



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

Item No. 3
Halifax Regional Council
October 18, 2011

TO: Mayor Kelly and Members of Halifax Regional Council

Original Signed

SUBMITTED BY:

Councillor Gloria McCluskey, Chair, Audit and Finance Standing Committee

DATE: September 26, 2011

SUBJECT: Quarter Ending June 30, 2011

INFORMATION REPORT

ORIGIN

The September 21, 2011 Audit and Finance Standing Committee meeting.

BACKGROUND

As per the Investment Policy, quarterly reporting by the Treasurer to Regional Council and the Investment Policy Advisory Committee is required. The Quarter ending June 30, 2011 report from the Investment Policy Advisory Committee was submitted to the Audit and Finance Standing Committee for their September 21, 2011 meeting along with the Investment Activities - Quarter Ending June 30, 2011 report. The Audit and Finance Standing Committee received the reports and are now submitting the Information Reports to Regional Council for their information. Attached to this report are the two Information Reports on the Quarter Ending June 30, 2011, dated August 23, 2011, and Investment Activities – Quarter Ending June 30, 2011 dated August 25, 2011.

DISCUSSION

See attached Information Reports dated August 25, 2011 and August 23, 2011.

BUDGET IMPLICATIONS

See attached Information Reports dated August 25, 2011 and August 23, 2011.

FINANCIAL MANAGEMENT POLICIES/BUSINESS PLAN

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

COMMUNITY ENGAGEMENT

The Investment Policy Advisory Committee is comprised of four (4) citizens at large, one elected official and HRM's Deputy Treasurer.

ATTACHMENTS

1. Information Report - Investment Activities – Quarter Ending June 30, 2011 dated August 25, 2011.
2. Information Report - Investment Policy Advisory Committee - Quarter Ending June 30, 2011 dated August 23, 2011.

A copy of this report can be obtained online at <http://www.halifax.ca/council/agendasc/agenda.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: [Chris Newson, Legislative Assistant, 490-6732]



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

**Audit and Finance Committee
September 21, 2011**

TO: Chair and Members of the Audit and Finance Committee

Original Signed

SUBMITTED BY:

Bruce Fisher, MPA, CMA, Acting Director of Finance and Chief
Financial Officer

DATE: August 25, 2011

SUBJECT: Investment Activities - Quarter Ending June 30, 2011

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, 2011 has been reviewed by the Committee. An information report from the Committee on staff's compliance with the objectives of the HRM Investment Policy has also been sent to the Audit and Finance Committee for the September 21 meeting.

DISCUSSION

HRM Investment Activities

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, 2011:

Money Market Funds	3 Months (to June 30, 2011)	6 Months (to June 30, 2011)	1 Year (to June 30, 2011)
5 th Percentile	.38 %	.77%	1.36%
1 st Quartile	.31 %	.63%	1.12%
Mercer Median	.29%	.58%	1.03%
3 rd Quartile	.27%	.54%	.97%
95 th Percentile	.20 %	.42 %	.74%
Dec 91 Day T-Bills	.24%	.52 %	.89%
HRM	.29%	.59%	1.08%

HRM relative performance was at median for the Quarter and slightly above median for the 6 month and 1 year time frames before any allowance for fees that would have been paid to an external management firm. The very high credit quality of the portfolio was maintained.

Relative to recent activity levels the Quarter was much busier with 86 investments made at a cost of approximately \$370,594,000. For the comparable Quarter last year there were 62 investments at a cost of \$238,945,000. The increased activity versus last year was largely due to a shorter average term to maturity for investments of 83 days versus 136 days in the previous year. In both years the bank account offered an attractive interest rate and was used extensively. The shorter term to maturity was motivated by the fact that the market did not appear to be offering appropriate compensation for the then reasonable prospect of Bank of Canada rate increases and by a desire to preserve the potential of meeting the budgeted rate of return for the year by not locking in rates below the budgeted rates.

