

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

> Item No. 3 Halifax Regional Council April 17, 2012

TO:

Mayor Kelly and Members of Halifax Regional Council

SUBMITTED BY:

Original Signed

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Counciflor Russell Walker, Chair, Audit and Finance Standing Committee

DATE:

March 22, 2012

SUBJECT:

Investment Activities – Quarter Ending December 31, 2011

INFORMATION REPORT

<u>ORIGIN</u>

Staff report dated March 1, 2012, Investment Policy Advisory Committee report dated February 27, 2012, and; the March 21, 2012 Audit and Finance Standing Committee meeting.

BACKGROUND

The investment policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee. Attached to this report, are reports from the Acting Director of Finance on investment activities for the quarter ending December 31, 2011 and the Investment Policy Advisory committee's report on staff's compliance with the Investment Policy in regard to the quarter ending December 31, 2011.

DISCUSSION

The March 1, 2012 staff report and the February 27, 2012 Investment Policy Advisory Committee report for the quarter ending December 31, 2011 were reviewed and approved by the Audit and Finance Standing Committee on March 21, 2012. A motion was passed on March 21, 2012 for the Audit and Finance Standing Committee to forward the reports, as presented, to Regional Council as an Information Item.

BUDGET IMPLICATIONS

None associated with this report.

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 Audit and Finance Standing Committee meetings are open to the public.

ALTERNATIVES

N/A as this report is for information purposes only.

ATTACHMENTS

- 1 Investment Policy Advisory Committee report dated February 27, 2012.
- 2. Staff report dated March 1, 2012.

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:

[Chris Newson, Legislative Assistant, 490-6732]



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

Audit and Finance Standing Committee March 21, 2012

TO:

Councillor Russell Walker, Chair, and Members of the Audit and Finance

Standing 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:

February 27, 2011

SUBJECT:

Investment Policy Advisory Committee Report - Quarter Ending

December 31, 2011

RECOMMENDATION 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.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

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. Amendments to the Policy were approved by Council in early 2012 and are currently before the Minister.

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 December 31, 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.

BUDGET IMPLICATIONS

N/A

FINANCIAL MANAGEMENT POLICIES / BUSINESS PLAN

- Quarter Ending December 31, 2011

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.

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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.

ALTERNATIVES

N/A

ATTACHMENTS

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

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, Co-Chair, Investment Policy Advisory Committee, 490-6471

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value		Guideline Limit	l %	Limit Avsilable	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees Federal Government Business Development Bank	Open Open Open	17,809,510 17,809,510	6% 6% 0%	306,054.617	100%	284,266,311	93%
Canada Mortgage & Housing Corp. Canadian Wheat Board Export Development Canada Farm Credit Corp	Open Open Open Open	0	0% 0% 0%			•	
Provincial Governments & their Guarantees	R-1 Mid or Greater	138,206,077	45%	305,054,617	100%	167,848,540	55%
Total Alberta (R-1 High) Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	Open Open Open	0 0 0	3%	76.513,654	25%	67,460,414	22%
Alberta Treasury Branches (R-1 High) British Columbia (R-1 High)	Open Open	0 38,174.554	12%	76,513,654	25%	38,339,100	13%
Manitoba (R-1 Mid) New Brunswick (R-1 Mid)	Open Open	16.821.513 D	5% 0%	76.513,654 76.513,654	25% 25%	59,692,141 76,513,654	20% 25%
Ontario (R-1 Mid)	Ореп	39,865,683	13%	76,513,654	25%	36,647,971	12%
Quebec (R-1 Mid) Quebec	Open	43,344,327 6,980,530	14%	76,513,654	25%	33,169,327	11%
Financement Quebec Hydro Quebec		23,857,120 12,506 677					
Saskatchewan (R-1 High)	Open	0	0%	76 513,654	25%	76.513.654	25%
Municipal Governments & their Guarantees* Calgary (R-1 High) Edmonton (R-1 High)	R-1 Mid or Greater Open Open	0		76,513,654 30.605,462 30.605,462	25% 10% 10%	76,513,654 30.605,462 30.605,462	25% 10% 10%
Financial Institutions & their Guarantees /Corporat	ions BA's Schedule A	137,000,584	45%	153,027,309	50%	16,026,724	5%
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Mid Open	105,498,996 28,725,874	35% 9%	153,027,309 30.605.462	50% 10%	46,528,312 1,879,588	15% 1%
Bank of Nova Scotia (R-1 High)	Open	20,852,493	7%	30,605,462	10%	9,752,969	3%
Canadian Imperial Bank of Commerce (R-1 High) Royal Bank (R-1 High)	Open Open	26.648,468 0)	9% 5%	30,605,462 30,605.462	10% 10%	3.956,994 15,295,901	1% 5%
Royal Bank - Effective Cash Toronto Dominion (R-1 High)	Open	14.309,561] 15,962,600	5%	30,605,462	10%	14,642,862	5%
			10%		25%	46,012,066	15%
Tier 2 - Financial Institutions & Corporations National Bank of Canada (R-1 Mid)	R-1 Mid/High*** Open	30,501,588 13,991,286	5%	76,513,654 15,302,731	5%	1.311,445	0%
OMERS Realty Corporation (R-1 High) CDP Financial Inc (R-1 High)	Open Open	6,981.250 0	2% 0%	15.302,731 15,302,731	5% 5%	8,321,481 15,302,731	3% 5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	2.993,640	1%	15,302,731	5%	12,309,091	4%
Desjardins Total Desjardins Group (R-1 High)	Open	6,535,412 0	2%	15,302,731	5%	8,767,319	3%
Caisse Centale Desjardins (R-1 High)	Open	6,535,412					
Total Cash and Equivalents		293,016,171	96%				
FIXED (Bonds, etc. over one year) Federal Government Money Market		3,978,795	1%	61,210,923	20%	57,232,127	19%
Bond Pool		3,978.796				,	
Provincial Government & their Guarantees		9,053,240	3%	61,210,923	20%	52,157,683	17%
Monéy Market Alberia		8,013,656 8.013,656	3% 3%	61,210,923 30,605,462	20% 10%	52,157,683 21 552 222	17% 7%
Alberta Alberta Capital Finance Authority		1,989,850 6,023,806					
Alberta Treasury Branches		0	0%	20 505 452	102/	30.605.462	10%
British Columbia Manitoba		0	0%	30,605,462 30,605,462	10% 10%	30,605,462	10%
New Brunswick Ontario		D O	0% 0%	30,605,462 30,605,462	10% 10%	30,605,462 30,605,462	10% 10%
Quebec		0	0%	30.605.462	10%	30,605,462	10%
Financement Quebec Saskatewan		0	0%	30,605,462	10%	30,605.462	10%
Bond Pool Alberta		1,039,584 1,039.584	3% 3%	61,210,923 30,605,462	20% 10%	52,157,683 21.552,222	17% 7%
Alberta Alberta Capital Finance Authority Alberta Treasury Branches		1,039,584	376	30,005,402	1078	21.332,222	1 78
British Columbia		0	0%	30,605,462	10%	30,605,462	10%
Manitoba New Brunswick		Q 0	0% 0%	30,605,462 30,605,462	10% 10%	30,605,462 30,605,462	10% 10%
Ontario		0	0% 0%	30,605,462	10%	30,605,462	10%
Quebec Quebec		o o	076	30,605,462	10%	30,605,462	10%
Financement Quebec Saskatewan		0	0%	30,605,462	10%	30,605,462	10%
Total Fixed		13,032,036	4%	61,210,923	20%	48,178,887	16%
Equities		5 445					
Bank of Montreal Total Equities		6.41D 6,410					
Total Investments		306,054,617					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13.194,650	•				
•		-					
Total Investments and O/S Cheques Coverage		319,249,267					

