

Item No. 3
Halifax Regional Council
October 29, 2013

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed
FW : Councillor Bill Karsten, Chair, Audit and Finance Standing Committee

DATE: October 18, 2013

SUBJECT: Investment Activities – Quarter Ending June 30, 2013

INFORMATION REPORT

ORIGIN

- Quarterly report of investment performance and adherence to approved Investment Policy.
- Staff report dated October 3, 2013
- October 16, 2013 meeting of Audit and Finance Standing Committee, Item No. 9.1.4.

LEGISLATIVE AUTHORITY

The principle role of the Audit and Finance Standing Committee is to provide advice to Council on matters relating to Audit and Finance. In particular, Section 3.2.6 of the Audit and Finance Standing Committee's Terms of Reference shall 'Review as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipalities CAO and the Committee'.

BACKGROUND

Staff has committed to provide Council with quarterly financial reports. The committee received the report (s) at the October 16, 2013 meeting.

DISCUSSION

The Audit and Finance Standing Committee considered the October 3, 2013 staff report and forwarded it to Halifax Regional Council as an Information item.

FINANCIAL IMPLICATIONS

As outlined in the October 3, 2013 staff report

COMMUNITY ENGAGEMENT

All meetings of the Audit and Finance Standing Committee are open to the public and agendas, reports and minutes are available on the web in advance of meetings..

ATTACHMENTS

1. Staff report dated October 3, 2013.

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: Liam MacSween, Legislative Assistant, 490-6521

**Audit and Finance Standing Committee
October 16, 2013**

TO: Councillor Bill Karsten, Chair and Members of the Audit and Finance Standing Committee

Original Signed
by Bruce Fisher

SUBMITTED BY: FOR Greg Keefe, Director of Finance and Information Technology / CFO

DATE: October 3, 2013

SUBJECT: Investment Activities – Quarter Ending June 30, 2013

ORIGIN

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

LEGISLATIVE AUTHORITY

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Service Nova Scotia and Municipal Relations or invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved the Policy investment activities are governed by this 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 HRM 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, 2013 has been reviewed by the Committee. A report from the Committee on staff's compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of October 16.

DISCUSSION

HRM Investment Activities

HRM Money Market Pool investment performance is summarized below in comparison with the Mercer Investment Consulting Survey of Canadian Institutional Pooled Funds for periods ending June 30, 2013:

| Money Market Funds | 3 Months (to June 30, 2013) | 6 Months (to June 30, 2013) | 1 Year (to June 30, 2013) |
|-----------------------------|-----------------------------|-----------------------------|---------------------------|
| 5 th Percentile | .32% | .66% | 1.27% |
| 1 st Quartile | .30% | .59% | 1.25% |
| Mercer Median | .29% | .58% | 1.19% |
| 3 rd Quartile | .26% | .52% | 1.06% |
| 95 th Percentile | .24% | .48% | 0.97% |
| Dec 91 Day T-Bills | .24% | .48% | 1.00% |
| HRM | .29% | .59% | 1.20% |

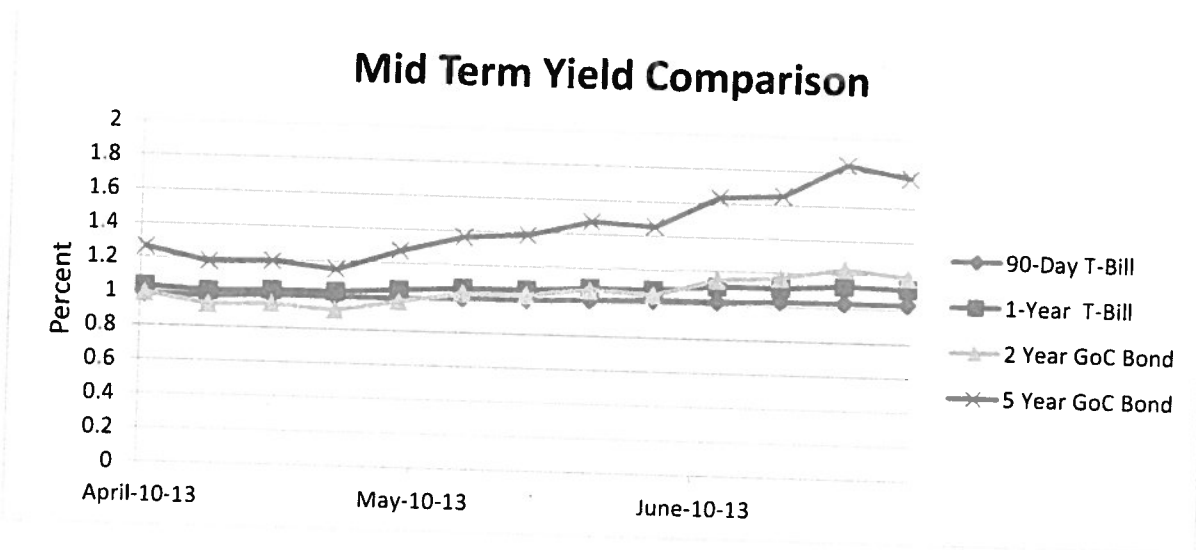
Relative performance was at median for the Quarter while slightly above for the other two time periods shown. This is somewhat better than expected, particularly for the Quarter, given the flatness of the Money Market yield curve and the very high quality of the HRM portfolio.

The Quarter saw 109 money market investments made at a cost of \$415,524,556 with an average term to maturity of 127 days. This compares to last year's 1st Quarter of 85 investments made at a cost of \$338,075,536 with an average term of 141 days. The relatively high activity level reflects the interim property tax bill that was due April 30, debenture proceeds for HRM and Halifax Water and the rollover of longer dated instruments purchased in April 2012.

