254,261	25%
New Brunswick (R-1 Mid)	Open	7,529,875	5%	41,254,261	25%	33,724,386	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			41,254,261	25%	41,254,261	25%
Ontario (R-1 High)	Open	15,231,852	9%	41,254,261	25%	26,022,408	16%
Quebec (R-1 Mid)	Open	7,344,861	4%	41,254,261	25%	33,909,400	21%
Saskatchewan (R-1 Mid)	Open	3,301,048	2%	41,254,261	25%	37,953,213	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		41,254,261	25%	41,254,261	25%
Calgary (R-1 High)	Open			16,501,704	10%	16,501,704	10%
Edmonton (R-1 High)	Open			16,501,704	10%	16,501,704	10%
Financial Institutions & their Guarantees /Corporations		49,225,656	30%	82,508,521	50%	33,282,865	20%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	45,702,717	28%	82,508,521	50%	36,805,804	22%
Bank of Montreal (R-1 High)	Open	3,019,451	2%	16,501,704	10%	13,482,254	8%
Bank of Nova Scotia (R-1 High)	Open	8,555,054	5%	16,501,704	10%	7,946,650	5%
Canadian Imperial Bank of Commerce (R-1 High)	Open	7,548,918	5%	16,501,704	10%	8,952,786	5%
Royal Bank (R-1 High)	Open	0	13%	16,501,704	10%	-4,392,829	-3%
Royal Bank - Effective Cash		20,894,533					
Toronto Dominion (R-1 High)	Open	5,684,761	3%	16,501,704	10%	10,816,944	7%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	3,522,939	2%	41,254,261	25%	37,731,322	23%
National Bank of Canada (R-1 Mid)	Open	3,522,939	2%	8,250,852	5%	4,727,913	3%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,250,852	5%	8,250,852	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,250,852	5%	8,250,852	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	8,250,852	5%	8,250,852	5%
Desjardins Total		0	0%	8,250,852	5%	8,250,852	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		165,017,043	100%				
FIXED (Bonds, etc. over one year)							
Federal Government		6,986,957	4%				
Total Fixed		6,986,957					
Total Investments		172,004,000					

**Trust Funds
Sector Weights
@ June 30, 2009**

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	1,130,316	34%	3,330,415	100%	2,200,099	66%
Federal Government	Open	1,130,316	34%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,206,615	36%	3,330,415	100%	2,123,800	64%
Total Alberta (R-1 High)	Open	290,582	9%	832,604	25%	542,022	16%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	290,582					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	241,792	7%	832,604	25%	590,812	18%
Manitoba (R-1 Mid)	Open	0	0%	832,604	25%	832,604	25%
New Brunswick (R-1 Mid)	Open	151,970	5%	832,604	25%	680,634	20%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			832,604	25%	832,604	25%
Ontario (R-1 High)	Open	307,413	9%	832,604	25%	525,191	16%
Quebec (R-1 Mid)	Open	148,236	4%	832,604	25%	684,368	21%
Saskatchewan (R-1 Mid)	Open	66,623	2%	832,604	25%	765,981	23%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		832,604	25%	832,604	25%
Calgary (R-1 High)	Open			333,041	10%	333,041	10%
Edmonton (R-1 High)	Open			333,041	10%	333,041	10%
Financial Institutions & their Guarantees /Corporations		993,484	30%	1,665,207	50%	671,723	20%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	922,383	28%	1,665,207	50%	742,824	22%
Bank of Montreal (R-1 High)	Open	60,939	2%	333,041	10%	272,102	8%
Bank of Nova Scotia (R-1 High)	Open	172,660	5%	333,041	10%	160,381	5%
Canadian Imperial Bank of Commerce (R-1 High)	Open	152,354	5%	333,041	10%	180,687	5%
Royal Bank (R-1 High)	Open	0	13%	333,041	10%	-88,657	-3%
Royal Bank - Effective Cash		421,699					
Toronto Dominion (R-1 High)	Open	114,731	3%	333,041	10%	218,310	7%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	71,101	2%	832,604	25%	761,503	23%
National Bank of Canada (R-1 Mid)	Open	71,101	2%	166,521	5%	95,420	3%
OMERS Realty Corporation (R-1 High)	Open	0	0%	166,521	5%	166,521	5%
CDP Financial Inc (R-1 High)	Open	0	0%	166,521	5%	166,521	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	166,521	5%	166,521	5%
Desjardins Total		0	0%	166,521	5%	166,521	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,330,415	100%				
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,336,825					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Apr 8%, May 8.4%, Jun 8.6%	Apr. 8.9% May 9.4%, Jun 9.5%
Jobs Created / (Lost) ('000's)	Apr 36, May (42), Jun (7)	April (539), May (303), Jun (443)
CPI (year over year)	Apr 0.4%, May 0.1%, Jun -0.3%	Apr -0.7%, May -1.3%, Jun -1.4%
CPI-X (Core) (year over year)	Apr 1.8%, May 2.0%, Jun 1.9%	Apr 1.9%, May 1.8%, Jun -2.0%
GDP Q1	TBA	-1.0% A

Central Bank Activities April 1 to June 30, 2009

- April 22 Bank of Canada lowers rate from .50% to .25%
 - April 29 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
 - June 10 Bank of Canada holds rate at .25%
 - June 24 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
-

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government
Business Development Bank
Canada Mortgage & Housing Corporation
Canadian Wheat Board
Export Development Canada
Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees
The Province of British Columbia & Its Guarantees
The Province of Manitoba & Its Guarantees
The Province of New Brunswick & Its Guarantees
The Province of Ontario & Its Guarantees
The Province of Quebec & Its Guarantees
The Province of Saskatchewan & Its Guarantees

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees
The Municipality of Edmonton & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees
The Bank of Nova Scotia & Its Guarantees
Canadian Imperial Bank of Commerce & Its Guarantees
Royal Bank of Canada & Its Guarantees
Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group
Caisse Centrale Desjardins
CDP Financial Inc
National Bank of Canada
Ontario Infrastructure Projects Corporation
OMERS Realty Corporation

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.