Operating Funds Sector Welghts Sector Welghts @ December 31, 2011

Secto	r Weights @ December	31, 2011					
		Cumulalive					
	Category Status	Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							-
Federal Government & its Guarantees	Open	10,816,775 10,816,775	6% 6%	182,833,323	100%	172,016,548	94%
Federal Government Business Development Bank	Open Open	0,010,175	0%				
Canada Mortgage & Housing Corp.	Open	0	0% 0%				
Canadian Wheat Board Export Development Canada	Open Open	0	076				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	83,940,773	46%	182,833,323	100%	98,892,550	54%
Total Alberta (R-1 High)	Open	0	0%	45,708,331	25%	42,049.715	23%
Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	Open Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					4001
British Columbia (R-1 High) Manitoba (R-1 Mid)	Open Open	23,185,678 10,216.706	13% 6%	45,708,331 45,708,331	25% 25%	22,522,653 35,491,625	12% 19%
New Brunswick (R-1 Mid)	Open	0	0%	45,708,331	25%	45,708,331	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open Open	24.212,801	15%	45,708,331 45,708,331	25% 25%	45,708,331 21,495,530	25% 12%
Ontario (R-1 Mid) Quebec (R-1 Mid)	Open	26,325,588	14%	45,708,331	25%	19,382,742	11%
Saskatchewan (R-1 High)	Open	0	0%	45,708,331	25%	45,708,331	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		45,708,331	25%	45,708,331	25%
Calgary (R-1 High)	Open			18,283,332 18,283,332	10% 10%	18,283,332 18,283,332	10% 10%
Edmonton (R-1 High)	Open			10,263,332	10%	10,200,002	1070
Figure 1st Institutions 9 their Committees (Corners)	tions	83,208,605	46%	91,416,661	50%	8,208,056	4%
Financial Institutions & their Guarantees /Corpora	BA's Schedule A	63,200,003	40 /0	31,410,001	50 78	0,200,000	470
	Canadian Banks R-1	C4 C02 47C	35%	04 446 664	50%	26,733,485	15%
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Mid Open	64,683,176 17,446,932	10%	91,416,661 18,283,332	10%	836,400	0%
Bank of Nova Scotia (R-1 High)	Open	12,664,960	7%	18,283,332	10%	5,618,373	3%
Canadian Imperial Bank of Commerce (R-1 High) Royal Bank (R-1 High)	Open Open	16,185.200 0 }	9% 5%	18.283,332 18,283,332	10% 10%	2,098,132 9,592,285	1% 5%
Royal Bank - Effective Cash		8.691,048 }					
Toronto Dominion (R-1 High)	Open	9,695,037	5%	18,283,332	10%	8,588,296	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	18,525,429	10%	45,708,331	25%	27,182,902	15%
National Bank of Canada (R-1 Mid) OMERS Realty Corporation (R-1 High)	Open Open	8,497,740 4,240,128	5% 2%	9,141.666 9,141,666	5% 5%	643,926 4,901,538	0% 3%
CDP Financial Inc (R-1 High)	Open	0	0%	9,141,666	5%	9,141,666	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	1.818,216 3,969,345	1% 2%	9,141,666 9,141,666	5% 5%	7,323,450 5.172,322	4% 3%
Desjardins Total Desjardins Group (R-1 High)	Open	0,505,545	270	3,141,000	0,0	0.172,022	0.0
Calsse Centale Desjardins (R-1 High)	Open	3,969,345					
Total Investments		177,966,153	97%				
FIXED (Bonds, etc. over one year)							
Federal Government		0	0%	36,566,665	20%	36,566.665	20%
Money Market		0					
Bond Pool		· ·					
Provincial Government & their Guarantees		4,867,170 4,867,170	3% 3%	36,566,665 36,566,665	20% 20%	31,699,495 31,699,495	17% 17%
Money Market Alberta		3,658,616	2%	18,283,332	10%	14,624,717	8%
Alberta		2 550 546					
Alberta Capital Finance Authority Alberta Treasury Branches		3,658,616					
British Columbia		0	0% 0%	18,283,332	10% 10%	18,283,332 18,283,332	10% 10%
Manitoba New Bruswick	٠	0	0%	18,283,332 18,283,332	10%	18.283,332	10%
Ontario		0	0%	18,283,332	10%	18.283,332 18,283,332	10%
Quebec Quebec		0	0%	18,283,332	10%	10,203,332	10%
Financement Quebec		0		40.000.000	4004	40.000.000	4002
Saskatewan		0	0%	18,283,332	10%	18,283,332	10%
Bond Pool		0	3%	36,566,665	20%	31,699,495	17%
Alberta Alberta		0	2%	18,283,332	10%	14.624,717	8%
Alberta Capital Finance Authority		0					
Alberta Treasury Branches British Columbia		0	0%	18,283,332	10%	18,283,332	10%
Manitoba		0	0%	18,283,332	10%	18.283,332	10%
New Bruswick Ontario		0	0% 0%	18,283,332 18,283,332	10% 10%	18,283,332 18,283,332	10% 10%
Quebec		0	0%	18,283,332	10%	18,283,332	10%
Quebec Financement Quebec		0					
Saskatewan		0	0%	18,283,332	10%	18,283,332	10%
Total Fixed		4,867,170	3%	36,566,665	20%	31.699,495	17%
Total Investments		182,833,323					
Interest Bearing Bank Accounts - O/S Cheque Covers	age	, 13,194,650	•				
Total Investments and O/S Cheques Coverage		196,027,973					
•		<u></u>					

Capital Funds Sector Weights Sector Weights @ December 31, 2011

Seci	or weights @ becomber -							
		Cumulative Amount Invested						
	Category Status	@ Book Value	%	Guideline Limit	%	Limit Available	%	
•		_						
CASH & EQUIVALENTS								
m a commentant	Open	0	0%	0	100%	0	0%	
Federal Government & its Guarantees Federal Government	Open	0	0%					
Business Development Bank	Open	0	0% 0%					
Canada Mortgage & Housing Corp.	Open	0	0%					
Canadian Wheat Board Export Development Canada	Open Open	·	•					
Farm Credit Corp	Open	0	0%					
		0	0%	0	100%	0	0%	
Provincial Governments & their Guarantees	R-1 Mid or Greater Open	Ö	0%	Ō	25%	p	0%	
Total Alberta (R-1 High) Alberta (R-1 High)	Open	0						
Alberta Capital Finance Authority (R-1 High)	Open	0						
Alberta Treasury Branches (R-1 High)	Open	0	0%	0	25%	0	0%	
British Columbia (R-1 High)	Open Open	ŏ	0%	0	25%	D	0%	
Manitoba (R-1 Mid) New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0% 0%	
New Brunswick Municipal Finance Corp (R-1 Mid)	Ореп	0	0%	0	25% 25%	0	0%	
Ontario (R-1 Mid)	Open Open	0	0%	0	25%	0	0%	
Quebec (R-1 Mid) Saskatchewan (R-1 High)	Open	-	0%	0	25%	. 0	0%	
Saskatchewan (IN-1 mgm)	•							
		•						
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		D	25%	0	0%	
Calgary (R-1 High)	Open			0	10% 10%	0	0% 0%	
Edmonton (R-1 High)	Open			U	10 /6	·	0,0	
Financial Institutions & their Guarantees /Corporat	ions	0	6%	0	50%	0	0%	
This is a second of the second								
	BA's Schedule A Canadian Banks R-1 Mid	0	0%	0	50%	0	0%	
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Open	. 0	0%	0	10%	0	0%	
Bank of Nova Scotia (R-1 High)	Open	Ō	0%	D	10%	0 0	0% 0%	
Canadian Imperial Bank of Commerce (R-1 High)	Open	0) 0)	0% 0%	0	10% 10%	0	0%	
Royal Bank (R-1 High)	Open	0)		U	1070	•		
Royal Bank - Effective Cash Toronto Dominion (R-1 High)	Open	. 0	0%	0	10%	0	0%	
I DIGUIO DOMINION (K-111181)		_	<u></u>	0	25%	0	0%	
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0% 0%	0	25% 5%	ő	0%	
National Bank of Canada (R-1 Mid)	Open Open	0	0%	0	5%	0	0%	
OMERS Really Corporation (R-1 High) CDP Financial Inc (R-1 High)	Open	ō	0%	0	5%	0	0%	
Ontario Infrastructure Projects Corporation (R-1 High)		0	0%	0	5% 5%	. D	0%	
Desjardins Total		0	0%	U	376	Ü	0,70	
Desjardins Group (R-1 High)	Open Open	ő						
Caisse Centale Desjardins (R-1 High)	Орен	•						
E . 11		0	0%					
Total Investments								
FIXED (Bonds, etc. over one year)		_			20%	0	0%	
Federal Government		. 0	0%	D	2076	·	070	
Money Market		ő						
Bond Pool					2021	0	00/	
Provincial Government & their Guarantees		0	0%	0	20% 20%	0	0% 0%	
Money Market		0	0% 0%	0	10%	ŏ	0%	
Alberta		· .						
Alberta Alberta Capital Finance Authority		0						
Alberta Treasury Branches		0	0%	0	10%	0	0%	
British Columbia		0	0%	ō	10%	Ö	0%	
Maniloba New Bruswick		0	0%	0	10%	D	0%	
Ontario		0	0%	8	10% 10%	0	0% 0%	
Quebec		0_ 0	0%	U	1076		0.0	
Quebec		ŏ						
Financement Quebec Saskatewan		0	0%	0	10%	0	0%	
Costatovali			007	0	20%	0	0%	
Bond Pool		0	0% 0%	0	10%	ō	0%	
Alberta		ō	• • • • • • • • • • • • • • • • • • • •					
Alberta Alberta Capital Finance Authority		0						
Alberta Treasury Branches		0	0%	D	10%	0	0%	
British Columbia		0	0%	ő	10%	0	0%	
Manitoba New Bruswick		٥	0%	0	10%	0	0%	
Ontario		0	0%	0	10% 10%	0	0% 0%	
Quebec		0	D%	υ	מליטו	υ	V /6	
Quebec		. 0						
Financement Quebec Saskatewan		ō	0%	0	10%	,0	0%	
Guapa (Gran)		<u>_</u>	0%	0	20%	0	0%	
Total Fixed		O	U%	U	2070	•	- ,0	
Total investments		0						
intai hisconacina								