The predominant strategy was to use Non-Government instruments to cover cash needs and invest in Provincial instruments when necessary to manage sector weights and lock in some yield with longer dated product. The bank account continued to provide an attractive rate of interest relative to other short term Financial Institution instruments and was used extensively. Some shorter Provincial Floating Rate Notes (FRN's) were also purchased with one or two resets remaining. These FRN's offered a yield pickup over similar fixed rate instruments for accepting the risk that the rates offered could be negatively impacted on the reset dates. Staff views this risk as a very low probability.

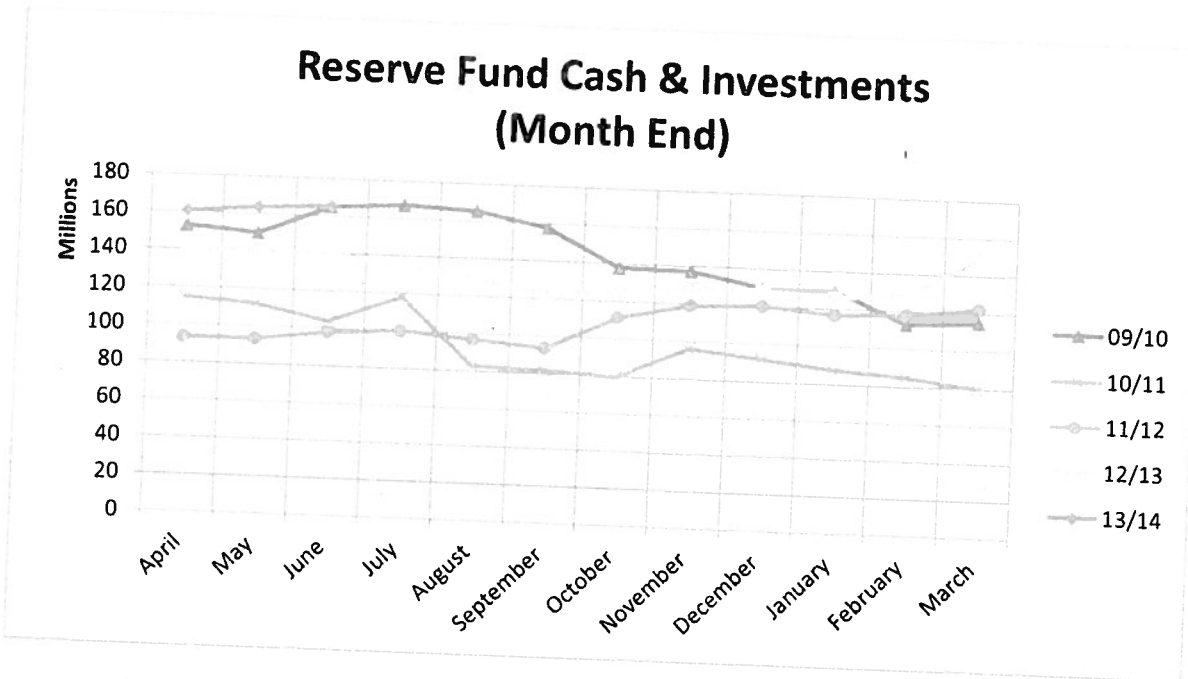
HRM Short Term Bond Pool

Beginning in late May and progressing through the summer, bond yields have begun a somewhat choppy move upwards. Generally this has been in response to better than anticipated labour reports in Canada and the U.S. and discussions by U.S. Federal Reserve officials on potential future tapering of their current \$85 billion a month bond buying program. As demonstrated below the net result of these developments has been a significant divergence between yields with terms of 1 year or less and longer term instruments.



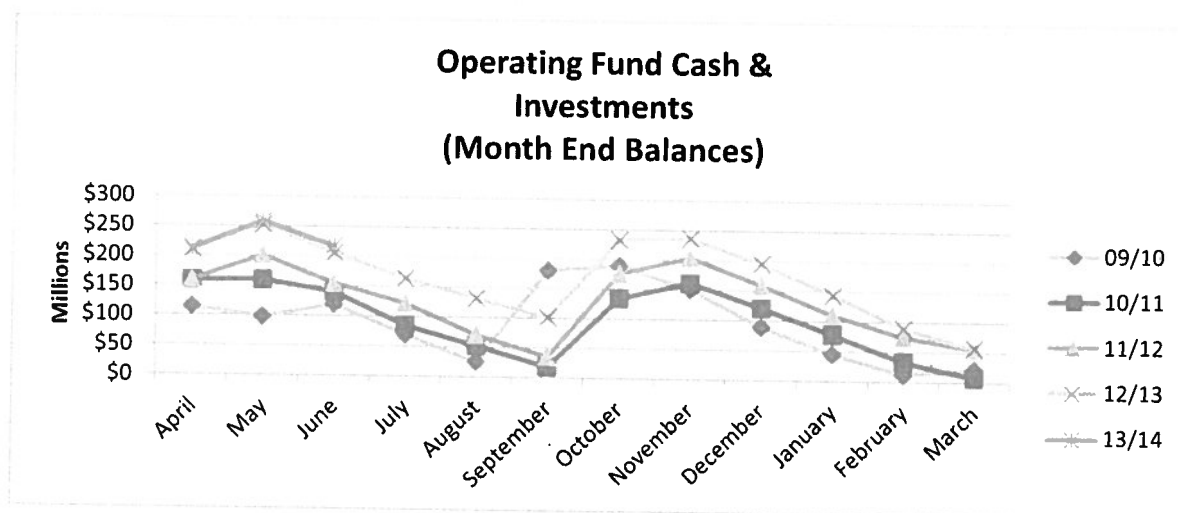
With little prospect for Bank of Canada rate increases in the near future and very low inflation in Canada, staff saw value in the 5 year term and began accumulating bonds near the middle of June. By the end of September some \$11,000,000 of Provincial bonds were purchased with yields ranging from 1.94% to 2.58%. Staff took a measured approach purchasing primarily AAA rated Province of Alberta bonds in \$1,000,000 increments as yields continued to move higher, albeit with some volatility. Some \$2,000,000 of AA (High) rated Province of British Columbia bonds were also added.

