

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

Item No. 2
Halifax Regional Council
January 28, 2014

TO:

Mayor Savage and Members of Halifax Regional Council

Original Signed

**SUBMITTED BY:** 

Councillor Bill Karsten, Chair, Audit and Finance Standing Committee

DATE:

January 17, 2014

**SUBJECT:** 

Investment Activities – Quarter Ending September 30, 2013

### **INFORMATION REPORT**

### **ORIGIN**

- Quarterly report of investment performance and adherence to approved Investment Policy.
- Staff report dated, December 17, 2013.
- Audit and Finance Standing Committee meeting January 17, 2014, Item No. 9.1.2

# **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 reports were received at the January 17, 2014 meeting of the Audit and Finance Standing Committee.

### **DISCUSSION**

The Audit and Finance Standing Committee considered the December 17, 2013 staff report and forwarded it to Halifax Regional Council as an Information item.

# **FINANCIAL IMPLICATIONS**

As outlined in the attached December 17, 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. Audit and Finance Standing Committee Report dated December 17, 2013.
- 2. Investment Policy Advisory Committee Report dated December 6, 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 MacSweem, Legislative Assistant, 490-6521



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

### Attachment 1

Audit and Finance Standing Committee January 17, 2014

TO:

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

Committee

Original Signed

SUBMITTED BY:

Greg Keefe, Director of Finance and Information Technology / CFO

DATE:

December 17, 2013

**SUBJECT:** 

Investment Activities - Quarter Ending September 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 September 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 January 17.

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# **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 September 30, 2013:

Money Market Funds	3 Months (to Sept. 30,	9 Months (to Sept.	1 Year (to Sept.30,
	2013)	30, 2013)	2013)
5 <sup>th</sup> Percentile	.34%	.96%	1.27%
1 <sup>st</sup> Quartile	.30%	.90%	1.24%
Mercer Median	.30%	.87%	1.17%
3 <sup>rd</sup> Quartile	.27%	.79%	1.06%
95th Percentile	.24%	.73%	.98%
Dec 91 Day T-Bills	.29%	.76%	1.05%
HRM	.29%	.88%	1.19%

HRM relative performance was slightly below median for the Quarter but slightly above median for the nine month and one year periods. This relative performance is somewhat better than expected given the flatness of the short term yield curve and the very high quality of the HRM portfolio. Cost savings from not paying external management fees continue to be achieved.

The Quarter saw 56 money market investments made at a cost of \$165,628,074 with an average term to maturity of 91 days. This compares to last year's 2nd Quarter of 36 investments made at a cost of \$115,219,000 with an average term of 97 days. The elevated activity level in the Quarter compared to last year was mostly due to more rollovers of investments. There was \$323,000,000 of maturities during the Quarter versus \$212,000,000 last year. In addition to the money market investment noted above, \$5,000,000 of Quebec Floating Rate Notes maturing in December of 2013 were purchased at a relatively attractive interest rate.

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.

Operating Fund Investment Income for the six months ending September 30 was \$1,066,000 versus a budget of \$1,053,000 while the actual rate of return equalled the budget of .58 %. The small positive variance was as a result of somewhat better than anticipated cash levels in the Operating Fund. This trend,

however, does not appear to be continuing in the second half of the year with cash levels showing somewhat below anticipated levels. At this time staff is continuing to project that the budget of \$2,000,000 will be met but continue to monitor this situation closely.

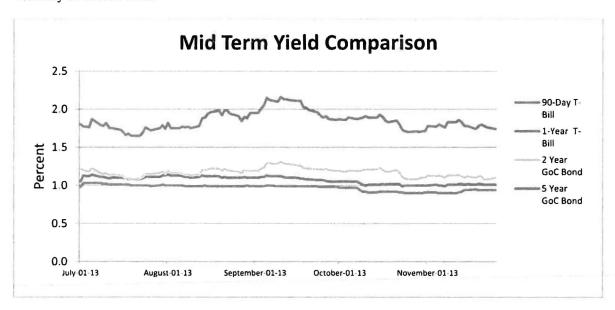
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#### HRM Short Term Bond Pool

Taking advantage of the continuing backup in yields during the Quarter on indications from the U.S Federal Reserve that their monthly bond purchases would soon be scaled back, staff accumulated an additional \$6,000,000 of bonds at yields between 2.10% and 2.58% to a maximum term to the end of 2018. These bonds were issued by the Province of Alberta or its guarantees and British Columbia which are AAA and AA High credits respectively. This brings the total in the Bond Pool to some \$16,000,000.

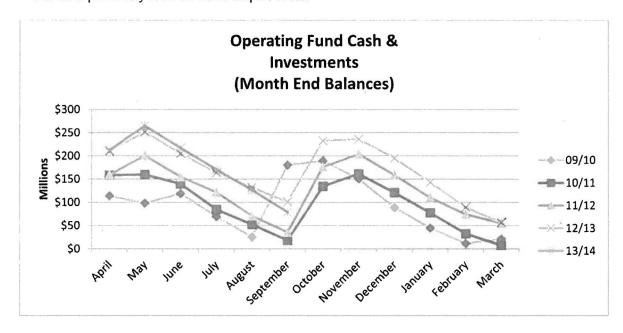
However, the U.S. Federal Reserve shocked markets when it failed to begin a reduction in its \$85 billion dollar a month bond buying program at its September 18 meeting as had been widely anticipated. In explaining the decision not to alter the bond buying program officials cited the recent increase in bond yields as well as a desire to see further evidence that more restrictive fiscal policy was not having a greater than anticipated impact on the economy. The latter concern was somewhat validated when the failure to reach a budget agreement or even a continuing resolution forced a partial U.S. government shutdown in October. Adding to the fiscal uncertainty was a failure to reach any agreement on raising the debt ceiling until the "11th hour" which risked a default on U.S. debt. Temporary measures were later agreed to keep the U.S. government open until into January and suspend the debt ceiling into February. The actual economic fallout is still being considered but some reaction from the bond market can be seen below with 5 year yields down close to .5%.

Staff will continue to look for opportunities to add to the bond pool with due consideration to the volatility of interest rates.



### Cash Flows

As mentioned previously in this report, for most of the first half of the fiscal year cash and investment levels for the Operating Fund were running somewhat above the previous year's levels until towards the end of the 2<sup>nd</sup> Quarter when this trend began to deteriorate. The modestly negative trend has continued into the 3<sup>rd</sup> Quarter primarily driven by the later payment of Federal Grants in Lieu of taxes this year versus last year, a modestly higher level of capital expenditures and the payment of some funds to Halifax Water from previously retained HRM surplus funds.