Reserve Funds Sector Weights Sector Weights @ December 31, 2011

Cumulative Amount Invested % Guideline Limit % Limit Available % Category Status @ Book Value CASH & EQUIVALENTS 6,794,245 6% 119.859.852 100% 109,086,811 91% Federal Government & its Guarantees Open Federal Government Business Development Bank Open 6.794,245 6% Open 0 0% Canada Mortgage & Housing Corp Canadian Wheat Board 0% Open 0 Open 0 0% Export Development Canada Open 0 0% Farm Credit Corp Open 119,859,852 100% 29,964,963 25% R-1 Mid or Greater 52,724,972 44% 67.134.879 56% Provincial Governments & their Guarantees 25,868.207 Total Alberta (R-1 High) Alberta (R-1 High) Open 2% Open Alberta Capital Finance Authority (R-1 High) Alberta Treasury Branches (R-1 High) Open Open 29,964,963 15,401,549 14.563.414 13% 25% British Columbia (R-1 High) Open 5% 0% 25% 25% Manitoba (R-1 Mid) 29.964.963 23 547 634 20% 6,417,329 Open 29,964,963 29,964,963 New Brunswick (R-1 Mid) New Brunswick Municipal Finance Corp (R-1 Mid) Open Open 29,964,963 25% 29 964 963 25% 25% 14,756,391 12% 29,964,963 15.208.572 15% Ontario (R-1 Mid) Open 16,535.658 14% 29.964.963 25% 13.429.305 11% Open Quebec (R-1 Mid) 29,964.963 29,964,963 25% 0% Saskatchewan (R-1 High) Open 0 29,964,963 25% 29,964,963 25% Municipal Governments & their Guarantees* Calgary (R-1 High) R-1 Mid or Greater 10% 10% 11,985,985 11.985.985 10% Open 10% 11,985,985 11,985,985 Edmonton (R-1 High) Open Financial Institutions & their Guarantees /Corporations 52,265,082 44% 59,929,926 50% 7,664,844 6% BA's Schedule A 59,929,926 19,301,057 16% Canadian Banks R-1 Mid 50% Tier 1 - Financial Institutions & their Guarantees 40,628,869 34% Bank of Montreal (R-1 High) 10.958,787 9% 7% 11,985,985 11,985,985 10% 10% 1,027,199 4,030,857 1% Open 3% Bank of Nova Scotia (R-1 High) Open 7.955.129 10% Canadian Imperial Bank of Commerce (R-1 High) 10.166.266 8% 11 985 985 1.819.719 2% Open 11,985,985 6,526,955 5% Royal Bank (R-1 High) Royal Bank - Effective Cash 5% Open 0) 5,459,031 } 11,985.985 5,896,328 5% Toronto Dominion (R-1 High) Open 6.089,657 5% 10% 18,328,750 15% 29,964,963 Tier 2 - Financial Institutions & Corporations National Bank of Canada (R-1 Mid) R-1 Mid/High*** 11.636.213 10% 25% 5,337,610 4% 5,992,993 5% 5% 655,382 3,329,678 1% 3% Open OMERS Realty Corporation (R-1 High) Open 2,663,314 2% 5,992,993 5% 5% CDP Financial Inc (R-1 High) 0% 5.992.993 5.992,993 5% Open 4% 1.142.060 1% 4.850,933 Ontario Infrastructure Projects Corporation (R-1 High) 5.992.993 2,493,229 2% 5,992,993 3,499,763 3% Desjardins Total Desjardins Group (R-1 High)
Caisse Centale Desjardins (R-1 High) Open 2,493,229 Open 111,784,299 93% Total Cash and Equivalents FIXED (Bonds, etc. over one year) 97% 119.859.852 100% 115.881.056 3,978,796 3% Money Market 3.978.796 59.929.926 55.833.169 47% Provincial Government & their Guarantees 4.096.756 3% 50% 59,929,926 50% 55,833,169 47% 3,057,172 Money Market 11.985.985 3,057,172 3% 10% 7.889.229 7% Alberta Alberta Capital Finance Authority 2,298.054 Alberta Treasury Branches 10% 11.985.985 10% 11.985.985 British Columbia 0 0% 0% 11,985,985 10% 11,985.985 10% Manitoba 11.985.985 New Bruswick 0 0% 10% 11.985.985 10% 0% 10% Ontario n 0% 11 985 985 10% 11 985 985 10% Quebec Financement Quebec 0 ō 0% 11,985,985 10% 11,985.985 10% Saskatewan 1,039,584 59,929,926 55,833,169 47% Bond Pool 1,039.584 3% 11,985,985 10% 7,889,229 7% Alberta Alberta Capital Finance Authority 1 039 584 Alberta Treasury Branches 11 985 985 11 985 985 10% British Columbia n 0% 10% 0% 11.985,985 10% Manitoba New Bruswick 0 0% 11.985.985 10% 11.985.985 10% 0% 10% 0 Ontario Quebec 0 0% 11.985.985 10% 11.985.985 10% Quebec ٥ Financement Quebec 10% 0% 11,985,985 10% 11.985,985 0 Saskatewan B,075,552 93% 7% 119,859,852 100% 111,784,299 **Total Fixed** 119,859,852 Total Investments