Operating Fund Investment Income for the Quarter was \$436,000 versus a budget of \$374,000. Better than anticipated cash flows were solely responsible as the actual rate of return was .29% versus a budgeted rate of .31%. Future Quarters will be challenging to say the least and will be discussed further below.

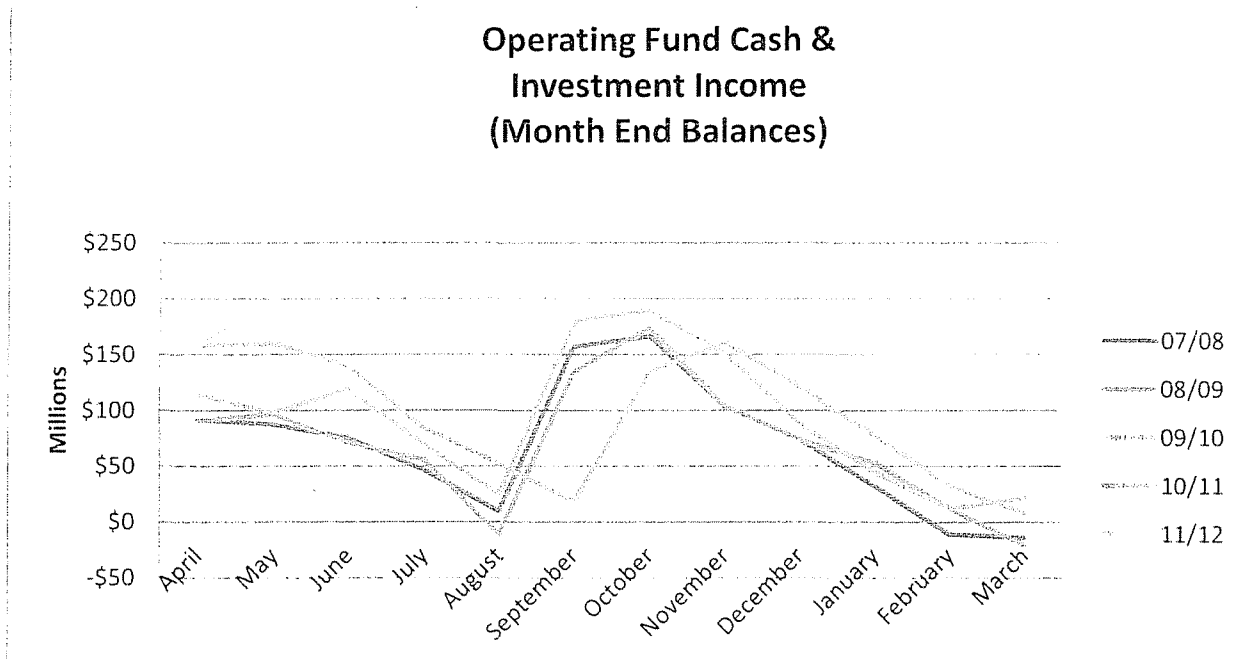
The cumulative incremental gross investment income from the 2007 Policy change that expanded the Non-Government Sector Weight was \$737,594 or a \$12,490 increase during the Quarter.

HRM Short Term Bond Pool

The Short Term Bond Pool holds bonds to a maximum term to maturity of approximately five years. The \$6,000,000 of bonds currently held have yields ranging from 2.21% to 4.30%. These bonds are guaranteed by either the Government of Canada or highly rated Provinces. There were no additions to the Bond Pool during the Quarter. Staff continues to look for opportunities to add to the Bond Pool with the ever changing outlook for future interest rates over a potential five year holding period a key consideration.

Cash Flow

The unusual peak in Operating Fund Cash & Investments at the end of May shown below was due to the receipt of the Spring Debenture proceeds in May versus the usual month of June as well as higher cash receipts in a number of revenue categories. Expenditures were slightly below the previous year's levels. The recently redeveloped cash flow model will be used for variance analysis. The success of the effort to rebuild the cash flow model will be determined by its ability to adequately explain year over year differences in cash and investment balances.