The HRM bank account exceeded the Policy guideline by some \$3,000,000 for one day on September 4. Staff discussed this with the Committee and they agreed with staff that this minor temporary variance did not constitute a material increase in risk to the portfolio.

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 87.5% of the Policy guideline.

### Subsequent to End of Reporting Quarter

The fiscal uncertainty in the U.S., briefly discussed earlier in this report, led to some flight to quality buying of Canadian Treasury Bills by foreign accounts. Because of their large size relative to the Canadian market they exerted significant downward pressure on Treasury Bills bringing the 1 year yield down by some 1/10<sup>th</sup> of 1%.

The Bank of Canada at its October 23 interest rate setting meeting removed all remnants of a weak tightening bias citing persistently low inflation that is anticipated to only gradually return to the 2% target around the end of 2015. Implicitly acknowledging the symmetry of their inflation targeting, they implied greater monetary stimulus, i.e. even lower rates, would be appropriate if not for a fear of "exacerbating"

already elevated household imbalances". With October year over year headline inflation at .7% and core at 1.2% the Bank's inflation concerns seem well founded.

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#### Outlook & Strategy

Despite extremely aggressive actions by monetary authorities in many developed economies inflation remains persistently low. In the U.S. the efficacy of some of these measures is being questioned even as the market demonstrates that even slowing down these measures can be a complex exercise as the recent consideration of tapering the monthly \$85 billion bond buying program has demonstrated. One credible commentator has suggested that the lack of inflation means that the low in bond yields for this cycle has yet to be seen. However, a more consensus view is that bond yields will move somewhat higher as the U.S. economy shows better growth prospects in 2014 with the impact of the sequestration cuts absorbed creating a backdrop where the U.S Federal Reserve can actually begin tapering. Europe also is showing modest growth. Even under this optimistic view administered rates will remain at current levels for years to come.

Staff will continue to look for opportunities to add to the Bond Pool should bond yields rise again. In the Money Market area longer dated Provincial instruments will be favoured to lock in some yield while serving to provide 'insurance' should the Bank of Canada actually cut rates and for sector weight management. The focus in the non-Government sector will be on covering cash requirements and integrating the new investment bank accounts.

### **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.

<u>Liquidity</u> - 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%.

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

#### Strategies:

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

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

<u>Risk Management Approach</u> – 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 \$1,066,000 versus a budget of \$1,053,000 for the Quarter while the rate of return matched budget at .58%. The small positive income variance was due to somewhat better than anticipated cash levels. While the positive cash flow trend began to deteriorate modestly near the end of the reporting Quarter, staff is still optimistic that the Operating Fund Investment Income budget will be met for the fiscal year but will continue to monitor this closely.

### **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.

#### **ENVIRONMENTAL IMPLICATIONS**

N/A

### **ALTERNATIVES**

N/A

#### **ATTACHMENTS**

Sector Weight Schedules @ September 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

SCHEDULE A

		Cumulative					
	Category Status	Amount Invested  @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS	,						
Federal Government & its Guarantees	Open	1,978,440	1%	274,010,350	100%	268,048.186	98%
Federal Government	Open	1,978,440	1%				
Business Development Bank Canada Mortgage & Housing Corp	Open Open	0	0% 0%				
Canadian Wheat Board	Open	ō	0%				
Export Development Canada Farm Credit Corp	Open Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	161,857,778	59%	274,010,350	100%	112,152,572	41%
Total Alberta (R-1 High)	Open	0	7%	68,502,587	25%	50,596,965	18%
Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	Open Open	0					
Alberta Treasury Branches (R-1 High)	Open	ŏ					
British Calumbia (R-1 High)	Open	59 397,078	22%	68,502 587	25%	6,882,260	3%
Manitoba (R-1 Mid) New Brunswick (R-1 Mid)	Open Open	0 2.401,511	0% 1%	68,502,587 68,502,587	25% 25%	68,502,587 66,101,076	25% 24%
Nova Scotia (R-1 Mid)	Open	0	0%	68,502,587	25 .	68,502,587	25%
Ontario (R-1 Mid) Quebec (R-1 Mid)	Open Open	68,410,871 31,648,318	25% 18%	68,502,587 68,502,587	25% 25%	91,716 17 848 852	0% 7%
Quebec	Ореп	23 226 825	10.70	66,502,567	2376	17 040,032	1 70
Financement Quebec		0					
Hydro Quebec Saskatchewan (R-1 High)	Open	8,421 493 0	0%	68 502,587	25 %	68,502.587	25%
Municipal Governments & their Guarantees* Calgary (R-1 High)	R-1 Mid or Greater Open	0	0%	68,502,587 27,401.035	25% 10%	68,502,587 27,401,035	25% 10%
Edmonton (R-1 High)	Open	0		27,401,035	10%	27,401,035	10%
Financial Institutions & their Guarantees /Corporat		67,049.710	24%	137,005,175	50%	69,955,465	26%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	59,064,030	22%	137,005,175	50%	77,941,145	28%
Bank of Montreat (R-1 High)	Open	10,974,020	4%	27,401,035	10%	16,427,015	6%
Bank of Nova Scotia (R-1 High) Bank of Nova Scotia Effective Cash	Open	0 1,986,681	9%	27,401,035	10%	2,414,354	1%
Bank of Nova Scotia - Notice Account		23,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	13 968,640	5%	27,401,035	10%	13,432,395	5%
Royal Bank (R-1 High) Royal Bank - Effective Cash	Open	9,134,689 ) 0 )	3%	27,401,035	10%	18,266,346	7%
Toranto Dominion (R-1 Hign)	Open	0	0%	27,401,035	10%	27,401 035	10%
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	7,985,680	3%	68,502,587	25%	60,516,907	22%
National Bank of Canada (R-1 Mid) OMERS Realty Corporation (R-1 High)	Open Open	5,990,360 0	2% 0%	13,700,517 13,700,517	5% 5%	7,710,157 13,700,517	3% 5%
CDP Financial Inc (R-1 High)	Open	ő	0%	13,700,517	5%	13,700,517	5%
Ontario Infrastructure Projects Corporation (R-1 High)	Open	0	0%	13,700,517	5%	13,700,517	5% 4%
Desjardins Total Desjardins Group (R-1 High)	Open	1,995,320 0	1%	13,700,517	5%	11,705,197	4%
Caisse Centale Desjardins (R-1 High)	Open	1,995,320					
Total Cash and Equivalents		230,885,928	84%				
FIXED (Bonds, etc. over one year)							
Federal Government		3.983,724	1%	54,802,070	20%	50.818,346	19%
Money Market Band Pool		3.983,724					
Provincial Government & their Guarantees		39,134,288	14%	54,802,070	20%	15,667,782	6%
Money Market		27,006,697	14%	54,802,070	20%	15,667,782	6%
Alberta Alberta		8.001 280	1%	27 401,035	10%	9 495 413	3%
Alberta Capital Financii Authority		1,992,620 6,008,660					
Alberta Treasury Branches				20.12.22			
British Columbia Manitoba		0	1% 0%	27,401,035 27,401,035	10%	25 177 786 27 401,035	9% 10%
New Brunswick		ō	0%	27,401,035	10%	27,401,035	10%
Nova Scotia Ontario		0	0%	27,401.035	10%	27 401.035	10%
Quebec		19.005,417	7%	27,401,035	10%	8,395,618	3%
Quebec		19,005,417					
Financement Quebec Saskatewan		0	0%	27,401,035	10%	27,401,035	10%
Bond Pool		12,127,591	14%	54,802,070	20%	15,667,782	6%
Alberta		9,904,342	7%	27,401,035	10%	9,495,413	3%
Alberta		7,789,459					
Alberta Capital Finance Authority Alberta Treasury Branches		2,114,883					
British Columbia		2 223 249	1%	27,401 035	10%	25,177,786	9%
Manitoba New Brunswick		0	0% 0%	27,401,035 27,401 035	10%	27,401,035 27,401,035	10%
Nova Scotia							
Ontario		0	0% 7%	27,401,035 27,401,035	10%	27,401,035 8,395,618	10%
Quebec Quebec		0	1 76	21,401,035	1076	3 333 010	370
Financement Quebec Saskatewan		0	0%	27,401 035	10%	27.401.035	10%
Total Fixed		43,118,012	16%	54,802,070	20%	11,684,058	4%
Equities							
Bank of Montreal Total Equities		6 410 6,410					
Total Investments		274 010 350					
Interest Bearing Bank Accounts - O/S Cheque Coverage	je.	20 508 344	1000				
Total investments and O/S Cheques Coverage		294,518,694					