Trust Funds Sector Weights Sector Weights @ December 31, 2011

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Avallable	%
CASH & EQUIVALENTS							
Federal Government & Its Guarantees Federal Government Business Development Bank Canada Mortgage & Housing Corp. Canadian Wheat Board	Open Open Open Open Open	198,490 198,490 0 0	6% 6% 0% 0% 0%	3,361,443	100%	3,162,952	94%
Export Development Canada Farm Credit Corp	Open Open	0	0%				
Provincial Governments & their Guarantees Total Alberta (R-1 High) Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	R-1 Mid or Greater Open Open Open	1,540,332 0 0 D	45% 2%	3,361,443 840,361		1,821,111 751,047	54% 22%
Alberta Treasury Branches (R-1 High) British Columbia (R-1 High) Manitoba (R-1 Mid)	Open Open Open	0 425,462 187.479	13% 6%	840,361 840,361	25% 25%	414,898 652.882	12% 19%
New Brunswick (R-1 Mid) New Brunswick Municipal Finance Corp (R-1 Mid)	Open Open	D	0%	840,361 840.361	25% 25%	840,361 840,361	25% 25%
Ontario (R-1 Mid) Quebec (R-1 Mid)	Open Open	444,310 483,080	16% 14%	840,361 840,361	25% 25%	396,050 357.280	12% 11%
Saskatchewan (R-1 High)	Open	D	0%	840.361	25%	840.361	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		840,361	25%	840,361	25%
Calgary (R-1 High) Edmonton (R-1 High)	Open Open			336,144 336,144	10% 10%	336,144 336,144	10% 10%
Financial Institutions & their Guarantees /Corpora	tions BA's Schedule A Canadian Banks R-1	1,526,897	45%	1,680,721	50%	153,825	5%
Tier 1 - Financial Institutions & their Guarantees	Mid	1,186,951	35%	1,680,721	50%	493,770	15%
Bank of Montreal (R-1 High) Bank of Nova Scotia (R-1 High)	Open Open	320,155 232,405	10% 7%	336,144 335,144	10% 10%	15.989 103,739	0% 3%
Canadian Imperial Bank of Commerce (R-1 High)	Open	297,002	9% 5%	336,144	10% 10%	39,142 176,662	1% 5%
Royal Bank (R-1 High) Royal Bank - Effective Cash Toronto Dominion (R-1 High)	Open Open	0 } 159,483 } 177,906		336,144 336,144	10%	158,238	5%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	339,946	10%	840,361	25%	500,415	15%
National Bank of Canada (R-1 Mid)	Open	155,935 77,807	5% 2%	168.072 168.072	5% 5%	12.137 90,265	0% 3%
OMERS Realty Corporation (R-1 High) CDP Financial Inc (R-1 High)	Open Open	0.	2% 0%	168.072	5%	168,072	5%
Ontario Infrastructure Projects Corporation (R-1 High) Desjardins Total	Open	33,365 72,838	1% 2%	168,072 168,072	5% 5%	134,707 95,234	4% 3%
Desjardins Foral Desjardins Group (R-1 High) Calsse Centale Desjardins (R-1 High)	Open Open	72,838 72,838	2.76	100,072	376	53,234	5.70
Total Cash and Equivalents		3,265,719	97%				
FIXED (Bonds, etc. over one year)			000	2 554 445	1000	2 254 445	4000
Federal Government Money Market Bond Pool		0 0	0%	3.361.443	100%	3,361,443	100%
Provincial Government & their Guarantees Money Market		89,314 89,314	3% 100%	3,361,443 3,361,443		3,272,129 3,272,129	97% 97%
Alberta Alberta Alberta Capital Finance Authority		89.314 22,177 67,136	3%		10%	246.831	7%
Alberta Treasury Branches British Columbia		. D	0%	336.144	10%	335,144	10%
Manitoba New Bruswick		D 0	0% 0%	335,144 335,144	10% 10%	336.144 336.144	10% 10%
Ontario		0	0%	336.144	10%	336,144	10%
Quebec Quebec		0	0%	335,144	10%	336,144	10%
Financement Quebec Saskatewan		0	0%	336,144	10%	336,144	10%
Bond Pool		0	3%	3,361,443 1	00%	3,272,129	97%
Alberta Alberta Alberta Alberta Capital Finance Authority		0 0 0	3%	336,144	10%	246,831	7%
Alberta Treasury Branches		Ģ					
British Columbia Manitoba		0	0% 0%		10% 10%	336,144 336,144	10% 10%
New Bruswick		0	0%	336.144	10%	336,144	10%
Ordario Quebec		0	0% 0%		10% 10%	336,144 336,144	10% 10%
Quebec		0					
Financement Quebec Saskatewan		D 0	0%	336,144	10%	336,144	10%
Total Fixed		89,314					
Equities Bank of Montreal Total Equities		6,410 6,410					
Total Investments		3,361,443					



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

Audit and Finance Standing Committee March 21, 2012

TO:

Councillor Russell Walker, Chair, and Members of the Audit and Finance Standing Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Acting Director of Finance and Treasurer/CFO

DATE:

March 1, 2012

SUBJECT:

Investment Activities - Quarter Ending December 31, 2011

RECOMMENDATION REPORT

ORIGIN

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

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

BACKGROUND

The 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 December 31, 2011 has been reviewed by the Committee. A 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 March 21 meeting.

DISCUSSION

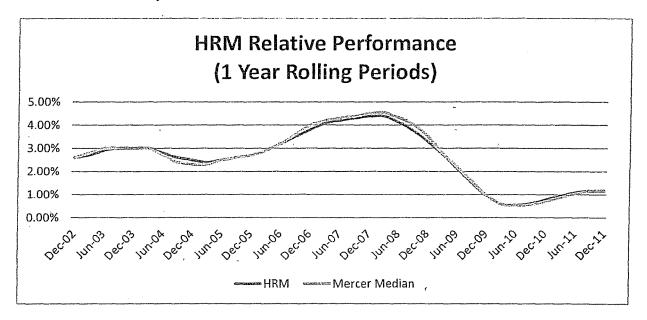
HRM Investment Activities

HRM Money Market investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending December 31, 2011:

Money Market Funds 3 Months (to Dec. 31		1 Year (to Dec. 31,
	2011)	2011)
5 th Percentile	.35%	1.44%
1 st Quartile	.30%	1.24%
Mercer Median	.28%	1.18%
3 rd Quartile	.26%	1.08%
95 th Percentile	.22%	1.00%
Dec 91 Day T-Bills	.22%	1.00%
HRM	.28%	1.16%

Relative performance was Median for the Quarter but dropped slightly below Median for the one year period. These performance figures are before any allowance for fees that would have been paid for external management. The very high quality of investments was maintained.

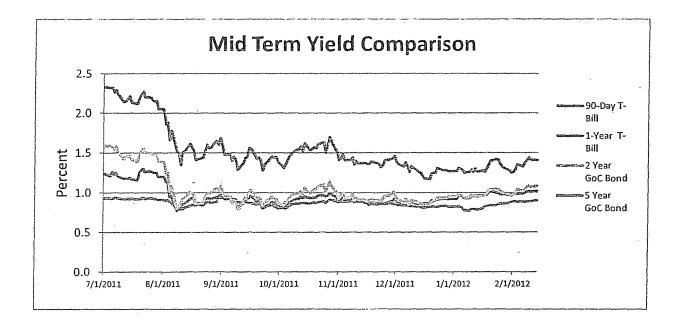
To add some longer term perspective the graph below summarizes relative performance going back to the inception of the Investment Policy. Again, these figures have not been adjusted for any fees that would have been paid for external management. The graph also serves to illustrate the current abnormally low level of interest rates.



The Quarter saw 80 money market investments made at a cost of \$298,000,000 with an average term to maturity of 117 days. This compares to last year's 3rd Quarter of 51 investments made at a cost of \$219,000,000 with an average term of 139 days. The increase in investment activity was due to better than expected cash flows as well as an emphasis on shorter term investments. The bank account continued to provide an attractive rate of interest relative to other short term Financial Institution instruments and was used extensively. Staff also purchased \$2,000,000 of Province of Alberta Floating Rate Notes maturing in 2016.