The Non-Government Sector limit was slightly exceeded on June 15. Investments on June 16 brought the Sector Weights back in line. This variance was discussed with the Investment Policy Advisory Committee which agreed with staff's assessment that this temporary variance did not represent a material increase in risk to the portfolio.

Subsequent to End of Reporting Quarter

There has been a dramatic increase in volatility in markets and increased fears that developed economies may slip back into recession. By way of background, the financial crisis that began to unfold in 2007 has not ended but has merely migrated from banks and over-leveraged home buyers to governments. With the advantage of 20/20 hindsight, it now seems clear that the U.S. Federal Reserve in particular may have inadvertently taken actions that have made economic matters worse. Interest rates were reduced and kept at low rates in response to market events as well as the usual economic events.

In terms of specific events, the adoption of a slightly more hawkish tone by the Bank of Canada at its July 19 meeting was eclipsed by developments in Europe and the United States in late July and early August. Fears of debt contagion in Europe and the demonstration of a lack of political will to face the very real budget challenges created a crisis of confidence in markets. This also coincided with some weaker than expected economic numbers. The net results were dramatic selloffs in equity and bond markets with the newly downgraded U.S. debt still attracting safe haven flows. Canadian rates also saw dramatic moves with the yield on 1 year Government of Canada T-Bills dropping more than 20 bps in a single day. The implied moves in the Overnight Rate for the next 8 meetings of the Bank of Canada as expressed by the futures went from +44.5 July 28 to -41.25 August 8.

The U.S. Federal Open Market Committee had a fairly gloomy statement August 9 and added a 'conditional commitment' type statement to keep their primary policy rate at the current level of between 0 and .25% until at least the middle of 2013. This is similar to what the Bank of Canada invoked in 2009 and then abandoned in April 2010. It is striking that in addition to all the other measures taken by the U.S. Federal Reserve that they felt the need to make such a pledge at this time and serves to underline the still sorry state of the U.S. economy. To put a more human face on this the USDA website now indicates the food stamps program is being used by over 40,000,000 Americans compared to 'just' over 35,000,000 when we last reported on this in early 2010.

As a result of the deteriorating economic situation and the commitment by the U.S. Federal Reserve to keep rates on hold until at least the middle of 2013, interest rates in Canada have dropped considerably. Most economists are projecting that the Bank of Canada will maintain its target rate at 1% well into 2012. This is in sharp contrast to projections of rising rates in Canada that were in place earlier in the year. In developing the budgeted rate of return for HRM investments for this fiscal year staff used the consensus forecasts of the Big 6 Canadian Bank economists for certain key rates adjusted for HRM asset mix. This resulted in a budgeted rate of return for the year of 1.75%. In the current environment this rate of return will be unattainable. Although cash flow trends have been better than anticipated resulting in an overachievement of Operating Fund Investment Income for the 1st Quarter it is anticipated that dramatically lower than anticipated interest rates will result in a shortfall in Operating Fund Investment Income for

the year. The magnitude of this shortfall may be between \$200,000 and \$300,000 depending in future cash flow developments..

Outlook & Strategy

The economic outlook remains highly uncertain but with a negative bias being priced into most markets. However, the U.S. elections in 2012 may provide a powerful incentive for the adoption of policy measures to encourage economic growth, at least in the short term. On the other hand the election prospect may also serve to harden established positions and further reduce economic confidence.

We will continue to employ the strategy of locking in longer term rates when they appear attractive relative to what the Bank of Canada may do with interest rates and staying shorter term to cover cash needs when relatively attractive rates are not available.

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 and no investments were sold 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 above median for the year ending June 30.

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

BUDGET IMPLICATIONS

While Operating Fund Investment Income exceeded the budgeted amount of \$371,000 in the 1st Quarter by some \$62,000, it is anticipated that much lower than expected interest rates will result in a shortfall for the year. This shortfall may be between \$200,000 and \$300,000 on a total budget of \$1,435,000. Staff will be in a better position to more accurately project this figure after tax billing in October.

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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

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 Council Quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations to Council for any changes considered appropriate.