# Operating Funds Sector Weights Sector Weights @ September 30, 2013

Cumulative Amount Invested Category Status @ Book Value Guideline Limit % 1 mit Available CASH & EQUIVALENTS 1% 1% 0% Federal Government & its Guarantees Open Open 822.018 107.151.262 100% 106.329.244 99% Federal Government Business Development Bank Open Canada Mortgage & Housing Corp Canadian Wheat Board Open 0 0% 0% Export Development Canada Open Farm Credit Corp Open 0 0% Provincial Governments & their Guarantees R-1 Mid or Greater 67,249,946 63% 107,151,262 100% 39,901,316 37% Total Alberta (R-1 High)
Alberta (R-1 High)
Alberta Capital Finance Authority (R-1 High) 0% 26 787 815 25% 24.291.290 Open Open Alberta Treasury Branches (R-1 High) British Columbia (R-1 High) Open 24,678,766 26,787,815 2.109.049 Open Manitoba (R-1 Mid) Open 0% 1% 26,787,815 25% 26,787,815 25% 25% 25% 25% New Brunswick (R-1 Mid) New Brunswick Municipal Finance Corp (R-1 Mid) 26 787,815 25.790.017 26,787,815 24% 25% Open 997 799 26,787 815 Open 28.423 888 29% -2% 5% 25% Ontario (R-1 Mid) Open 26 787 815 -1.636 073 12% 26,787 815 26,787 815 25% 25% Quebec (R-1 Mid) 13 149 493 26.787 815 Saskatchewan (R-1 High) Open Municipal Governments & their Guarantees\* R-1 Mid or Greater 0 26,787,815 25% 26,787,815 25% Calgary (R-1 High) Edmonton (R-1 High) 10,715 126 10,715 126 10,715,126 10,715,126 10% 0 Financial Institutions & their Guarantees /Corporations BA's Schedule A 27,858,342 53,575,631 50% 25,717,289 26% 24% Canadian Banks R-1 Tier 1 - Financial Institutions & their Guarantees Mid 24,540,389 23% 53.575,631 29.035.242 27% 50% Bank of Montreal (R-1 High) Bank of Nova Scotia (R-1 High) 10,715,126 10,715,126 10% 6,155,554 333,463 6% 0% 4,559,572 10% Open 825.442 Bank of Nova Scotia Effective Cash 9,556,221 5,803,801 Bank of Nova Scotia - Notice Account Canadian Imperial Bank of Commerce (R-1 High) 10,715,126 4.911,325 Open Royal Bank (R-1 High) Royal Bank - Effective Cash Toronto Dominion (R-1 High) Open 3,795,353 4% 10,715 126 10% 6.919.774 6% 10,715,126 Open 0% 10% 10,715,126 10% 22% 3% Tier 2 - Financial Institutions & Corporations R-1 Mid/High\*\*\* 3,317,953 3% 26,787,815 25% 23,469,862 National Bank of Canada (R-1 Mid) 2,488,922 2% 5% 5% 5% 5% Open 5,357,563 5,357,563 2,868,641 OMERS Realty Corporation (R-1 High) Open 0% 5 357 563 5% CDP Financial Inc (R-1 High)
Ontario Infrastructure Projects Corporation (R-1 High) 5,357,563 5,357,563 Open 0% 5,357,563 5% 4% Desjardins Total 829,031 5,357.563 4,528,532 Desjardins Group (R-1 High)
Caisse Centale Desjardins (R-1 High) 829,031 95,930,306 90% **Total investments** FIXED (Bonds, etc. over one year) Federal Government 0 0% 21.430.252 20% 21,430,252 20% Money Market Bond Pool 0 Provincial Government & their Guarantees 11,220,955 10,209,297 10% 21,430,252 20% 10% Money Market Alberta 10% 20% 10% 10% 11 220,955 21,430,252 10.209.297 2,496 525 Alberta Alberta Capital Finance Authority 2 496 525 Alberta Treasury Branches British Columbia 0 10,715,126 10.715.126 0% 10% 10% 0% 10.715 126 10.715 126 10% 10.715,126 10,715,126 10% 10% Manitoba New Bruswick 10,715,126 10% Ontario 0% 10% 10,715 126 Quebec 7,896 521 10 715 126 10% Financement Quebec Saskatewan 0% 10 715 126 10% 10.715,126 10% Bond Pool 0 10% 10% 21,430,252 20% 10,209,297 Alberta 2% Alberta Capital Finance Authority Alberta Treasury Branches British Columbia 10.715,126 10,715,126 10% 10% 10% 10% 10% 10.715,126 10,715 126 10% 10,715,126 10,715,126 Manitoba 0% 0% 0% 7% New Bruswick Ontario 10,715,126 10% 10,715,126 Quebec 10 715 126 10% 2,818,606 3% Quebec Financement Quebec Saskatewan 0 0% 10 715 126 10% 10,715,126 10% Total Fixed 11,220,955 21,430,252 20% 10% 10.209.297 10% 107,151,262 Interest Bearing Bank Accounts - O/S Cheque Coverage 20 508 344 \*