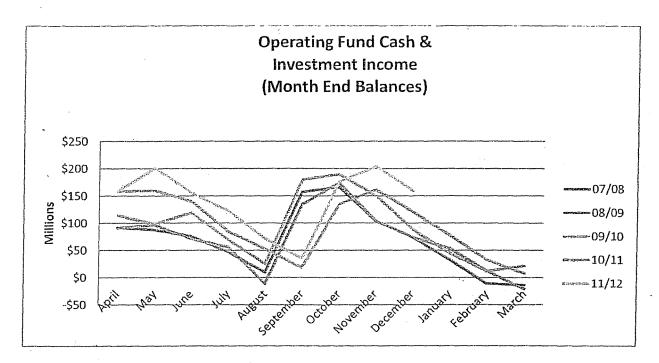
HRM Short Term Bond Pool

The Short Term Bond Pool holds bonds to a maximum term to maturity of approximately five years. The \$5,000,000 of bonds currently held have yields ranging from 2.21% to 3.07%. 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. The graph below shows the dramatic plunge and compression in yields that occurred in the summer. This is all the more remarkable as yields were very low by historical standards even before this drop.



Cash Flows

Operating Fund cash flows continued on a positive trend with the lower level of bridge financing provided to the Capital Fund this year believed to be the most significant factor.



Subsequent to End of Reporting Quarter

The U.S. Federal Reserve provided some indication that their interest rate will be maintained at current 'lower bound' levels until possibly well into 2014. Further quantitative easing actions are also still a possibility. However, there was also a rare piece of relatively good news on the U.S. employment front with 243,000 jobs reported created in January on the heels of 203,000 and 157,000 reported in December and November respectively. Keeping in mind that an estimated 100,000 jobs a month are needed just to breakeven with population growth, this represents at least some modest progress in addressing the chronic unemployment situation.

Canada fared less well on the labour front with only 2,300 jobs reported created in January following a net loss of jobs in the previous quarter.

In Europe, another tentative agreement was reached on further financial assistance to Greece. The European Central Bank also recently completed a second Long Term Refinancing Operation (LTRO) that provided in excess of \$700 billion to Financial Institutions for 3 years at 1% interest. This is in addition to the LTRO conducted in December that provided in excess of \$500 billion.

Outlook & Strategy

While equity markets have taken some comfort from the relatively positive news on employment in the U.S. and corporate earnings, interest rate markets appear to continue to discount a more negative view with 10 year Government yields in both Canada and the U.S. at or below 2%.

With the 2% inflation target in Canada, and assuming continued success by the Bank of Canada in meeting this target, buyers of these bonds are willing to lock in at best a zero real rate of return for a 10 year period. Should the unprecedented conventional and unconventional measures taken by Central Banks around the world overshoot and create a prolonged period of high inflation, which coincidently makes Government debt burdens easier, then these buyers could realize substantial losses. However should all efforts fail and a global recession or deflation occur than a 2% locked in yield will be quite attractive.

Given the high level of uncertainty around adopting any particular outlook, staff will continue the strategy of locking in rates in the one year term when yields are reasonable and matching maturities to shorter term cash requirements when longer yields are less attractive.

BUDGET IMPLICATIONS

Operating Fund Investment Income for the nine months ending December 31, 2011 was \$1,191,500 versus a budget of \$1,183,000. This small positive variance was solely due to better than expected cash flows as the actual rate of return for the period was .87% versus a budgeted rate of 1.19%. It is now anticipated that the positive Operating Fund cash flow trends experienced will offset the disappointing interest rate environment resulting in the Operating Fund Investment Income budget for the year of \$1,435,000 being achieved.

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.

ALTERNATIVES

N/A

ATTACHMENTS

Audit and Finance Standing Committee Investment Policy Advisory Committee Report

- Quarter Ending December 31, 2011

-7-

March 21, 2012

Sector Weight Schedules @ December 31, 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

Sector We	inhte @	Decom	har 74	7044

SCHEDULE A

		Cumulative					
	Category Status	Amount Invested @ Book Velue	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS		G					
Endowl Covernment & its Covernment	Open	17,809,510	6%	306,054,617	1000/	284.265,311	93%
Federal Government & its Guarantees Federal Government	Open	17.809.510	5%	300,034,811	100 %	204.200,311	33 76
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada Farm Credit Corp	Open Open	D	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	138,206,077	45%	306,054,617		167,848,540	55%
Total Alberta (R-1 High) Alberta (R-1 High)	Open Open	0	3%	76,513,654	25%	67,460,414	22%
Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	D					
British Columbia (R-1 High)	Open	38,174,554	12%	76,513,654	25%	38,339,100	13%
Manitoba (R-1 Mid)	Open Open	16,821,513	5% 0%	76,513,654 76,513,654	25%	59,692,141 76,513,654	20% 25%
New Brunswick (R-1 Mid) Ontario (R-1 Mid)	Open	39.865.663	13%	76,513,654	25% 25%	36.647,971	12%
Quebec (R-1 Mid)	Open	43,344,327	14%	76.513,654	25%	33,169.327	11%
Quebec		6,980,530					
Financement Quebec		23,857.120					
Hydro Quebec Saskatchewan (R-1 High)	Open	12.506.677	0%	76,513,654	25%	76.513,654	25%
outline (it i i ingly				70.010,007		70.0 (0,00)	20.0
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		76,513,654	25%	76,513,654	25%
Celgary (R-1 High)	Open			30,605,462	10%	30,605,462	10% 10%
Edmonton (R-1 High)	Open			30 605 462	10%	30,605,462	10%
Financial Institutions & their Guarantees /Corporat	ions	137,000,584	45%	153,027,309	50%	16,025,724	5%
	BA's Schedule A						
The state of the s	Canadian Banks R-1 Mid	405 455 505	35%	453.057.400	For/	10 500 040	4 544
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Open	105,498,996 28,725,874	9%	153,027,309 30,605,452	50% 10%	46,528,312 1.879,588	15% 1%
Bank of Nova Scotia (R-1 High)	Open	20,852,493	7%	30,605,462	10%	9 752 969	3%
Canadian Imperial Bank of Commerce (R-1 High)	Open	26,648.468	9%	30.605,462	10%	3 956 994	1%
Royal Bank (R-1 High)	Open	0)	5%	30,605.462	10%	16,295,901	5%
Royal Bank - Effective Cash Toronto Dominion (R-1 High)	Open	14,309,561 } 15,962,600	5%	30,605,462	10%	14,642 862	5%
relatio buttilibit (K-1 High)	Open	15,562,000	370	50,000,402	1076	14,042 802	J 15
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	30,501,588	10%	76,513,654	25%	46,012,066	15%
National Bank of Canada (R-1 Mid)	Open	13.991,286	5%	15,302,731	5%	1.311,445	0%
OMERS Really Corporation (R-1 High)	Open Open	6.981,250 0	2% 0%	15,302,731 15,302,731	5% 5%	8,321,481 15,302,731	3% 5%
CDP Financial Inc (R-1 High) Onlarlo Infrastructure Projects Corporation (R-1 High)	Open	2.993,640	1%	15,302,731	5%	12,309,091	4%
Desjardins Total	•	6 535 412	2%	15,302.731	5%	B.767.319	3%
Desjaroins Group (R-1 High)	Open	0					
Caisse Centale Desjarding (R-1 High)	Open	6 535 412					
Total Cash and Equivalents-		293 016 171	96%				
FIXED (Bonds, etc. over one year)							
Federal Government		3.978,796	1%	61,210,923	20%	57.232,127	19%
Money Market Bond Pool		3 978,796					
		-				-1	
Provincial Government & their Guarantees		9.053,240	3%	61,210,923	20%	52,157,683	17%
Money Market		8,013,656 8.013,656	3% 3%	61,210,923 30,505.452	20% 10%	52,157,583 21,552,222	17% 7%
Alberta Alberta		1.989,850	371	30,000.402	10.76	21,532.222	176
Alberta Capital Finance Authority		6 023 806					
Alberia Treasury Branches							
British Columbia		O	0% 0%	30.605,462	10%	30,605,462 30,605,462	10% 10%
Maniteba New Brunswick		C	0%	30,605,462 30,605,462	10%	30,605,462	10%
Onland		Ō	0%	30.605 462	10%	30,605,462	10%
Quebec		C	0%	30 605 462	10%	30,605,462	10%
Quebec		ō					
Financement Quebec Saskatewan		0	0%	30,605,462	10%	30,605,462	10%
CESABLETON		·		30(030,102		00,000,102	1070
Bond Poal		1,039,584	3%	61,210,923	20%	52,157,683	17%
Alberta		1.039,584	3%	30,605,462	10%	21,552.222	7%
Alberts Alberts Capital Finance Authority		1.039,584					
Alberta Treasury Branches		1,000,004					
British Columbia		0	0%	30.605,462	10%	30.605.462	10%
Menitoba		0	0%	30 605,462	10%	30 605.462	10%
New Branswick Ontario		D 0	0% 0%	30 605 462 30 605 462	10% 10%	30,605.462 30,605.462	10% 10%
Quebec		0	0%		10%	30,605,462	10%
Quebec		•					•
Financement Quebec							
Saskalewan		0	0%	30,605.462	10%	30 605 462	10%
Total Fixed		13,032,036	4%	61,210,923	20%	48,178,587	16%
		,,		,,		, 0,007	
Equities							
Bank of Montreal		6,410					
Total Equilies		6,410					
Total Investments		306,054,617					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13,194 650					
Total Investments and 0/S Cheques Coverage		319,249,267					