ATTACHMENTS

Sector Weight Schedules @ June 30, 2011 (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/cc.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Derek Tynski, BA, CMA, Deputy Treasurer

490-6471

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	April 7.6%, May 7.4%, June 7.4%	April 9.0%, May 9.1%, June 9.2%
Jobs Created / (Lost) ('000's)	April 58.3, May 22.3, June 28.4	April 217, May 53, June 46
CPI (year over year)	April 3.3%, May 3.7%, June 3.1%	April 3.2%, May 3.6%, June 3.6%
CPI-X (Core) (year over year)	April 1.6%, May 1.8%, June 1.3%	April 1.3% , May 1.5%, June 1.6%
Q2 GDP	N/A	1.3%A

Central Bank Activities

- April 12 Bank of Canada Maintains overnight rate at 1.0%
- April 27 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- May 31 Bank of Canada Maintains overnight rate at 1.0%
- June 22 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 and Lands Corporation
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.



P.O. Box 1749
Halifax, Nova Scotia
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Audit and Finance Committee
September 21, 2011

TO: Chair and Members of the Audit and Finance Committee

Original Signed

SUBMITTED BY:

Councillor Tim Outhit, Co-Chair, Investment Policy Advisory Committee

Original Signed

Derek Tynski, Co-Chair, Investment Policy Advisory Committee

DATE: August 23, 2011

SUBJECT: Investment Policy Advisory Committee Report – Quarter Ending June 30,
2011

INFORMATION REPORT

ORIGIN

The Halifax Regional Municipality Investment Policy requires that the Investment Policy Advisory Committee report to Council on compliance by staff with the Investment Objectives of the Investment Policy not less frequently than quarterly.

BACKGROUND

The Halifax Regional Municipality Investment Policy (the Policy) was adopted by Council April 23, 2002 and was approved by the Minister of Service Nova Scotia and Municipal Relations (the Minister) on May 14, 2002. Amendments to the Policy, as recommended by the Investment Policy Advisory Committee (the Committee) were approved by Council and the Minister in

2005, 2007, 2008 and 2010. Policy approvals are in accordance with Section 121 of the Halifax Regional Municipality Charter.

The mandate of the Committee is to recommend an investment policy to Council as well as provide ongoing monitoring of investment activities. Following adoption and approval of the Policy, the activities of the Committee have shifted to the monitoring role as well as annual reviews of the Policy.

DISCUSSION

The Investment Policy Advisory Committee is pleased to provide this report under the provisions of the Policy. The primary focus of this report will be to report on compliance with the objectives of the Policy.

The six objectives of the Policy, stated in order of priority of importance, are as follows:

1. Adherence to Legal Requirements
2. Preservation of Capital
3. Liquidity
4. Diversification of Investment Portfolio
5. Competitive Return on Investments
6. Regular Review of Performance

Copies of the Sector Weight schedules recommended under the Policy are attached.

The Committee has reviewed the information provided by staff in the Treasurer's report to the Committee for the Quarter ending June 30, 2011 and accepts the report and the findings contained in the report that the investment activities reported for that Quarter are in compliance with the Policy except as noted below.

Staff reported that during the Quarter the Non-Government Sector Weight exceeded the Policy guidelines by \$481,000 for one day. The Committee reviewed this instance and concurs with staff that this temporary variance did not pose any material increase in risk to the portfolio.

BUDGET IMPLICATIONS

N/A

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

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

COMMUNITY ENGAGEMENT

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (4 of 6) are volunteers from the general public. The Committee reports to Audit and Finance Committee of Council quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations for any changes considered appropriate.