127,659,606

Total investments and O/S Cheques Coverage

#### Capital Funds Sector Weights Sector Weights @ September 30, 2013

Cumu ative Amount Invested Category Status @ Book Value Guideline Limit % Limit Available % CASH & EQUIVALENTS Federal Government & its Guarantees 0% 0 100% 0 0% Open 0% 0% Open Business Development Bank Open 0 Canada Mortgage & Housing Corp Canadian Wheat Board 0 0% Open Export Development Canada Farm Credit Corp Open 0% Open 0 100% 0 25% 0% Provincial Governments & their Guarantees R-1 Mid or Greater 0% 0 25% Total Alberta (R-1 High) Open 0% Alberta (R-1 High)
Alberta Capital Finance Authority (R-1 High) Open Open Alberta Treasury Branches (R-1 High) British Columbia (R-1 High) Open 0 0 25% 0000000 0% Open Manitoba (R-1 Mid) New Brunswick (R-1 Mid) New Brunswick Municipal Finance Corp (R-1 Mid) 0% 0% 0% Open 0 0% 0 25% 25% 25% Open 0 Open 0% 0% 0% Ontario (R-1 Mid) 0 25% Quebec (R-1 Mid) 25% Open Saskatchewan (R-1 High) 0% 0 25% 0% Municipal Governments & their Guarantees\* R-1 Mid or Greater 0 0 25% 0 0% Calgary (R-1 High) Edmonton (R-1 High) 10% 0% 0 Open 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 10% 0% Bank of Nova Scotia (R-1 High)
Bank of Nova Scotia Effective Cash
Bank of Nova Scotia - Notice Account
Canadian Imperial Bank of Commerce (R-1 High) 0% 0 10% 0 0% 0 10% 0 0% Open Royal Bank (R-1 High) Royal Bank - Effective Cash 0 } Open 0% 0 10% 0% 0% 0 Toronto Dominion (R-1 High) 0 10% 0% Open Tier 2 - Financial Institutions & Corporations R-1 Mid/Hlgh\*\*\* 0 0% 0% 0 25% 00000 National Bank of Canada (R-1 Mid) OMERS Realty Corporation (R-1 High) Open Open 0 0 0% 5% 5% 0% 0 CDP Financial Inc (R-1 High) Open Ontario Infrastructure Projects Corporation (R-1 High) Open 0 0% 0 5% 5% 5% 0% 0% Designations Total 0% Desjardins Group (R-1 High) Caisse Centale Desjardins (R-1 High) Open Total Investments 0% FIXED (Bonds, etc. over one year) Federal Government 0 0% 0 0% 0 20% Money Market Bond Pool 0 Provincial Government & their Guarantees 0% 0 20% 0% Money Market Alberta 0% 0% 0% 0 0 20% 10% Alberta Alberta Capital Finance Authority 0 Alberta Treasury Branches British Columbia 0 0 10% 0% 0% 00000 0% 10% Manitoba 0% 0% 10% 10% 0% New Bruswick 0 0 Ontario Quebec 0% 0 10% 0% Quebec Financement Quebec Saskatewan 0 0% 0 10% 0 0% Bond Pool 0 0% 0 20% 0% 0% 10% 0% Alberta Alberta Alberta Capita Finance Authority Alberta Treasury Branches British Columbia 10% 0% 0 0 0 00000 Manitoba 0 0% 10% 0% 0% 0% New Bruswick 10% 10% Ontario Quebec 0% 0 10% 0% Quebec Financement Quebec 0% 0 10% 0 0% ō Total Fixed 0% 0 20% 0 0%