Operating Funds Sector Weights Sector Weights @ December 31, 2011

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Seci	DL MARIÂNIS (\$ December						
		Cumulative Amount Invested					
	Category Status	@ Book Value	4.	Guideline Limit	%	Lim4 Available	%
		_					
CASH & EQUIVALENTS							
	0	10,816,775	6%	182,833,323	100%	172,016,548	94%
Federal Government & its Guarantees	Open Open	10,816,775	E%				
Federal Government Business Development Bank	Open	0	0%				
Canada Mongage & Housing Corp.	Open	0	D% D%				
Canadian Wheat Board	Open	0	U.N				
Export Development Canada Farm Credit Corp	Open Open	0	0%				
•	•			182,833,323	4 ninei	98.892,550	54%
Provincial Governments & their Guarantees	R-1 Mid or Greater	83,940,773 0	46% 0%	45,7D8,331	25%	42.049,715	23%
Total Alberta (R-1 High)	Open Open	ŏ					
Albeds (R-1 High) Albeds Capital Finance Authority (R-1 High)	Open	. 0					
Alberta Treasury Branches (R-1 High)	Open	0	13%	45,708.331	25%	22.522.653	12%
British Columbia (R-1 High)	Open Open	23,185,678 10,216,706	6%	45,708,331	25%	35,491,625	19%
Manitoba (R-1 Mid) New Brunswick (R-1 Mid)	Openi	0	D96	45,708,331	25%	45,708,331	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open			45,708,331	25%	45.708.331 21,495,530	25% 12%
Ontario (R-1 Mid)	Open	24,212,801 26,325,588	15% 14%	45,708,331 45,708,331	25% 25%	19,382,742	11%
Quebec (R-1 Mid)	Open Open	26,323,386	D56	45,708,331	25%	45,708,331	25%
Saskatchewan (R-1 High)	Орен						
Municipal Governments & their Guarantees*	R-1 Mld or Greater	0		45,708,331	25%	45,708,331	25%
Calgary (R-1 High)	Open			18,283,332	10% 10%	18.283.332 18.283.332	10% 10%
Edmonton (R-1 High)	Open			18.283,332	1078	10,203 332	1075
		•					
Financial Institutions & their Guarantees (Corpora	itions	83,208,605	46%	91,416,661	50%	8.208,056	4%
	BA's Schedule A						
	Cenadian Banks R-1 Mid	64,683,176	35%	91,415,661	50%	26,733,485	15%
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Open	17,446,932	10%	18,283,332	10%	835,400	0%
Bank of Nova Scotia (R-1 High)	Open	12,664,960	7%	18,283,332	10%	5.618,373 2,098,132	3% 1%
Canadian Imperial Bank of Commerce (R-1 High)	Open	16,185,200 0 }	9% 5%	18,263,332 18,283,332	10%	9.592.285	5%
Royal Bank (R-1 High)	Obeu	8,691.048	•				
Royal Bank - Effective Cash Toronto Dominion (R-1 High)	Open	9.695.037	5%	18,263,332	10%	8 588 296	5%
·	D 4 MidDilahan	18,525,429	10%	45,708,331	25%	27,182,902	15%
Tier 2 - Financial Institutions & Corporations National Bank of Canada (R-1 Mid)	R-1 Mid/High*** Open	8.497,740	5%	9,141,556	5%	643,926	0%
OMERS Resity Corporation (R-1 High)	Open	4,240,128	2%	9,141,666	5%	4,901,538	3% 5%
CDP Financial Inc (R-1 High)	Open	0	0% 1%	9,141,666 9,141,666	5% 5%	9,141 666 7,323,450	4%
Ontario Infrastructure Projects Corporation (R-1 High	i) Open	1,818,216 3,969,345	2%	9.141,656	5%	5,172.322	3%
Desjardins Total Desjardins Group (R-1 High)	Open	0 000,040					
Caisse Centals Designatins (R-1 High)	Open	3,969 345					
						•	
Total investments		177,956,153	97%				
CIVED IBANDA NA DISCOSIONAZIO							
FIXED (Bonds, etc., over one year) Federal Government		- D	0%	36,566,665	20%	35 566,665	20%
Money Market		D 0					
Band Pool		υ					
Provincial Government & their Guarantees		4,867,170	3%	36,566,665	20%	31,699,495	17% 17%
Money Market		4,867,170	3% 2%	36,556,665 18,283.332	20% 10%	31,699,495 14,624,717	8%
Alberta		3,658,616	2.46	10,205.002	,,,,,,	* 1,00	
Alberta Alberta Capital Finance Authority		3,658,616					
Alberta Treasury Branches		_		40 000 000	10%	16 283,332	10%
British Columbia		D 0	0% 0%	18,283,332 18,283,332	10%	18.283.332	10%
Maniloba New Bruswick		Ō	0%	18,283,332	10%	18.283,332	10%
Oujayo Mem Bungayor		0	0%	18,283,332 18,283,332	10%	18,283,332 18,283,332	10% 10%
Quebec		0	0%	16,283,332	10%	10,200,002	
Quebec		0					
Financement Quebec Saskatewan		D	D%	18,283,332	10%	18,283,332	10%
		D	3%	36,566,665	20%	31,699,495	17%
Bond Pool		0	2%	18,283,332	10%	14,624,717	8%
Alberta Alberta		D					
Alberta Capital Finance Authority		. 0					
Albena Treasury Branches		0	0%	18,283,332	10%	18,283,332	10%
British Columbia		ő	0%	18,283.332	10%	18 283,332	10%
Manitoba New Bruswick		0	0%	18,283.332	10%	18,283,332	10%
Ontario		0	0% 0%	18,283,332 18,283,332	10% 10%	18,283,332 16.283,332	10% 10%
Quebec		0	U%	10,283 332	1076	10,200,002	, 570
Quebec Financement Quebec		0					
Saskatewah		. 0	0%	18.283,332	10%	18.283.332	10%
Total Fixed	•	4,867,170	3%	36,566,665	20%	31,699.495	17%
Total investments		182,833,323					
Interest Bearing Bank Accounts - O/S Cheque Cove	rage	13,194.65D	•				
Total Investments and O/S Cheques Coverage	-	196,027,973					
sand management and see and date at some							