ATTACHMENTS

Sector Weight Schedules @ June 30, 2011 (Schedules A,B,C,D & E)

A copy of this report can be obtained by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

Report Prepared by : Derek Tynski, Co-Chair, Investment Policy Advisory Committee, 490-6471

Category Status	Cumulative Amount Invested		%	Guideline Limit	%	Limit Available	%
	@ Book Value						
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	18,787,250	7%	276,546,412	100%	257,759,162	93%
Federal Government	Open	18,787,250	7%				
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	112,343,065	41%	276,546,412	100%	164,203,347	59%
Total Alberta (R-1 High)	Open	0	3%	69,136,603	25%	61,064,699	22%
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	21,814,930	8%	69,136,603	25%	47,321,673	17%
Manitoba (R-1 Mid)	Open	5,189,328	2%	69,136,603	25%	63,947,275	23%
New Brunswick (R-1 Mid)	Open	11,907,635	4%	69,136,603	25%	57,228,968	21%
Ontario (R-1 Mid)	Open	34,832,100	13%	69,136,603	25%	34,304,503	12%
Quebec (R-1 Mid)	Open	38,599,072	14%	69,136,603	25%	29,537,768	11%
Quebec		9,747,242					
Financement Quebec		28,851,830					
Saskatchewan (R-1 High)	Open	0	0%	69,136,603	25%	69,136,603	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		69,136,603	25%	69,136,603	25%
Calgary (R-1 High)	Open			27,654,641	10%	27,654,641	10%
Edmonton (R-1 High)	Open			27,654,641	10%	27,654,641	10%
Financial Institutions & their Guarantees /Corporations		131,365,520	48%	138,273,206	50%	6,907,686	2%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	93,121,014	34%	138,273,206	50%	45,152,192	16%
Bank of Montreal (R-1 High)	Open	6,802,521	2%	27,654,641	10%	20,852,120	8%
Bank of Nova Scotia (R-1 High)	Open	30,414,285	11%	27,654,641	10%	-2,759,644	-1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	27,825,890	10%	27,654,641	10%	-171,249	0%
Royal Bank (R-1 High)	Open	0	7%	27,654,641	10%	9,552,774	3%
Royal Bank - Effective Cash		18,101,868					
Toronto Dominion (R-1 High)	Open	9,976,450	4%	27,654,641	10%	17,678,191	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	38,244,506	14%	69,136,603	25%	30,892,097	11%
National Bank of Canada (R-1 Mid)	Open	13,302,886	5%	13,827,321	5%	524,435	0%
CMEERS Realty Corporation (R-1 High)	Open	0	0%	13,827,321	5%	13,827,321	5%
CDP Financial Inc (R-1 High)	Open	0	0%	13,827,321	5%	13,827,321	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	9,479,050	3%	13,827,321	5%	4,348,271	2%
Jesjardins Total		15,462,570	6%	13,827,321	5%	-1,635,249	-1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	15,462,570					
Total Cash and Equivalents		262,495,835	95%				
FIXED (Bonds, etc. over one year)							
Federal Government		4,972,500	2%	55,309,282	20%	50,336,782	18%
Money Market							
Bond Pool		4,972,500					
Provincial Government & their Guarantees		9,071,667	3%	55,309,282	20%	46,237,615	17%
Money Market		8,028,090	3%	55,309,282	20%	46,237,615	17%
Alberta		7,028,327	3%	27,654,641	10%	19,582,737	7%
Alberta							
Alberta Capital Finance Authority		7,028,327					
Alberta Treasury Branches							
British Columbia		0	0%	27,654,641	10%	27,654,641	10%
Manitoba		0	0%	27,654,641	10%	27,654,641	10%
New Brunswick		0	0%	27,654,641	10%	27,654,641	10%
Ontario		0	0%	27,654,641	10%	27,654,641	10%
Quebec		999,763	0%	27,654,641	10%	26,654,878	10%
Quebec							
Financement Quebec		999,763					
Saskatchewan		0	0%	27,654,641	10%	27,654,641	10%
Bond Pool		1,043,577	3%	55,309,282	20%	46,237,615	17%
Alberta		1,043,577	3%	27,654,641	10%	19,582,737	7%
Alberta							
Alberta Capital Finance Authority		1,043,577					
Alberta Treasury Branches							
British Columbia		0	0%	27,654,641	10%	27,654,641	10%
Manitoba		0	0%	27,654,641	10%	27,654,641	10%
New Brunswick		0	0%	27,654,641	10%	27,654,641	10%
Ontario		0	0%	27,654,641	10%	27,654,641	10%
Quebec		0	0%	27,654,641	10%	26,654,878	10%
Quebec							
Financement Quebec		0					
Saskatchewan		0	0%	27,654,641	10%	27,654,641	10%
Total Fixed		14,044,167	5%	55,309,282	20%	41,266,115	15%
Equities		6,410					
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		276,546,412					
Interest Bearing Bank Accounts - O/S Cheque Coverage		10,530,259					
Total Investments and O/S Cheques Coverage		287,076,671					