0

Total Investments

#### Reserve Funds Sector Weights Sector Weights @ September 30, 2013

Secto	staidura @ ashrampar	30, 2013					
		Cumulative					
	0	Amount Invested	2/	Contains time	01	Limit Aug table	9/2
	Category Status	@ Book Value	%	Guideline Limit	%	Limit Available	70
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	1,130,622	1%	163,489.614	100%	158,375,268	97%
Federal Government	Open	1 130,622	1%				
Business Development Bank Canada Mortgage & Housing Corp	Open Open	0	0% 0%				
Canadian Wheat Board	Open	ō	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	92,497,116	57%	163,489,614	100%	70,992,498	43%
Total Alberta (R-1 High)	Open	0	2%	40,872,404	25%	26.395,558	16%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High) Alberta Treasury Branches (R-1 High)	Open Open	0					
British Columbia (R-1 High)	Open	33,943,740	21%	40,872,404	25%	4,705,414	3%
Manitoba (R-1 Mid)	Open	0	0%	40,872,404	25%	40 872 404	25%
New Brunswick (R-1 Mid) New Brunswick Municipal Finance Corp (R-1 Mid)	Open Open	1 372 395	1%	40,872,404 40,872,404	25% 25%	39,500,008 40,872,404	24% 25%
Ontario (R-1 Mid)	Open	39,094,867	27%	40.872.404	25%	1,777,537	1%
Quebec (R-1 Mid)	Open	18,086,113	11%	40.872,404	25%	11,925,235	7%
Saskatchewan (R-1 High)	Open	0	7%	40.872.404	25%	40,872,404	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		40,872,404	25%	40,872,404	25%
Cargary (R-1 High) Edmonton (R-1 High)	Open Open	0		16,348,961 16,348,961	10%	16 348,961 16 348 961	10% 10%
Editionion (K-1 righ)	Орын	Ü		10.340,501	10 /6	10,340,301	10.14
					halfe bio ann a		
Financial Institutions & their Guarantees /Corpora	tions BA's Schedule A	38,317,002	23%	81,744,807	50%	43,427,805	27%
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	33,753,413	21%	81,744,807	50%	47,991,394	29%
Bank of Montreal (R-1 High)	Open	6,271,340	4%	16,348,961	10%	10.077,621	6%
Bank of Nova Scotia (R-1 High) Bank of Nova Scotia Effective Cash	Open	0 1,135,332	9%	16 348 961	10%	2,069,784	1%
Bank of Nova Scotia - Notice Account		13,143.846					
Canadian Imperial Bank of Commerce (R-1 High)	Open	7,982,680	5%	16,348,961	10%	8,366,281	5%
Royal Bank (R-1 High)	Open	5,220,215 }	3%	16 348 961	10%	11,128,746	7%
Royal Bank - Effective Cash Toronto Dominion (R-1 High)	Open	0 }	0%	16,348,961	10%	16,348,961	10%
Totalia Dallimon (IV-1 riigh)	Opan	•	0.0	70,040,00	10 /0	10,010,007	1070
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	4,563,589	3%	40,872,404	25%	36,308,815	22%
National Bank of Canada (R-1 Mid) OMERS Realty Corporation (R-1 High)	Open Open	3,423,320	2% 0%	8,174,481 8,174,481	5% 5%	4,751,160 8,174,481	3% 5%
CDP Financial Inc (R-1 High)	Open	0	0%	8 174,481	5%	8,174,481	5%
Ontario Infrastructure Projects Corporation (R-1 High)		0	0%	8,174 481	5%	8,174,481	5%
Desjardins Total		1,140,269	1%	8,174,481	5%	7.034.212	4%
Desjardins Group (R-1 High) Calsse Centale Desjardins (R-1 High)	Open Open	0 1,140,269					
Calasa Contain Dogardina (14 1 riigily	Ороп	1,140,200					
Total Cash and Equivalents		131,944,740	81%				
Total Gesti and Equivalents		131,344,740	0170				
FIXED (Bonds, etc. over one year)				Week select acres		0.0000000000000000000000000000000000000	
Federal Government		3,983.724	3%	163,489,614	100%	159 505 890	98%
Money Market Bond Pool		3 983,724					
Provincial Government & their Guarantees		27,561,150	17%	81,744,807	50%	54,183,657	33%
Money Market Alberta		15,433,559 4,572,504	17% 9%	81,744,807 16 348 961	50% 10%	54,183,657 1 872 115	33% 1%
Alberta		1 138,726	270	10 340 301	1070	. 0/2 113	1.78
Alberta Capital Finance Authority		3,433,778					
Alberta Treasury Branches British Columbia		0	1%	16,348,961	10%	14,125,712	9%
Manitoba		0	0%	16,348,961	10%	16,348,961	10%
New Bruswick		0	0%	16 348,961	10%	16 348 961	10%
Ontario		0	0%	16,348,961	10%	16,348,961	10%
Quebec Quebec		10,861,055 10,861,055	7%	16,348,961	10%	5,487,906	3%
Financement Quebec		0					
Saskatewan		0	0%	16,348,961	10%	16 348,961	10%
Bond Pool		12,127,591	17%	81,744,807	50%	54,183,657	33%
Alberta		9,904,342	9%	16 348 961	10%	1.872.115	1%
Alberta		7.789,459					
Alberta Capital Finance Authority Alberta Treasury Branches		2 114,883					
British Columbia		2 223,249	1%	16.348 961	10%	14,125,712	9%
Manitoba		0	0%	16,348,961	10%	16,348,961	10%
New Bruswick		0	0%	16,348,961	10%	16.348.961	10%
Ontario Quebec		0	0% 7%	16 348 961 16 348 961	10%	16 348 961 5 487 906	10% 3%
Quebec		o o	, 10	.0,040,001	- 2 70	U-141,500	370
Financement Quebec		0	23		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		200
Saskatewan		0	0%	16.348.961	10%	16.348,961	10%
Total Fixed		31,544,874	19%	163,489,614	100%	131 944 740	81%
							-1.00
Total Investments		163,489,614					