An additional motivation for the bond purchases came from the growth in Reserve Fund balances as shown below. While individual Reserves can fluctuate considerably the recent trend to higher Reserves in total provides more leeway for the accumulation of bonds out to the 5 year term. The key consideration is getting value in terms of a high enough yield for the term commitment.



Cash Flows

Operating Fund cash and investments were slightly above last year's levels for the Quarter under review. Staff has completed a reconciliation of Operating Fund cash and investments as at March 31, 2012 and 2013 that explains the approximately \$55 million year end balances. The main sources of these balances are accumulated funds for Retiring Allowances, the pre-payment of property taxes both from the Pre-Authorized Payment Program and early payments on the interim Property Tax bill and the surplus. An increase, relative to the previous year, in payables offset an increase in bridge financing to the Capital Fund. These temporary cash and investment balances provide liquidity for HRM operational expenditures as well as provide bridge financing to Capital Fund projects including the upcoming LED street light replacement project.



In the current interest rate environment the HRM banker continues to offer a relatively attractive yield which entices staff to maximize funds on deposit under the Policy guidelines. For example, for the reporting Quarter the average level was 97.3% of the Policy guideline.

Subsequent to End of Reporting Quarter

Newly appointed Bank of Canada Governor Poloz delivered his first interest rate decision July 17 with no change in rates and generally keeping to the script of his predecessor Governor Carney that rates are likely to rise at some point in the future.

The U.S. Federal Reserve shocked markets when they failed to begin the tapering of the \$85 billion a month bond buying program at their September 18 meeting as had been widely expected. Markets are still digesting the implications for the economy and future Federal Reserve policy and communication strategies.

Elected officials in the U.S. failed to reach a budget agreement by September 30 resulting in a partial shutdown of the U.S. government including the layoff of some 800,000 federal government employees. Budget negotiations are ongoing.

Outlook & Strategy

The tepid recovery in the U.S. continues. In Europe there are some early signs of employment stabilization and an abandonment of the austerity at all costs mindset. The Canadian housing market continues to show resilience. In summary, slow growth, but growth nonetheless, with subdued inflation seems likely. In this environment there is little pressure for administered rates to rise resulting in a fairly flat Money Market yield curve. The bond market has the challenge of trying to figure out where yields should be if the U.S. Federal Reserve slows down or stops its bond buying programs.

In terms of strategy, staff will continue to take advantage of opportunities to add to the Bond Pool to enhance the yield on the Reserves. For shorter term funds staff will lock in funds near the one year term when rates are relatively attractive with Provincial instruments as well as look for opportunities to enhance yield with Floating Rate Notes. Shorter term cash requirements will continue to be covered off with Financial Institution instruments.

Policy Compliance

In keeping with the recent amendments to the Policy staff has modified the Policy Compliance section.

Objectives:

Preservation of Capital - There was no loss of capital during the Quarter.

Liquidity - No overdraft charges were incurred and sufficient cash was available to meet all requirements. The funded ratio of the Reserves at Quarter end was 100%.

Competitive Return on Investments - The rate of return was somewhat above median for the year ending June 30, 2013 even before allowing for fees for external management. As a result, staff maintains that the Policy benchmark was met.

Strategies:

Diversification of Investment Portfolio - Staff believes that diversification has been adequately maintained under the constraints of the Policy.

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

Risk Management Approach - In implementing investment decisions staff seek a balance between the Objectives of the Investment Policy and the risks inherent in markets to look to achieve an optimal rate of return.

FINANCIAL IMPLICATIONS

Operating Fund Investment Income was \$608,862 versus a budget of \$594,000 for the Quarter while the rate of return matched budget at .29%. The small positive income variance was due to somewhat better than anticipated cash levels.

COMMUNITY ENGAGEMENT

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (5 of 7) 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.

ENVIRONMENTAL IMPLICATIONS

N/A

ALTERNATIVES

N/A

ATTACHMENTS

Sector Weight Schedules @ June 30, 2013 (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