SCHEDULE B

Operating Funds
Sector Weights
Sector Weights @ June 30, 2011

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	12,168,810	7%	175,222,779	100%	163,053,969	93%
Federal Government	Open	12,168,810	7%				
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	72,766,444	42%	175,222,779	100%	102,456,335	58%
Total Alberta (R-1 High)	Open	0	0%	43,805,695	25%	43,158,132	25%
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	14,129,888	8%	43,805,695	25%	29,675,807	17%
Manitoba (R-1 Mid)	Open	3,361,213	2%	43,805,695	25%	40,444,482	23%
New Brunswick (R-1 Mid)	Open	7,712,770	4%	43,805,695	25%	36,092,924	21%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0		43,805,695	25%	43,805,695	25%
Ontario (R-1 Mid)	Open	22,561,322	15%	43,805,695	25%	16,692,010	10%
Quebec (R-1 Mid)	Open	25,001,251	14%	43,805,695	25%	18,804,443	11%
Saskatchewan (R-1 High)	Open	0	0%	43,805,695	25%	43,805,695	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		43,805,695	25%	43,805,695	25%
Calgary (R-1 High)	Open	0		17,522,278	10%	17,522,278	10%
Edmonton (R-1 High)	Open	0		17,522,278	10%	17,522,278	10%
Financial Institutions & their Guarantees /Corporations		85,087,600	49%	87,611,389	50%	2,523,790	1%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	60,316,006	34%	87,611,389	50%	27,295,383	16%
Bank of Montreal (R-1 High)	Open	4,406,104	3%	17,522,278	10%	13,116,174	7%
Bank of Nova Scotia (R-1 High)	Open	19,699,831	11%	17,522,278	10%	-2,177,553	-1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	18,023,285	10%	17,522,278	10%	-501,007	0%
Royal Bank (R-1 High)	Open	0	7%	17,522,278	10%	5,797,402	3%
Royal Bank - Effective Cash		11,724,876					
Toronto Dominion (R-1 High)	Open	6,461,910	4%	17,522,278	10%	11,060,368	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	24,771,593	14%	43,805,695	25%	19,034,101	11%
National Bank of Canada (R-1 Mid)	Open	8,616,497	5%	8,761,139	5%	144,642	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,761,139	5%	8,761,139	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,761,139	5%	8,761,139	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	6,139,736	4%	8,761,139	5%	2,621,403	1%
Desjardins Total		10,015,360	6%	8,761,139	5%	-1,254,221	-1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	10,015,360					
Total Investments		170,022,853	97%				
FIXED (Bonds, etc. over one year)							
Federal Government		0	0%	35,044,556	20%	35,044,556	20%
Money Market		0					
Bond Pool		0					
Provincial Government & their Guarantees		5,199,925	3%	35,044,556	20%	29,844,630	17%
Money Market		5,199,925	3%	35,044,556	20%	29,844,630	17%
Ontario		4,552,363	3%	17,522,278	10%	12,969,915	7%
British Columbia		0	0%	17,522,278	10%	17,522,278	10%
Alberta		647,563	0%	17,522,278	10%	16,874,715	10%
Saskatchewan		0	0%	17,522,278	10%	17,522,278	10%
Bond Pool		0	3%	35,044,556	20%	29,844,630	17%
Ontario		0	3%	17,522,278	10%	12,969,915	7%
British Columbia		0	0%	17,522,278	10%	17,522,278	10%
Alberta		0	0%	17,522,278	10%	16,874,715	10%
Saskatchewan		0	0%	17,522,278	10%	17,522,278	10%
Total Fixed		5,199,925	3%	35,044,556	20%	29,844,630	17%
Total Investments		175,222,779					
Interest Bearing Bank Accounts - O/S Cheque Coverage		10,530,259					
Total Investments and O/S Cheques Coverage		185,753,038					