Capital Funds Sector Weights Sector Weights & December 31, 2011

		Cumulative						
	Caranna Status	Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%	
•	Category Status	(C DOOK VAIOR		Colorino Emin				
CASH & EQUIVALENTS					40.001		D%	
Federal Government & its Guarantees	Open Open	5 0	0% 0%	0	100%	υ	0%	
Federal Government Business Development Bank	Open	0	0%					
Canada Mortgage & Housing Corp.	Open	0	0% 0%					
Canadian Wheat Board Export Development Canada	Open Open							
Farm Credit Corp	Open-	D	0%					
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%		100%	0	0%	
Total Alberta (R-1 High)	Open	0 D	0%	0	25%	0	0%	
Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	Open Open	D						
Alberta Treasury Branches (R-1 High)	Open	0	0%	0	25%	O	0%	
British Columbia (R-1 High)	Open Open	0	0%	0	25%	ő	D%	
Maniloba (R-1 Mid) New Brunswick (R-1 Mid)	Open	0	D%	0	25%	0	0% 0%	
New Brunswick Municipal Finance Corp (R-1 Mld)	Open	D	0%	0	25% 25%	5	0%	
Ontario (R-1 Mid) Quebec (R-1 Mid)	Open Open	ō	D°%	. 0	25%	b	0%	
Saskatchewan (R-1 High)	Open		0%	. 0	25%	. 0	D%	
Municipal Governments & their Guarantees*	R-1 Mid or Greater Open	0		0 B	25% 10%	0	0% 0%	
Calgary (R-1 High) Edmonton (R-1 High)	Open			0	10%	0	0%	
				4	•	0	0%	
Financial Institutions & their Guarantees /Corpora	itions	0	0%	0	50%	U	0%	
and the state of t	BA's Schedule A Canadian Banks R-1 Mid	0	0%	0	50%	D	0%	
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Open	D	0%	0	10%	D	0%	
Bank of Nova Scotiar (R-1 High)	Open	D	0% 0%	0 D	10% 10%	D 0	0% 0%	
Canadian Imperial Bank of Commerce (R-1 High) Royal Bank (R-1 High)	Open Open	0 }	. 0%	ā	10%	0	0%	
Royal Bank - Effective Cash		0)	0%	0	10%	0	0%	
Toronto Dominion (R-1 High)	Open					ò	0%	
Tier 2 - Financial Institutions & Corporations	R-1 Mid/Hlgh*** Open	D O	0% 0%	0	25% 5%	0	0%	
National Bank of Canada (R-1 Mid) OMERS Really Corporation (R-1 High)	Open	0	0%	0	5%	0	0%	
CDP Financial Inc (R-1 High)	Open	0	0% 0%	0	5% 5%	0	0% 0%	
Ontario Intrastructure Projects Corperation (R-1 High) Open	0	0%	ō	5%	ā	0%	
Desjardins Total Desjardins Group (R-1 High)	Open	0						
Calsse Centale Desjardins (R-1 High)	Open	:						
			0%					
Total Investments		0	E-7/s					
FIXED (Bonds, etc. over one year)		0	0%	0	20%	0	0%	
Federal Government Money Market		ō						
Bond Pool		0						
Provincial Government & their Guarantees		c	0%	Đ	20%	0	0%	
Money Market		0	0% 0%	0 0	20% 10%	0	0% 0%	
Alberta Alberta			0.70	J	1010	•	- /-	
Alberta Capital Finance Authority		0						
Alberta Treasury Branches		0	0%	D	10%	0	0%	
British Columbia Maniloba		0	0%	D	10%	0	0% 0%	
New Bruswick		D D	0% 0%	D	10% 10%	Ö	0%	
Onlario Quebec		ō	0%	0	10%	0	0%	
Quebec		0						
Financement Quebec Seskatewan		0	D%	0	10%	0	0%	
		0	0%	0	20%	0	0%	
Bond Pool Alberts		ő	0%	ő	10%	ō	0%	
Alberta		0						
Alberta Capital Finance Authority		0						
Alberta Treasury Branches British Columbia		Đ	D%	0	10%	0	0%	
Mankoba		0	0% 0%	0	10% 10%	0	0% 0%	
New Bruswick Ontario		ŏ	0%	0	10%	Ó	0%	
Quebec		0	0%	D	10%	0	0%	
Quebes Financement Quebes		0 0						
Financement Quebec Seskatewan		D	0%	D'	10%	0	0%	
Total Fixed		0	0%	0	20%	0	0%	
Total investments		0						

Reserve Funds Sector Weights Sector Weights @ December 31, 2011

	Calegory Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	· %
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	6,794,245	6%	119.859,852	100%	109,086,811	- 91
Federal Government	Open	6,794,245	5%				
Business Development Bank	Open	. D	0% 0%				
Canada Mortgage & Housing Corp. Canadian Wheat Board	Open Open	0	0%				
Export Development Canada	Open	-		•			
Farm Credit Corp	Open	٥	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	52,724,972	44%	119.859,852	100%	67,134,879	565
Total Alberta (R-1 High)	Open	0	2%	29.964.963	25%	25,858,207	223
Alberta (R-1 High)	Open	O					
Alberta Capital Finance Authority (R-1 High)		D 0					
Alberta Treasury Branches (R-1 High) British Columbia (R-1 High)	Open Open	14.563.414	13%	29,964,963	25%	15,401,549	139
Manifoba (R-1 Mid)	Open	6,417,329	5%	29,964,963	25%	23,547.634	209
New Brunswick (R-1 Mid)	Open	0	0%	29.964.963	25%	29,954 963	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open	15,208,572	15%	29,964,963	25%	29.964.963	25%
Ontario (R-1 Mid) Quebec (R-1 Mid)	Open "	16,535.658	14%	29,964,963 29,964,963	25%	14.756,391 13.429,305	129
Saskatchewan (R-1 High)	Open	0	0%	29.964,963	25%	29,954,963	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		29.964,963	25%	29,964,963	25%
Calgary (R-1 High)	Open			11.985.955	10%	11,985 985	10%
Edmonton (R-1 High)	Open			11.985 985	10%	11,585,985	10%
Financial Institutions & their Guarantees ICorpo		52,265,082	44%	59,929,926	50%	7,664,844	6%
Card Financial traditional State Committee	BA's Schedule A	40.628;869	34%	60 000 000	Ener	40 204 057	4500
Fier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Canadian Banks R-1 Mid Open	10.958,787	9%	59,529,926 11 985,985	50% 10%	19,301,057 1,027,199	16% 1%
Bank of Nova Scotla (R-1 High)	Open	7,955,129	7%	11.985,985	10%	4.030,857	3%
Canadian Imperial Bank of Commerce (R-1 High)	Open	10 166,266	8%	11,985,985	10%	1.619.719	2%
Royal Bank (R-1 High)	Open	0) 5 459.031)	5%	11 985 985	10%	6,526.955	5%
Royal Bank - Effective Cash foronto Dominion (R-1 High)	Open	6 089 657	5%	11.985,985	10%	5.896 328	5%
Ter 2 - Financial Institutions & Corporations	R-1 Mid/High***	11.636,213	10%	29,964,963	25%	18,328,750	15%
lational Bank of Canada (R-1 Mid)	Open	5,337,610	4%	5,992,993	5%	655.362	1%
MERS Realty Corporation (R-1 High) DP Financial Inc (R-1 High)	Open Open	2,663,314	2% 0%	5.992,993 5.992,993	5% 5%	3.329,678 5.992,993	3% 5%
Interio Infrastructure Projects Corporation (R-1 High		1,142,060	1%	5,992,993	5%	4,650,933	4%
esjardins Total		2,493,229	2%	5.992.993	5%	3,499,763	3%
Desjardins Group (R-1 High) Calsse Centale Desjardins (R-1 High)	Open Open	0 2,493,229					
otal Cash and Equivalents		111,784,299	93%				
IXED (Bonds, etc. over one year)		111704,220	3372			*	
ederal Government Money Market		3.978.796 D	3%	119.659.852	00%	115,881.056	97%
Bond Pool		3.978.796					
ovincial Government & their Guarantees		4,095,756	3%	59,929,926	50%	55,833,169	47%
doney Market		3.057.172	3%	59,929,926	50%	55,833,169	47%
Alberta		3.057,172	3%	11.985,985	10%	7 689 229	7%
Alberta Capital Finance Authority Alberta Treasury Branches		759,118 2.298.054					
British Columbia		D	0%		10%	11,985,985	10%
Manitoba		0	0% 0%		10%	11,985 985	10%
New Bruswick Ontano		Ö	0% 0%		10% 10%	11,985,985 11,985,985	10%
Quebec		0	0%		10%	11.985 985	10%
Quebec		ø					
Financement Quebec Saskatewan		0	0%	11.985.985	10%	11,985,985	10%
lond Pool	**	1,039,584	3%	59,929,926	50%	55,833,169	47%
Alberta		1,039,584	3%		10%	7.889,229	7%
Alberta		0					
		1.039.584					
Alberta Capital Finance Authority		0	0%	11 985 985	10%	11,985 985	10%
Alberta Treasury Branches					0%	11,985,985	10%
Alberta Treasury Branches British Columbia		0	0%				
Alberta Treasury Branches British Columbia Maniloba New Bruswick		Ď	0%	11,985,985	0%	11,985.985	10%
Alberta Treasury Branches British Columbia Maniloba New Bruswick Ontario		D 0	0% 0%	11,985,985 11,985,985	0%	11,985,985	10%
Alberta Treasury Branches British Columbia Maniloba Naw Bruswick Ontario Quebec		D D D	0%	11,985,985 11,985,985			
Alberta Treasury Branches British Columbia Manitoba Naw Bruswick Ontario		D 0	0% 0%	11,985,985 11,985,985	0%	11,985,985	10%
Alberta Treasury Branches British Columbia Maniloba New Bruswick Ontario Quebec Ouebec		0 0 0	0% 0%	11,985,985 11,985,985 11,985,985	0%	11,985,985	10%