#### Trust Funds Sector Weights Sector Weights @ September 30, 2013

Amount Invested Category Status @ Book Value Guide ne Limit % Limit Available CASH & EQUIVALENTS 1% 1% 0% Federal Government & its Guarantees Open 25.800 3.369.474 100% 3 343 674 99% Federal Government Business Development Bank Open 25.800 Canada Mortgage & Housing Corp Canadian Wheat Board Open Open D 0% Export Development Canada Open Farm Credit Corp Open 0 0% Provincial Governments & their Guarantees R-1 Mid or Greater 2,110,716 63% 3.369.474 100% 1.258,758 37% Total Alberta (R-1 High) Alberta (R-1 High) 842 369 25% 738.027 22% Alberta Capital Finance Authority (R-1 High) Open Alberta Treasury Branches (R-1 High) British Columbia (R-1 High) Manitoba (R-1 Mid) Open 774,571 842,369 842,369 Open 0% 25% 842,369 25% New Brunswick (R-1 Mid) New Brunswick Municipal Finance Corp (R-1 Mid) 25% 25% 25% Open 811.051 842,369 24% 25% 31.317 842,369 892.116 842.369 Ontario (R-1 Mid) Open 30% -49 748 -1% Open 412,712 12% 25% 25% 5% 25% Quebec (R-1 Mid) 842 369 181,815 Saskatchewan (R-1 High) 842,369 842 369 Municipal Governments & their Guarantees\* R-1 Mid or Greater 0 842,369 25% 842,389 25% Calgary (R-1 High) Edmonton (R-1 High) 336,947 336,947 336,947 336,947 10% 0 Financial Institutions & their Guarantees /Corporations 874,366 1,684,737 26% 50% 810,371 24% BA's Schedule A Tier 1 - Financial Institutions & their Guarantees Canadian Banks R-1 Mid 770.228 23% 1.684.737 50% 914.509 27% Bank of Montreal (R-1 High) Bank of Nova Scotia (R-1 High) 4% 336,947 336,947 10% 193,840 11,107 6% 0% 143,107 Oper 25.907 Bank of Nova Scotia Effective Cash Bank of Nova Scolar Erlective Cash
Bank of Nova Scolar - Notice Account
Canadian Imperial Bank of Commerce (R-1 High)
Royal Bank (R-1 High)
Royal Bank - Effective Cash
Toronto Dominion (R-1 High) 299,933 182,159 336,947 10% 154 789 Open 4% Open 119,121 336.947 10% 217.826 6% 0 Open 0% 336,947 10% 336 947 10% 104,138 78,118 3% 2% Tier 2 - Financial Institutions & Corporations R-1 Mid/High\*\*\* 842,369 25% 738,231 22% National Bank of Canada (R-1 Mid) 168,474 5% Open 90,356 3% OMERS Realty Corporation (R-1 High) 0% 0% 5% 5% 5% 5% Open 0 168 474 CDP Financial Inc (R-1 High)
Ontario Infrastructure Projects Corporation (R-1 High) 168 474 168,474 Open 0% 168,474 5% 5% 168 474 5% Desjardins Total 26 020 168 474 142,454 4% Desjardins Group (R-1 High)
Caisse Centale Desjardins (R-1 High) 26.020 3.010.882 89% Total Cash and Equivalents FIXED (Bonds, etc. over one year) Federal Government Money Market 0 0% 3.369,474 100% 3.369.474 100% 0 Bond Pool Provincial Government & their Guarantees 352,182 10% 90% 90% 7% Money Market Alberta 352.182 100% 3.369.474 100% 3.017.292 104 341 25 985 Alberta Capital Finance Authority 78 356 Alberta Treasury Branches British Columbia 336,947 0% 10% 336,947 10% 0% 0% 10% 10% 10% 336,947 336,947 336,947 10% 10% 10% Manitoba 336.947 336,947 336,947 New Bruswick Ontario 0% Quebec 247 841 336,947 10% 89.106 3% Financement Quebec Saskatewan 0 0% 336,947 10% 336,947 10% Bond Pool 90% 7% 10% 3,369,474 100% 3,017,292 Alberta Alberta Alberta Capital Finance Authority 0 Alberta Treasury Branches British Columbia o 10% 10% 10% 10% 336.947 336 947 10% 10% 10% 10% Manitoba 0% 336 947 336 947 New Bruswick Ontario 0% 0% 336,947 336,947 336,947 336,947 Quebec 336.947 10% 89 106 3% Duebe Financement Quebec Saskatewan 0 0% 336.947 10% 336 947 10% Total Fixed 352,182 Equities Bank of Montrea 6 4 10 **Total Equities** 6,410

3,369,474

Total Investments

# Appendix A

# **Economic Statistics**

	Canada	US
Unemployment Rate	Jul 7.2%, Aug 7.1%, Sep 6.9%	Jul 7.4%, Aug 7.3%, Sep 7.2%
Jobs Created / (Lost) ('000's)	Jul (39), Aug 59, Sep 12	Jul 89, Aug 238, Sep 163
CPI (year over year)	Jul 1.3%, Aug 1.1%, Sep 1.1%	Jul 2.0%, Aug 1.5%, Sep 1.2%
CPI-X (Core) (year over year)	Jul 1.4%, Aug 1.3%, Sep 1.3%	Jul 1.7%, Aug 1.8%, Sep 1.7%
GDP	TBA	Q3 A 2.8%

# Central Bank Activities

- July 17<sup>th</sup> Bank of Canada Maintains overnight rate at 1.0% July 31st U.S. Federal Open Market Committee maintains Target Range of 0% to .25%
- September 04 Bank of Canada Maintains overnight rate at 1.0%
- September 18th 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

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & 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

-9-

#### R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

#### R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

### R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.



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

### Attachment 2

Audit and Finance Standing Committee January 17, 2014

TO:

Chair and Members of Audit and Finance Standing Committee

Original Signed

SUBMITTED BY:

Councillor Outhit, Co-Chair Investment Policy Advisory Committee

Original Signed

Derek Tynski, Co-Chair Investment Policy Advisory Committee

DATE:

December 6, 2013

SUBJECT:

Investment Policy Advisory Committee Report - Quarter ending

September 30, 2013

### **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.

### 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 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, 2010 and early 2012. A review of the Policy by the Committee in late 2012 did not result in any recommended changes.

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 three objectives and three strategies of the Policy, stated in order of priority of importance, are as follows:

### Objective:

- 1. Preservation of Capital
- 2. Liquidity
- 3. Competitive Return on Investments

### Strategies:

- 4. Diversification of Investment Portfolio
- 5. Regular Review of Performance
- 6. Risk Management Approach

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 September 30, 2013 and accepts the report and the findings contained in the report that the investment activities reported are in compliance with the Policy with the one exception as noted below.

During the Quarter funds held by the HRM banker exceeded the Policy guideline by approximately \$3,000,000 for one day. The Committee agrees with staff's assertion that this minor temporary variance did not create a material increase in risk to the portfolio.

### FINANCIAL IMPLICATIONS

N/A

#### **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.

### **ENVIRONMENTAL IMPLICATIONS**

N/A

### **ALTERNATIVES**

N/A

### **ATTACHMENTS**

Sector Weight Schedules @ September 30, 2013 (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