Original Signed

Report Approved by: Jerry Blackwood, CGA, Manager of Revenue, 490-6470

Sector Weights @ June 30, 2013

SCHEDULE A

| Category | Status | Cumulative Amount Invested @ Book Value | % | Guideline Limit | % | Limit Available | % |
|--|---------------------------|---|------------|--------------------|-------------|--------------------|------------|
| CASH & EQUIVALENTS | | | | | | | |
| Federal Government & its Guarantees | Open | 1,978,440 | 0% | 427,918,372 | 100% | 421,959,156 | 99% |
| Federal Government | Open | 1,978,440 | 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 | 198,743,343 | 46% | 427,918,372 | 100% | 229,175,029 | 54% |
| Total Alberta (R-1 High) | Open | 0 | 3% | 106,979,593 | 25% | 93,076,227 | 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 | 58,177,561 | 14% | 106,979,593 | 25% | 48,802,032 | 11% |
| Manitoba (R-1 Mid) | Open | 0 | 0% | 106,979,593 | 25% | 106,979,593 | 25% |
| New Brunswick (R-1 Mid) | Open | 2,401,511 | 1% | 106,979,593 | 25% | 104,578,082 | 24% |
| Ontario (R-1 Mid) | Open | 90,183,647 | 21% | 106,979,593 | 25% | 16,795,946 | 4% |
| Quebec (R-1 Mid) | Open | 47,980,624 | 18% | 106,979,593 | 25% | 27,983,107 | 7% |
| Quebec | | 23,226,825 | | | | | |
| Financement Quebec | | 0 | | | | | |
| Hydro Quebec | | 24,753,799 | | | | | |
| Saskatchewan (R-1 High) | Open | 0 | 0% | 106,979,593 | 25% | 106,979,593 | 25% |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | 11,449,180 | 3% | 106,979,593 | 25% | 95,530,413 | 22% |
| Calgary (R-1 High) | Open | | | 42,791,837 | 10% | 42,791,837 | 10% |
| Edmonton (R-1 High) | Open | 11,449,180 | | 42,791,837 | 10% | 31,342,657 | 7% |
| Financial Institutions & their Guarantees /Corporations | | 166,840,995 | 39% | 213,959,186 | 50% | 47,118,191 | 11% |
| BA's Schedule A | | | | | | | |
| Canadian Banks R-1 | | | | | | | |
| Tier 1 - Financial Institutions & their Guarantees | Mid | 138,997,643 | 32% | 213,959,186 | 50% | 74,961,543 | 18% |
| Bank of Montreal (R-1 High) | Open | 34,925,611 | 8% | 42,791,837 | 10% | 7,866,226 | 2% |
| Bank of Nova Scotia (R-1 High) | Open | 0 | 8% | 42,791,837 | 10% | 9,989,286 | 2% |
| Bank of Nova Scotia - Effective Cash | | -197,449 | | | | | |
| Bank of Nova Scotia - Notice Account | | 33,000,000 | | | | | |
| Canadian Imperial Bank of Commerce (R-1 High) | Open | 39,200,457 | 9% | 42,791,837 | 10% | 3,591,380 | 1% |
| Royal Bank (R-1 High) | Open | 19,946,690 | 5% | 42,791,837 | 10% | 22,845,147 | 5% |
| Royal Bank - Effective Cash | | 0 | | | | | |
| Toronto Dominion (R-1 High) | Open | 12,122,334 | 3% | 42,791,837 | 10% | 30,669,503 | 7% |
| Tier 2 - Financial Institutions & Corporations | R-1 Mid/High*** | 27,843,352 | 7% | 106,979,593 | 25% | 79,136,241 | 18% |
| National Bank of Canada (R-1 Mid) | Open | 13,066,825 | 3% | 21,395,919 | 5% | 8,329,094 | 2% |
| OMERS Realty Corporation (R-1 High) | Open | 14,776,527 | 3% | 21,395,919 | 5% | 6,619,392 | 2% |
| CDP Financial Inc (R-1 High) | Open | 0 | 0% | 21,395,919 | 5% | 21,395,919 | 5% |
| Ontario Infrastructure Projects Corporation (R-1 High) | Open | 0 | 0% | 21,395,919 | 5% | 21,395,919 | 5% |
| Desjardins Total | | 0 | 0% | 21,395,919 | 5% | 21,395,919 | 5% |
| Desjardins Group (R-1 High) | Open | 0 | | | | | |
| Caisse Centale Desjardins (R-1 High) | Open | 0 | | | | | |
| Total Cash and Equivalents | | 379,011,958 | 86% | | | | |
| FIXED (Bonds, etc. over one year) | | | | | | | |
| Federal Government | | 3,980,776 | 1% | 85,583,674 | 20% | 81,602,898 | 19% |
| Money Market | | | | | | | |
| Bond Pool | | 3,980,776 | | | | | |
| Provincial Government & their Guarantees | | 44,919,228 | 10% | 85,583,674 | 20% | 40,664,446 | 10% |
| Money Market | | 39,018,626 | 10% | 85,583,674 | 20% | 40,664,446 | 10% |
| Alberta | | 8,002,764 | 3% | 42,791,837 | 10% | 28,888,471 | 7% |
| Alberta | | 1,991,944 | | | | | |
| Alberta Capital Finance Authority | | 6,010,820 | | | | | |
| Alberta Treasury Branches | | | | | | | |
| British Columbia | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Manitoba | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| New Brunswick | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Ontario | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Quebec | | 31,015,862 | 7% | 42,791,837 | 10% | 11,775,975 | 3% |
| Quebec | | 14,006,274 | | | | | |
| Financement Quebec | | 17,009,588 | | | | | |
| Saskatchewan | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Bond Pool | | 5,900,602 | 10% | 85,583,674 | 20% | 40,664,446 | 10% |
| Alberta | | 5,900,602 | 3% | 42,791,837 | 10% | 28,888,471 | 7% |
| Alberta | | 4,884,674 | | | | | |
| Alberta Capital Finance Authority | | 1,015,928 | | | | | |
| Alberta Treasury Branches | | | | | | | |
| British Columbia | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Manitoba | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| New Brunswick | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Ontario | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Quebec | | 0 | 7% | 42,791,837 | 10% | 11,775,975 | 3% |
| Quebec | | | | | | | |
| Financement Quebec | | | | | | | |
| Saskatchewan | | 0 | 0% | 42,791,837 | 10% | 42,791,837 | 10% |
| Total Fixed | | 48,900,004 | 11% | 85,583,674 | 20% | 36,683,670 | 9% |
| Equities | | | | | | | |
| Bank of Montreal | | 6,410 | | | | | |
| Total Equities | | 6,410 | | | | | |
| Total Investments | | 427,918,372 | | | | | |
| Interest Bearing Bank Accounts - O/S Cheque Coverage | | 13,145,422 | * | | | | |
| Total Investments and O/S Cheques Coverage | | 441,063,794 | | | | | |