SCHEDULE C

**Capital Funds
Sector Weights
Sector Weights @ June 30, 2011**

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	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%
Saskatchewan (R-1 High)	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	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		<u>0</u>	<u>0%</u>				

SCHEDULE D

Reserve Funds
Sector Weights
Sector Weights @ June 30, 2011

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	6,385,182	7%	97,958,454	100%	91,573,272	93%
Federal Government	Open	6,385,182	7%				
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	38,181,793	39%	97,958,454	100%	59,776,661	61%
Total Alberta (R-1 High)	Open	0	1%	24,489,614	25%	23,106,249	24%
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	7,414,193	8%	24,489,614	25%	17,075,421	17%
Manitoba (R-1 Mid)	Open	1,763,686	2%	24,489,614	25%	22,725,928	23%
New Brunswick (R-1 Mid)	Open	4,047,022	4%	24,489,614	25%	20,442,592	21%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0		24,489,614	25%	24,489,614	25%
Ontario (R-1 Mid)	Open	11,838,310	16%	24,489,614	25%	9,219,024	9%
Quebec (R-1 Mid)	Open	13,118,583	13%	24,489,614	25%	11,371,031	12%
Saskatchewan (R-1 High)	Open	0	0%	24,489,614	25%	24,489,614	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		24,489,614	25%	24,489,614	25%
Calgary (R-1 High)	Open	0		9,795,845	10%	9,795,845	10%
Edmonton (R-1 High)	Open	0		9,795,845	10%	9,795,845	10%
Financial Institutions & their Guarantees /Corporations		44,646,913	46%	48,979,227	50%	4,332,314	4%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	31,648,836	32%	48,979,227	50%	17,330,391	18%
Bank of Montreal (R-1 High)	Open	2,311,958	2%	9,795,845	10%	7,483,887	8%
Bank of Nova Scotia (R-1 High)	Open	10,336,837	11%	9,795,845	10%	540,991	-1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	9,457,125	10%	9,795,845	10%	338,721	0%
Royal Bank (R-1 High)	Open	0	6%	9,795,845	10%	3,643,603	4%
Royal Bank - Effective Cash		6,152,242					
Toronto Dominion (R-1 High)	Open	3,390,674	3%	9,795,845	10%	6,405,171	7%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	12,998,077	13%	24,489,614	25%	11,491,537	12%
National Bank of Canada (R-1 Mid)	Open	4,521,223	5%	4,897,923	5%	376,700	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	4,897,923	5%	4,897,923	5%
CDP Financial Inc (R-1 High)	Open	0	0%	4,897,923	5%	4,897,923	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	3,221,624	3%	4,897,923	5%	1,676,299	2%
Desjardins Total		5,255,230	5%	4,897,923	5%	357,307	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	5,255,230					
Total Cash and Equivalents		89,213,888	91%				
FIXED (Bonds, etc. over one year)							
Federal Government		4,972,500	5%	97,958,454	100%	92,985,954	95%
Money Market		0					
Bond Pool		4,972,500					
Provincial Government & their Guarantees		3,772,066	4%	48,979,227	50%	45,207,161	46%
Money Market		2,728,489	8%	48,979,227	50%	45,207,161	46%
Ontario		2,388,702	4%	9,795,845	10%	6,363,566	6%
British Columbia		0	0%	9,795,845	10%	9,795,845	10%
Alberna		339,787	1%	9,795,845	10%	8,412,481	9%
Saskatewan		0	0%	9,795,845	10%	9,795,845	10%
Bond Pool		1,043,577	4%	48,979,227	50%	45,207,161	46%
Ontario		1,043,577	4%	9,795,845	10%	6,363,566	6%
British Columbia		0	0%	9,795,845	10%	9,795,845	10%
Alberta		1,043,577	1%	9,795,845	10%	8,412,481	9%
Saskatewan		0	0%	9,795,845	10%	9,795,845	10%
Total Fixed		8,744,566	9%	97,958,454	100%	89,213,888	91%
Total Investments		97,958,454					
Interest Bearing Bank Accounts - O/S Cheque Coverage							
Total Investments and O/S Cheques Coverage		97,958,454					