	a traduce of exhause.						
		Cumulative Amount invested					
	Category Status	Book Value	*	Guideline Lima	*	eldelsevA Emil	*
CASH & EQUIVALENTS							
Paderal Government & its Guaraniess	Open	1,978,440	1%	274,010,360	100%	264,044,186	10%
Federal Government Business Development Bank	Opan Opan	1,876,140	0%				
Canada Mortgage & Housing Corp.	Open	ō	0%				
Canadian When Board	Open	٥	0%				
Export Development Censes Farm Credit Corp	Open Open	٥	0%				
ram cress cop	Cham.	•	0.6				
Provincial Governments & their Guarantees	R-1 Mid or Greater	161,867,770	68%	274,010,350		112,162,572	4176
Total Abena (R-1 High)	Open	0	7%	48,502,587	25%	50,596,965	16%
Alberta (R-1 High) Alberta Capital Financa Authority (R-1 High)	Open Open	0					
Albena Treasury Branches (A I High)	Open	ŏ					
British Cohembia (R-1 High)	Open	59,297,078	22%	84,507,587	25%	6,562,260	3%
Menatobs (R-1 Md)	Open	2,401 \$15	1%	68,502,587 68,302,587	25%	66,502,587 66,181,076	25% 24%
New Brawick (R-1 Mid) Nove Scotte (R-1 Mid)	Open Open	2,407311	0%	68,502,587	25%	88,502,587	25%
Ontario (R-1 Mid)	Open	06,410,871	25%	68,502,587	25%	91,718	014
Overbec (R-1 Mkf)	Open	31,648,318	18%	66,502,687	25%	17,848,852	7%
Quebec Pinassement Ouspec		25,226,826					
Hydro Cueboc		8,421,493					
Smithson (R-1 High)	Open	D	0%	68,502,547	25%	61,502,587	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	48,502,587	25%	64,602,647	25%
Colgary (R-1 High)	Open		0.5	27,401,035	10%	27,401,035	10%
Editionian (A-1 High)	Open	0		27,401,035	10%	27,401,035	10%
Sensual hardsolver & shift &	lan-				gas.	40 027	75%
Financial husbirions & their Guarantees /Corpora	iona BA's Schedule A	87,049,710	24%	137,005,175	<b>50%</b>	48,866,468	26%
	Canadian Banks R-1						
Ther 1 - Financial Institutions & their Quarantees	Mia	89,064,030	27%	137,008,178	60%	77,941,145	28%
Bank of Monifest (R-1 High) Benk of Nove Scalla (R-1 High)	Open Open	10,974,020	4%	27,401,035 27,401,035	10%	18,427,015 2,414,354	1%
Bank of Nova Scolis Effoctive Cash	Орип	1,960,681	**	27,401,033	107	2,414,334	176
Bank of Nova Goolia - Notice Account		23,000,000					
Consider Imperial Bank of Commerce (R-1 High)	Open	13,968,840	5%	27.401,035	10%	13,432,396	5%
Royal Bank (R-1 High) Royal Bank - Eliscius Cesh	Open	9,534,889 ) 0 )	344	27,401,035	10%	18,286,345	7%
Yoranto Deminion (R-1 High)	Open	ŏ′	0%	27,401,035	10%	27,401,035	10%
the Appropriate tests are the second second second	0.5000				2		
Tior 2 - Pinancial Institutions & Corporatorus National Bank of Canada (R-1 Mid)	R-1 Allichtigh*** Open	7,985,860 5,980,380	3%	68,502,507 12,700,517	25% 5%	60,616,907 7,710,157	22%
OMERS Really Corporation (R-1 High)	Open	000,000,0	0%	12,700,517	5%	13,700,517	5%
CDP Financial Inc (R-1 High)	Open	0	0%	13,700,517	5%	13,700,617	5%
Onterio Infrastructure Prejects Corporation (R-1 High)	Open		0%	13,700.517	5%	13,700,517	5%
Desjardins Total Desjardins Group (R-1 High)	Open	1,985,720	136	13,700,517	314	\$1,705,107	4%
Coluse Contato Oesjandins (R-1 High)	Open	1,405,320					
			-				
Total Cash and Equivalents		130,034,928	BANK				
FIXED (Sprids, stc. over one year)							
Fedoral Gavernment		3,083,724	196	84,802,070	20%	50.818,348	10%
Money Market Bond Pool		3,983,724					
Squid False		3,963,724					
Provincial Government & their Guarantees		39,134,286	14%	64,802,070	20%	16,647,782	E%.
Money Market Alberia		27,606,897 8,001,280	14% 7%	64,402,070	204	15,667,782	6%
Alberia		1,982,820	776	27,401,036	10%	9,495,413	3%
Alberta Capital Filtence Authority		0,008,660					
Alberta Transury Branches							
British Columbia Mentoba		8	0%	27,401,035 27,401.035	10%	25,177,786 27,401,035	10%
New Brusewick		9	0%	27,401,035	10%	27,401,035	10%
Nove Broke							
Onesto		0 19.005,417	7%	27,401,035 27,401,035	10%	27,401,635	10%
Quebea		19.005,417		e-14811493	.016	2.340'0 Iu	3.4
Financement Quebec		0	9400	500 <u>-</u> 7430000000	12.17	Parks States States	
Sastalewan		٥	0%	27,401.035	10%	27,401,035	10%
Band Pool		12,127,691	64%	64,007,070	30%	15.547.782	8%
Albeno		0,904,342	7%	27.401,835	10%	9,495,413	3%
Albeits		7,709,458					
Albene Capital Finance Authority Albena Treasury Branches		2.114.683					
British Columbia		2,223,249	176	27,401,035	10%	25,177,786	9%
Apartioba		0	0%	27,401,035	10%	27,401,025	10%
New Branswick Nove Ecolle		٥	O'S.	27,401,035	10%	27,401,035	10%
Omeria		٥	0%	27,401,033	10%	27,401,035	10%
Queboc		ō	7%	27,401,035	10%	8,385,518	3%
Cueboc Fire bearing Cumber							
Financement Quabec Saskatewan		0	0%	27,401,036	10%	27,401,005	10%
Total Fixed		43,118,012	16%	84,862,670	20%	11,684,068	4%
Eguriss							
Bank of Mortreal		8.410					
Total Equities		8,410					
Total Investments		274,010,350					
***************************************							
Interest Bearing Batik Accounts - O/S Cheque Covers	90	20,508,344					