**Operating Funds
Sector Weights
Sector Weights @ June 30, 2013**

| Category | Status | Cumulative Amount Invested @ Book Value | % | Guideline Limit | % | Limit Available | % |
|--|---------------------------|---|------------|--------------------|-------------|--------------------|-------------|
| CASH & EQUIVALENTS | | | | | | | |
| Federal Government & its Guarantees | Open | 1,227,123 | 0% | 259,282,619 | 100% | 258,055,495 | 100% |
| Federal Government | Open | 1,227,123 | 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 | 123,270,154 | 48% | 259,282,619 | 100% | 136,012,465 | 52% |
| Total Alberta (R-1 High) | Open | 0 | 0% | 64,820,655 | 25% | 61,092,456 | 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 | 36,084,514 | 14% | 64,820,655 | 25% | 28,736,141 | 11% |
| Manitoba (R-1 Mid) | Open | 0 | 0% | 64,820,655 | 25% | 64,820,655 | 25% |
| New Brunswick (R-1 Mid) | Open | 1,489,532 | 1% | 64,820,655 | 25% | 63,331,122 | 24% |
| New Brunswick Municipal Finance Corp (R-1 Mid) | Open | 0 | | 64,820,655 | 25% | 64,820,655 | 25% |
| Ontario (R-1 Mid) | Open | 55,936,224 | 23% | 64,820,655 | 25% | 8,884,431 | 3% |
| Quebec (R-1 Mid) | Open | 29,759,884 | 11% | 64,820,655 | 25% | 15,823,245 | 6% |
| Saskatchewan (R-1 High) | Open | 0 | 0% | 64,820,655 | 25% | 64,820,655 | 25% |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | 7,101,331 | | 64,820,655 | 25% | 57,719,324 | 22% |
| Calgary (R-1 High) | Open | 0 | | 25,928,262 | 10% | 25,928,262 | 10% |
| Edmonton (R-1 High) | Open | 7,101,331 | | 25,928,262 | 10% | 18,826,931 | 7% |
| Financial Institutions & their Guarantees /Corporations | | 103,482,787 | 40% | 129,641,309 | 50% | 26,158,522 | 10% |
| BA's Schedule A | | | | | | | |
| Canadian Banks R-1 | | | | | | | |
| Tier 1 - Financial Institutions & their Guarantees | Mid | 86,213,005 | 33% | 129,641,309 | 50% | 43,428,304 | 17% |
| Bank of Montreal (R-1 High) | Open | 21,662,539 | 8% | 25,928,262 | 10% | 4,265,723 | 2% |
| Bank of Nova Scotia (R-1 High) | Open | 0 | 8% | 25,928,262 | 10% | 5,582,547 | 2% |
| Bank of Nova Scotia Effective Cash | | -122,468 | | | | | |
| Bank of Nova Scotia - Notice Account | | 20,468,183 | | | | | |
| Canadian Imperial Bank of Commerce (R-1 High) | Open | 24,314,004 | 9% | 25,928,262 | 10% | 1,614,258 | 1% |
| Royal Bank (R-1 High) | Open | 12,371,894 | 5% | 25,928,262 | 10% | 13,556,368 | 5% |
| Royal Bank - Effective Cash | | 0 | | | | | |
| Toronto Dominion (R-1 High) | Open | 7,518,853 | 3% | 25,928,262 | 10% | 18,409,409 | 7% |
| Tier 2 - Financial Institutions & Corporations | R-1 Mid/High*** | 17,269,782 | 7% | 64,820,655 | 25% | 47,550,872 | 18% |
| National Bank of Canada (R-1 Mid) | Open | 8,104,672 | 3% | 12,964,131 | 5% | 4,859,459 | 2% |
| OMERS Realty Corporation (R-1 High) | Open | 9,165,111 | 4% | 12,964,131 | 5% | 3,799,020 | 1% |
| CDP Financial Inc (R-1 High) | Open | 0 | 0% | 12,964,131 | 5% | 12,964,131 | 5% |
| Ontario Infrastructure Projects Corporation (R-1 High) | Open | 0 | 0% | 12,964,131 | 5% | 12,964,131 | 5% |
| Desjardins Total | | 0 | 0% | 12,964,131 | 5% | 12,964,131 | 5% |
| Desjardins Group (R-1 High) | Open | 0 | | | | | |
| Caisse Centale Desjardins (R-1 High) | Open | 0 | | | | | |
| Total Investments | | 235,081,395 | 88% | | | | |
| FIXED (Bonds, etc. over one year) | | | | | | | |
| Federal Government | | 0 | 0% | 51,856,524 | 20% | 51,856,524 | 20% |
| Money Market | | 0 | | | | | |
| Bond Pool | | 0 | | | | | |
| Provincial Government & their Guarantees | | 24,201,223 | 9% | 51,856,524 | 20% | 27,655,300 | 11% |
| Money Market | | | | | | | |
| Alberta | | 24,201,223 | 9% | 51,856,524 | 20% | 27,655,300 | 11% |
| Alberta | | 3,728,199 | 1% | 25,928,262 | 10% | 22,200,063 | 9% |
| Alberta Capital Finance Authority | | 3,728,199 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Manitoba | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| New Brunswick | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Ontario | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Quebec | | 19,237,525 | 7% | 25,928,262 | 10% | 6,690,737 | 3% |
| Quebec | | 8,687,363 | | | | | |
| Financement Quebec | | 10,550,162 | | | | | |
| Saskatchewan | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Bond Pool | | 0 | 9% | 51,856,524 | 20% | 27,655,300 | 11% |
| Alberta | | 0 | 1% | 25,928,262 | 10% | 22,200,063 | 9% |
| Alberta | | 0 | | | | | |
| Alberta Capital Finance Authority | | 0 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Manitoba | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| New Brunswick | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Ontario | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Quebec | | 0 | 7% | 25,928,262 | 10% | 6,690,737 | 3% |
| Quebec | | 0 | | | | | |
| Financement Quebec | | 0 | | | | | |
| Saskatchewan | | 0 | 0% | 25,928,262 | 10% | 25,928,262 | 10% |
| Total Fixed | | 24,201,223 | 9% | 51,856,524 | 20% | 27,655,300 | 11% |
| Total Investments | | 259,282,619 | | | | | |
| Interest Bearing Bank Accounts - O/S Cheque Coverage | | 13,145,422 | * | | | | |
| Total Investments and O/S Cheques Coverage | | 272,428,041 | | | | | |