Trust Funds Sector Weights Sector Weights @ December 31, 2011

		-					
		Cumulative					
	Category Status	Amount Invested @ Book Value	%	Guldeline Limi	1 %	Limit Available	%
	Ourceon States	@ Dook value	***	Suddine One		Carrier Available	,,,
CASH & EQUIVALENTS							
Federal Government & Its Guarantees	Ореп	198,490	6%	3,361,443	100%	3,162,952	94%
Federal Government	Open	198,490	6%	•			
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp. Canadian Wheat Board	Open Open	0	0% 0%				
Expon Development Canada	Open	v	0.10				
Farm Credit Corp	Open	Đ	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,540,332	46%	3,361,443	4 D.D.O.	1,821,111	54%
Total Alberta (R-1 High)	Open	1,540,332	2%	840.351		751 047	22%
Alberta (R-1 High)	Open	0					
Albena Capital Finance Authority (R-1 High)	Ореп	0					
Albena Treasury Branches (R-1 High) British Columbia (R-1 High)	Open Open	0 425.462	13%	840 351	25%	414.898	12%
Manitoba (R-1 Mid)	Ореп	187.479	6%	84D 361	25%	652.882	19%
New Brunswick (R-1 Mid)	Open	. 0	0%	840,351	25%	840.361	25%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open		400	840.361	25%	840,361	25%
Onfario (R-1 Mid) Quebes (R-1 Mid)	Open Open	444,310 463.080	16% 14%	840 301 840 361	25% 25%	396,050 357,280	12%
Saskelchewan (R-1 High)	Open	0	0%	840 361	25%	840 361	25%
All and the last of the last o	5.4 Wal 5	_					***
Municipal Governments & their Guarantees* Calgary (R-1 High)	R-1 Mid or Greater Open	0		840.361 336.144	25% 10%	840,361 326,144	25%
Edmonton (R-1 High)	Open			336.144	10%	336 144	10%
• •	•						
Financial institutions & their Guarantees /Corpora	lione	4 £25 00*	45%	1 000 704	50%	153,825	5%
rinancial institutions & their Guaramees icorputa	BA's Schedule A	1,526,897	45%	1,680,721	50%	153,825	3%
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	MId	1,186,951	35%	1,680.721	50%	493,770	15%
Benk of Montreal (R-1 High)	Open	320.155	10%	336 144	10%	15.989	0%
Bank of Nova Scotia (R-1 High) Canadian Imperial Bank of Commerce (R-1 High)	Open Open	232 405 297 002	7% 9%	335.144 336.144	10% 10%	103 739 39,142	3% 1%
Royal Bank (R-1 High)	Open	0 1	5%	335,144	10%	176.662	5%
Royal Bank - Effective Cash	_	159 483)					
Toronto Dominion (R-1 High)	Open	177 906	5%	336.144	10%	158 238	5%
Tier 2 - Financial institutions & Corporations	R-1 Mid/High***	339,946	10%	840,361	25%	500,415	15%
National Bank of Canada (R-1 Mid)	Open	155 935	5%	168,072	5%	12.137	0%
OMERS Realty Corporation (R-1 High)	Open	77.807	2%	168,072	5%	90 265	3%
CDP Financial Inc (R-1 High) Ontario Infrastructure Projects Corporation (R-1 High)	Open Open	. 0 33,355	0% 1%	168 072 168 072	5% 5%	168 072 134,707	5% 4%
Desjardins Total	Орен	72 838	2%	168.072	5%	95 234	3%
Desjardins Group (R-1 High)	Open	0					
Calsse Cemale Desjardins (R-1 High)	Орел	72,838					
m.							
Total Cash and Equivalents		3,265,719	97%				
FIXED (Bonds, etc. over one year)							
Federal Government		D	0%	3 361,443	100%	3,361,443	100%
Money Market		<u>0</u>					
Bond Pool		Ö					
Provincial Government & their Guarantees		89.314	3%	3,361;443	100%	3,272,129	97%
Money Market		89,314	100%	3,361,443		3,272,129	97%
Alberia		69.314	3%	336,144	10%	246.831	7%
Alberta Alberta Capital Finance Authority		22.177 67.136					
Albena Treesury Branches		-71.00					
Brilish Columbia		0	0%	335 144	10%	335,144	10%
Manitoba New Bruswick		0	0% 000	336,144	10%	336,144	10%
Ontario Ontario		0	0% 0%	336,144 336,144	10% 10%	335,144 335,144	10% 10%
Duebec		ō	0%:	236,144	10%	236,144	10%
Quebec		0					
Financement Quebec		D	004	225 444	****	225.444	4017
Saskatewan		0	0%	335,144	10%	335,144	10%
Bond Pool		Ď	3%	3,361,443	100%	3,27.2,129	97%
Abedia		Ď	3%	336,144	10%	246 831	7%
Alberta Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		Ō	0%	336 144	10%	335.144	10%
Manitoba New Barmisk		0	0%	336,144	10%	335.144	10%
New Bruswick Ontario		D D	0% 0%	336,144 336,144	10% 10%	336 144 336 144	10% 10%
Ouebec		D	0%	336 144	10%	236.144	10%
Quebec		0					
Financement Quebec Sasketevan		0	0%	336,144	10%	336,144	10%
		_	U78	JJD, 144	iun	550,144	10.78
Total Fixed		89,314					
Equities							
Bank of Montreal Total Equities		6,410 6,410					
Total Investments		3,361,443					
· organista continuo		2,301,443					

Appendix A

Economic Statistics

	Canada	US
Unemployment	Oct 7.4% Nov 7.5%,	Oct 9.0% Nov 8.7%,
Rate	Dec 7.5%	Dec 8.5%
Jobs Created /	Oct -52.7, Nov -5.5,	Oct 80, Nov 157, Dec
(Lost) ('000's)	Dec 21.7	203
		<u> </u>
CPI (year over	Oct 2.9% Nov 2.9%,	Oct 3.5% Nov 3.4%,
year)	Dec 2.3%	Dec 3.0%
CPI-X (Core) (year	Oct 2.1% Nov 2.1%,	Oct 2.1% Nov 2.2%,
over year)	Dec 1.9%	Dec 2.2%
Q3 GDP	N/A	2.8%A
<u> </u>		L

Central Bank Activities

- October 25 Bank of Canada Maintains overnight rate at 1.0%
- November 3 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- December 6 Bank of Canada Maintains overnight rate at 1.0%
- December 14 U.S. Federal Open Market Committee maintains Target Range of 0% to .25%

March 21, 2012

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.