SCHEDULE E

Trust Funds
Sector Weights
Sector Weights @ June 30, 2011

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	233,259	7%	3,365,179	100%	3,131,920	93%
Federal Government	Open	233,259	7%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,394,828	41%	3,365,179	100%	1,970,351	59%
Total Alberta (R-1 High)	Open	0	0%	841,295	25%	828,882	25%
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	270,850	8%	841,295	25%	570,445	17%
Manitoba (R-1 Mid)	Open	64,430	2%	841,295	25%	776,865	23%
New Brunswick (R-1 Mid)	Open	147,843	4%	841,295	25%	693,452	21%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	0		841,295	25%	841,295	25%
Ontario (R-1 Mid)	Open	432,468	15%	841,295	25%	321,564	10%
Quebec (R-1 Mid)	Open	479,238	14%	841,295	25%	362,057	11%
Saskatchewan (R-1 High)	Open	0	0%	841,295	25%	841,295	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		841,295	25%	841,295	25%
Calgary (R-1 High)	Open			336,518	10%	336,518	10%
Edmonton (R-1 High)	Open			336,518	10%	336,518	10%
Financial Institutions & their Guarantees /Corporations		1,631,007	48%	1,682,590	50%	51,582	2%
BA's Schedule A							
Canadian Banks R-1							
Tier 1 - Financial Institutions & their Guarantees	Mid	1,156,171	34%	1,682,590	50%	526,418	16%
Bank of Montreal (R-1 High)	Open	84,459	3%	336,518	10%	252,059	7%
Bank of Nova Scotia (R-1 High)	Open	377,617	11%	336,518	10%	-41,100	-1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	345,480	10%	336,518	10%	-8,963	0%
Royal Bank (R-1 High)	Open	0	7%	336,518	10%	111,769	3%
Royal Bank - Effective Cash		224,749					
Toronto Dominion (R-1 High)	Open	123,866	4%	336,518	10%	212,652	6%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	474,836	14%	841,295	25%	366,459	11%
National Bank of Canada (R-1 Mid)	Open	165,166	5%	168,259	5%	3,093	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	168,259	5%	168,259	5%
CDP Financial Inc (R-1 High)	Open	0	0%	168,259	5%	168,259	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	117,690	3%	168,259	5%	50,569	2%
Desjardins Total		191,980	6%	168,259	5%	-23,721	-1%
Desjardins Group (R-1 High)	Open	0					
Caisse Centrale Desjardins (R-1 High)	Open	191,980					
Total Cash and Equivalents		3,269,094	97%				
FIXED (Bonds, etc. over one year)							
Federal Government		0	0%	3,365,179	100%	3,365,179	100%
Money Market		0					
Bond Pool		0					
Provincial Government & their Guarantees		99,675	3%	3,365,179	100%	3,265,504	97%
Money Market		99,675	100%	3,365,179	100%	3,265,504	97%
Ontario		87,262	3%	336,518	10%	249,256	7%
British Columbia		0	0%	336,518	10%	336,518	10%
Alberta		12,413	0%	336,518	10%	324,105	10%
Saskatchewan		0	0%	336,518	10%	336,518	10%
Bond Pool		0	3%	3,365,179	100%	3,265,504	97%
Ontario		0	3%	336,518	10%	249,256	7%
British Columbia		0	0%	336,518	10%	336,518	10%
Alberta		0	0%	336,518	10%	324,105	10%
Saskatchewan		0	0%	336,518	10%	336,518	10%
Total Fixed		99,675					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,365,179					