**Capital Funds
Sector Weights
Sector Weights @ June 30, 2013**

| | 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 | | | | | | |
| | Canadian Banks R-1 | | | | | | |
| Tier 1 - Financial Institutions & their Guarantees | 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% |
| Bank of Nova Scotia - Effective Cash | | 0 | | | | | |
| Bank of Nova Scotia - Notice Account | | 0 | | | | | |
| Canadian Imperial Bank of Commerce (R-1 High) | Open | 0 | 0% | 0 | 10% | 0 | 0% |
| Royal Bank (R-1 High) | Open | 0 | 0% | 0 | 10% | 0 | 0% |
| Royal Bank - Effective Cash | | 0 | | | | | |
| Toronto Dominion (R-1 High) | Open | 0 | 0% | 0 | 10% | 0 | 0% |
| Tier 2 - Financial Institutions & Corporations | R-1 Mid/High*** | 0 | 0% | 0 | 25% | 0 | 0% |
| National Bank of Canada (R-1 Mid) | Open | 0 | 0% | 0 | 5% | 0 | 0% |
| OMERS Realty Corporation (R-1 High) | Open | 0 | 0% | 0 | 5% | 0 | 0% |
| CDP Financial Inc (R-1 High) | Open | 0 | 0% | 0 | 5% | 0 | 0% |
| Ontario Infrastructure Projects Corporation (R-1 High) | Open | 0 | 0% | 0 | 5% | 0 | 0% |
| Desjardins Total | | 0 | 0% | 0 | 5% | 0 | 0% |
| Desjardins Group (R-1 High) | Open | 0 | | | | | |
| Caisse Centale Desjardins (R-1 High) | Open | 0 | | | | | |
| Total Investments | | 0 | 0% | | | | |
| FIXED (Bonds, etc. over one year) | | | | | | | |
| Federal Government | | 0 | 0% | 0 | 20% | 0 | 0% |
| Money Market | | 0 | | | | | |
| Bond Pool | | 0 | | | | | |
| Provincial Government & their Guarantees | | 0 | 0% | 0 | 20% | 0 | 0% |
| Money Market | | 0 | 0% | 0 | 20% | 0 | 0% |
| Alberta | | 0 | 0% | 0 | 10% | 0 | 0% |
| Alberta | | 0 | | | | | |
| Alberta Capital Finance Authority | | 0 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 0 | 10% | 0 | 0% |
| Manitoba | | 0 | 0% | 0 | 10% | 0 | 0% |
| New Bruswick | | 0 | 0% | 0 | 10% | 0 | 0% |
| Ontario | | 0 | 0% | 0 | 10% | 0 | 0% |
| Quebec | | 0 | 0% | 0 | 10% | 0 | 0% |
| Quebec | | 0 | | | | | |
| Financement Quebec | | 0 | | | | | |
| Saskatewan | | 0 | 0% | 0 | 10% | 0 | 0% |
| Bond Pool | | 0 | 0% | 0 | 20% | 0 | 0% |
| Alberta | | 0 | 0% | 0 | 10% | 0 | 0% |
| Alberta | | 0 | | | | | |
| Alberta Capital Finance Authority | | 0 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 0 | 10% | 0 | 0% |
| Manitoba | | 0 | 0% | 0 | 10% | 0 | 0% |
| New Bruswick | | 0 | 0% | 0 | 10% | 0 | 0% |
| Ontario | | 0 | 0% | 0 | 10% | 0 | 0% |
| Quebec | | 0 | 0% | 0 | 10% | 0 | 0% |
| Quebec | | 0 | | | | | |
| Financement Quebec | | 0 | | | | | |
| Saskatewan | | 0 | 0% | 0 | 10% | 0 | 0% |
| Total Fixed | | 0 | 0% | 0 | 20% | 0 | 0% |
| Total Investments | | 0 | | | | | |

**Reserve Funds
Sector Weights
Sector Weights @ June 30, 2013**

| Category | Status | Cumulative Amount Invested @ Book Value | % | Guideline Limit | % | Limit Available | % |
|--|---------------------------|---|------------|--------------------|-------------|--------------------|------------|
| CASH & EQUIVALENTS | | | | | | | |
| Federal Government & its Guarantees | Open | 735,416 | 0% | 165,269,551 | 100% | 160,553,360 | 97% |
| Federal Government | Open | 735,416 | 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 | 73,875,851 | 45% | 165,269,551 | 100% | 91,393,701 | 55% |
| Total Alberta (R-1 High) | Open | 0 | 1% | 41,317,388 | 25% | 32,442,040 | 20% |
| 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 | 21,625,463 | 14% | 41,317,388 | 25% | 19,691,925 | 12% |
| Manitoba (R-1 Mid) | Open | 0 | 0% | 41,317,388 | 25% | 41,317,388 | 25% |
| New Brunswick (R-1 Mid) | Open | 892,677 | 1% | 41,317,388 | 25% | 40,424,711 | 24% |
| New Brunswick Municipal Finance Corp (R-1 Mid) | Open | 0 | | 41,317,388 | 25% | 41,317,388 | 25% |
| Ontario (R-1 Mid) | Open | 33,522,600 | 22% | 41,317,388 | 25% | 7,794,788 | 5% |
| Quebec (R-1 Mid) | Open | 17,835,110 | 11% | 41,317,388 | 25% | 11,953,221 | 7% |
| Saskatchewan (R-1 High) | Open | 0 | 7% | 41,317,388 | 25% | 41,317,388 | 25% |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | 4,255,830 | | 41,317,388 | 25% | 37,061,558 | 22% |
| Calgary (R-1 High) | Open | 0 | | 16,526,955 | 10% | 16,526,955 | 10% |
| Edmonton (R-1 High) | Open | 4,255,830 | | 16,526,955 | 10% | 12,271,125 | 7% |
| Financial Institutions & their Guarantees /Corporations | | 62,017,274 | 38% | 82,634,776 | 50% | 20,617,501 | 12% |
| BA's Schedule A | | | | | | | |
| Canadian Banks R-1 | | | | | | | |
| Tier 1 - Financial Institutions & their Guarantees | Mid | 51,667,487 | 31% | 82,634,776 | 50% | 30,967,289 | 19% |
| Bank of Montreal (R-1 High) | Open | 12,982,368 | 8% | 16,526,955 | 10% | 3,544,587 | 2% |
| Bank of Nova Scotia (R-1 High) | Open | 0 | 7% | 16,526,955 | 10% | 4,333,760 | 3% |
| Bank of Nova Scotia - Effective Cash | | -73,395 | | | | | |
| Bank of Nova Scotia - Notice Account | | 12,266,590 | | | | | |
| Canadian Imperial Bank of Commerce (R-1 High) | Open | 14,571,392 | 9% | 16,526,955 | 10% | 1,955,563 | 1% |
| Royal Bank (R-1 High) | Open | 7,414,481 | 4% | 16,526,955 | 10% | 9,112,474 | 6% |
| Royal Bank - Effective Cash | | 0 | | | | | |
| Toronto Dominion (R-1 High) | Open | 4,506,051 | 3% | 16,526,955 | 10% | 12,020,904 | 7% |
| Tier 2 - Financial Institutions & Corporations | R-1 Mid/High*** | 10,349,787 | 6% | 41,317,388 | 25% | 30,967,601 | 19% |
| National Bank of Canada (R-1 Mid) | Open | 4,857,133 | 3% | 8,263,478 | 5% | 3,406,345 | 2% |
| OMERS Realty Corporation (R-1 High) | Open | 5,492,654 | 3% | 8,263,478 | 5% | 2,770,823 | 2% |
| CDP Financial Inc (R-1 High) | Open | 0 | 0% | 8,263,478 | 5% | 8,263,478 | 5% |
| Ontario Infrastructure Projects Corporation (R-1 High) | Open | 0 | 0% | 8,263,478 | 5% | 8,263,478 | 5% |
| Desjardins Total | | 0 | 0% | 8,263,478 | 5% | 8,263,478 | 5% |
| Desjardins Group (R-1 High) | Open | 0 | | | | | |
| Caisse Centale Desjardins (R-1 High) | Open | 0 | | | | | |
| Total Cash and Equivalents | | 140,884,371 | 83% | | | | |
| FIXED (Bonds, etc. over one year) | | | | | | | |
| Federal Government | | 3,980,776 | 3% | 165,269,551 | 100% | 161,288,775 | 98% |
| Money Market | | 0 | | | | | |
| Bond Pool | | 3,980,776 | | | | | |
| Provincial Government & their Guarantees | | 20,404,404 | 12% | 82,634,776 | 50% | 62,230,371 | 38% |
| Money Market | | 14,503,802 | 12% | 82,634,776 | 50% | 62,230,371 | 38% |
| Alberta | | 2,974,746 | 5% | 16,526,955 | 10% | 7,651,607 | 5% |
| Alberta | | 740,435 | | | | | |
| Alberta Capital Finance Authority | | 2,234,311 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Manitoba | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| New Brunswick | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Ontario | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Quebec | | 11,529,056 | 7% | 16,526,955 | 10% | 4,997,899 | 3% |
| Quebec | | 5,206,340 | | | | | |
| Financement Quebec | | 6,322,716 | | | | | |
| Saskatchewan | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Bond Pool | | 5,900,602 | 12% | 82,634,776 | 50% | 62,230,371 | 38% |
| Alberta | | 5,900,602 | 5% | 16,526,955 | 10% | 7,651,607 | 5% |
| Alberta | | 4,884,674 | | | | | |
| Alberta Capital Finance Authority | | 1,015,928 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Manitoba | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| New Brunswick | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Ontario | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Quebec | | 0 | 7% | 16,526,955 | 10% | 4,997,899 | 3% |
| Quebec | | 0 | | | | | |
| Financement Quebec | | 0 | | | | | |
| Saskatchewan | | 0 | 0% | 16,526,955 | 10% | 16,526,955 | 10% |
| Total Fixed | | 24,385,180 | 15% | 165,269,551 | 100% | 140,884,371 | 85% |
| Total Investments | | 165,269,551 | | | | | |

**Trust Funds
Sector Weights
Sector Weights @ June 30, 2013**

| Category | Status | Cumulative Amount Invested @ Book Value | % | Guideline Limit | % | Limit Available | % |
|--|---------------------------|---|-------------|------------------|-------------|------------------|-------------|
| CASH & EQUIVALENTS | | | | | | | |
| Federal Government & its Guarantees | Open | 15,901 | 0% | 3,366,202 | 100% | 3,350,300 | 100% |
| Federal Government | Open | 15,901 | 0% | | | | |
| Business Development Bank | Open | 0 | 0% | | | | |
| Canada Mortgage & Housing Corp. | Open | 0 | 0% | | | | |
| Canadian Wheat Board | Open | 0 | 0% | | | | |
| Export Development Canada | Open | | | | | | |
| Farm Credit Corp | Open | 0 | 0% | | | | |
| Provincial Governments & their Guarantees | R-1 Mid or Greater | 1,597,338 | 47% | 3,366,202 | 100% | 1,768,863 | 53% |
| Total Alberta (R-1 High) | Open | 0 | 1% | 841,550 | 25% | 777,231 | 23% |
| 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 | 467,584 | 14% | 841,550 | 25% | 373,966 | 11% |
| Manitoba (R-1 Mid) | Open | 0 | 0% | 841,550 | 25% | 841,550 | 25% |
| New Brunswick (R-1 Mid) | Open | 19,301 | 1% | 841,550 | 25% | 822,249 | 24% |
| New Brunswick Municipal Finance Corp (R-1 Mid) | Open | | | 841,550 | 25% | 841,550 | 25% |
| Ontario (R-1 Mid) | Open | 724,823 | 23% | 841,550 | 25% | 116,727 | 3% |
| Quebec (R-1 Mid) | Open | 385,629 | 11% | 841,550 | 25% | 206,641 | 6% |
| Saskatchewan (R-1 High) | Open | 0 | 0% | 841,550 | 25% | 841,550 | 25% |
| Municipal Governments & their Guarantees* | R-1 Mid or Greater | 92,019 | | 841,550 | 25% | 749,531 | 22% |
| Calgary (R-1 High) | Open | | | 336,620 | 10% | 336,620 | 10% |
| Edmonton (R-1 High) | Open | 92,019 | | 336,620 | 10% | 244,601 | 7% |
| Financial Institutions & their Guarantees /Corporations | | 1,340,933 | 40% | 1,683,101 | 50% | 342,168 | 10% |
| BA's Schedule A | | | | | | | |
| Canadian Banks R-1 | | | | | | | |
| Tier 1 - Financial Institutions & their Guarantees | Mid | 1,117,151 | 33% | 1,683,101 | 50% | 565,950 | 17% |
| Bank of Montreal (R-1 High) | Open | 280,704 | 8% | 336,620 | 10% | 55,916 | 2% |
| Bank of Nova Scotia (R-1 High) | Open | 0 | 8% | 336,620 | 10% | 72,980 | 2% |
| Bank of Nova Scotia - Effective Cash | | -1,587 | | | | | |
| Bank of Nova Scotia - Notice Account | | 265,227 | | | | | |
| Canadian Imperial Bank of Commerce (R-1 High) | Open | 315,062 | 9% | 336,620 | 10% | 21,559 | 1% |
| Royal Bank (R-1 High) | Open | 160,315 | 5% | 336,620 | 10% | 176,305 | 5% |
| Royal Bank - Effective Cash | | 0 | | | | | |
| Toronto Dominion (R-1 High) | Open | 97,430 | 3% | 336,620 | 10% | 239,191 | 7% |
| Tier 2 - Financial Institutions & Corporations | R-1 Mid/High*** | 223,782 | 7% | 841,550 | 25% | 617,768 | 18% |
| National Bank of Canada (R-1 Mid) | Open | 105,021 | 3% | 168,310 | 5% | 63,290 | 2% |
| OMERS Realty Corporation (R-1 High) | Open | 118,762 | 4% | 168,310 | 5% | 49,548 | 1% |
| CDP Financial Inc (R-1 High) | Open | 0 | 0% | 168,310 | 5% | 168,310 | 5% |
| Ontario Infrastructure Projects Corporation (R-1 High) | Open | 0 | 0% | 168,310 | 5% | 168,310 | 5% |
| Desjardins Total | | 0 | 0% | 168,310 | 5% | 168,310 | 5% |
| Desjardins Group (R-1 High) | Open | 0 | | | | | |
| Caisse Centale Desjardins (R-1 High) | Open | 0 | | | | | |
| Total Cash and Equivalents | | 3,046,191 | 88% | | | | |
| FIXED (Bonds, etc. over one year) | | | | | | | |
| Federal Government | | 0 | 0% | 3,366,202 | 100% | 3,366,202 | 100% |
| Money Market | | 0 | | | | | |
| Bond Pool | | 0 | | | | | |
| Provincial Government & their Guarantees | | 313,600 | 9% | 3,366,202 | 100% | 3,052,601 | 91% |
| Money Market | | 313,600 | 100% | 3,366,202 | 100% | 3,052,601 | 91% |
| Alberta | | 64,320 | 2% | 336,620 | 10% | 272,300 | 8% |
| Alberta | | 16,010 | | | | | |
| Alberta Capital Finance Authority | | 48,310 | | | | | |
| Alberta Treasury Branches | | | | | | | |
| British Columbia | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Manitoba | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| New Brunswick | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Ontario | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Quebec | | 249,280 | 7% | 336,620 | 10% | 87,340 | 3% |
| Quebec | | 112,571 | | | | | |
| Financement Quebec | | 136,709 | | | | | |
| Saskatchewan | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Bond Pool | | 0 | 9% | 3,366,202 | 100% | 3,052,601 | 91% |
| Alberta | | 0 | 2% | 336,620 | 10% | 272,300 | 8% |
| Alberta | | 0 | | | | | |
| Alberta Capital Finance Authority | | 0 | | | | | |
| Alberta Treasury Branches | | 0 | | | | | |
| British Columbia | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Manitoba | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| New Brunswick | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Ontario | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Quebec | | 0 | 7% | 336,620 | 10% | 87,340 | 3% |
| Quebec | | 0 | | | | | |
| Financement Quebec | | 0 | | | | | |
| Saskatchewan | | 0 | 0% | 336,620 | 10% | 336,620 | 10% |
| Total Fixed | | 313,600 | | | | | |
| Equities | | | | | | | |
| Bank of Montreal | | 6,410 | | | | | |
| Total Equities | | 6,410 | | | | | |
| Total Investments | | 3,366,202 | | | | | |

Appendix A

Economic Statistics

| | Canada | US |
|--------------------------------|------------------------------|------------------------------|
| Unemployment Rate | Apr 7.2%, May 7.1%, Jun 7.1% | Apr 7.5%, May 7.6%, Jun 7.6% |
| Jobs Created / (Lost) ('000's) | Apr 12.5, May 95, Jun -.4 | Apr 199, May 195, Jun 195 |
| CPI (year over year) | Apr .4%, May .7%, Jun 1.2% | Apr 1.1%, May 1.4%, Jun 1.8% |
| CPI-X (Core) (year over year) | Apr 1.1%, May 1.1%, Jun 1.3% | Apr 1.7%, May 1.7%, Jun 1.6% |
| GDP | Q2 1.7% | Q2 P 2.5% |

Central Bank Activities

- April 17th Bank of Canada Maintains overnight rate at 1.0%
- May 1st U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- May 29th Bank of Canada Maintains overnight rate at 1.0%
- June 19th 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

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.