HORITAGE

Your Inversments and O/S Cheques Coverage

#### Operating Funds Sector Weights Secret Weights @ September 30, 2013

Curren Amount divested Book Value Calegory Status \* Guideane Limit % Limb Avadable % CARN & EQUIVALENTS 114 114 0% 0% Ferderal Government & Its Guarantees 422.014 107.181.262 100% 106.219.244 99% Open Open Open Open Open Open Open Business Development Bank Ceneds Mongage & Housing Corp Consider Whest Board Export Development Canada Farm Credit Corp ٥ 0% Provincial Governmenta & Unity Quarteress
Youts Alberts (R-1 High)
Alberts (R-1 High)
Alberts Capital Finance Authorny (R-1 High)
Alberts Tressury Branches (R-1 High)
Machines (R-1 High)
Machines (R-1 High)
New Brunswick (R-1 High)
New Brunswick Municipal Finance Corp (R-1 High)
Onisto (R-1 Mid)
Ouisto (R-1 Mid)
Saskatchywan (R-1 High) 63% 107,151,242 100% 26,767,815 25% 39,561,216 24,291,290 R-1 Mid or Greater 67,249,646 37% 23% Open Open Open Open Open Open Open Open 26,787,815 25% 26,787,815 25% 26,787,815 25% 26,787,815 25% 26,787,816 25% 26,787,816 25% 2,109,049 26,787,815 25,790,917 26,787,815 -1,636,073 5,741,602 28,787,815 23% 0% 1% 24,678,786 2% 25% 25% 25% -2% 5% 25% 987.789 20,423,885 12% 0% Saskachewan (R-1 Han) 25,767,516 2.6% 10,715,126 10% 10,715,126 10% Municipal Governments & their Guarantees' R-1 Mild or Grunder . 25,787,016 254 Calgary (R-1 High) Edmontos (R-1 High) 10,715,128 10,715,128 10,715,126 10% Financial institutions & their Ouerspaces /Corporations BA's Schedule A 27,368,342 26% 62,678,431 EON 26,717,289 24% dan Banka R-1 27% 6% 0% 24,036,242 422,221,0 203,666 14,640,3**85** 1,559,572 60% 10% 10% Ther 1 - Finencial toxidutions & their Guarantees Benk of Mommast (A-1 High)
Benk of Nova Bootle (R-1 High)
Benk of Nova Bootle (R-1 High)
Benk of Nova Bootle Effective Cash
Benk of Nova Bootle - Hodice Account
Conceden Imported Benk of Commance (R-1 High) 10,715,126 Open 10% 825,442 8,556,221 5,803,801 3,786,353 } 4,911,325 5% 4% 10,715,128 10% 3% Open Open Royal Bank (R-1 High) Royal Bank - Effective Cash Toronto Deminion (R-1 High) 0% 10,715,128 10% 10,715,120 10% 29,787,818 25% 5,357,863 5% 5,357,563 5% 5,357,563 5% 5,357,563 5% 5,357,563 5% 23,469,862 2,658,641 5,357,563 5,357,363 5,267,363 4,620,532 3,517,863 2,466,<del>6</del>22 Yet 2 - Financial Institutions & Corporations 3% 3% 0% 0% 0% R-1 MIGHIGH National Bask of Canada (R-1 Metr)
OMERS Realty Corporation (R-1 Migh)
CDP Financial Inc (R-1 High)
Onusno Inflastructura Projects Corporation (R-1 High) Open Open 3% Open Designations Total 623,031 Desperânt Group (R-1 High)
Catte Cominio Desjurdins (R-1 High) 429,001 5K,635,364 50% Total Investments FIXED (Sonds, etc. over one year) Federal Government 21,430,252 20% 21,430,252 Money Market 21,430,262 20% 21,430,262 20% 10,715,126 10% 10% 10% 2% Provinctel Government & their Guarritaes 11,220,864 11,220,955 10,209,217 10,201,217 8,218,601 10% Money Market Alberta Alberta 2,406,525 Alberta Cepital Pinance Authority Alberta Tressury Bronches 2,496,525 10,715,128 10,715,128 10,715,128 10,715,128 10,715,128 10% 10% 10% 10% British Colembia 10.715.126 0% 0% 0% 0% 1% 10% Mandoba New Bruswick Ontarto Quebec 10% 10% 10% 10,716,126 10,716,126 10,716,126 10,716,128 2,818,808 7.896,521 7,896,521 Ovebac Financement Quebec Saskatowan 0% 10,715,128 10% 10,715.128 10% Band Pool 10% 21,436,267 10,204,297 10% Alberta
Alberta
Alberta
Capital Finance Authority 10,715,126 Alberte Trassury Branches British Columbre Mandate New Brisworth Critishs Civilate Civilate 10.715,126 10.715,126 10.715,126 10.715,126 10.715,126 10,715,126 10,715,126 10,715,126 10,715,126 2,814,608 10% 10% 10% 10% 0% 0% 0% 0% 7% 10% 10% Dishe Financement Outbec D% 10,715.128 10% 10,715,120 10% 11,220,956 11,430,212 20% 10,209,397 10% Total fixed Total investments 107.481.262 20 508,344 Interest Beering Bank Accounts - O/S Chaque Coverage 127 849, 808

Total Investments and O/S Checaus Coverage

SCHEDULE C

#### Capital Funda Sestor Walghts Sector Weights @ September 30, 2013

De Cto	A Melôtis & 24 brempet	30, 2013					
		Cumulativo					
		Amount Invested					
	Category Status	@ Book Velue	*	Gurdeline Limit	*	eldelieva kmu	*
4.50.150.40.507							
CASH & EDUIVALENTS							
Federal Government & its Guerantess	Open	٥	646	. 0	100%	0	0%
Faderst Government Busingss Dovetopment Bank	Open Open	0	0%				
Canada Mortgage & Housing Corp	Open	ő	0%				
Canadan When Board	Open	ŏ	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	٥	01				
Provincial Governments & their Guaranises	R-1 Mid or Oreater	0	0%	۵	100%	۵	0%
Total Ameria (R-1 High)	Open	ŏ	0%	ŏ	25%	ā	0%
Aberta (R-1 High)	Open	•					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Attento Treasury Branches (R-1 High) Estatish Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manapha (R-1 Mo)	Open	ŏ	0%	ő	26%	ŏ	0%
New Brunswick (R-1 MIO)	Open	0	0%	0	25%	0	0%
New Brunswick Municipal Finance Corp (R-1 Mid)	Open		220	٥	25%	٥	0%
Onterio (R-1 Mid) Quebec (R-1 Mid)	Open	0	0%	0	25% 25%	0	0%
Saskalchowan (R-1 High)	Open	•	0%	o	25%	ő	0%
	-r			•	•	•	
heunicipal Governments & their Guarantses*	R-1 Mid or Greater	0		٥	25%	0	0%
Calgary (R-1 High) Edmonlon (R-) High)	Open			0	10%	0	0% 0%
Edward (v.) vida	Орин			•	1011	·	
Financial institutions & their Guarantees (Corporat		0	0%	•	50%	•	0%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarentees	Mid	0	0%	0	60%	٥	0%
Bank of Montreal (A-1 High)	Open	ō	0%	ō	10%	ő	0%
Benk of Nove Scotis (R-1 High)	Open	0	0%	0	10%	0	0%
Bank of Nova Scotla Effective Cesh		0					
Bank of Nova Scote - Notice Account Canadian Impedal Bank of Commerce (R-1 High)	Open	0	0%	0	10%	٥	0%
Royal Bank (R-1 High)	Open	ŏ		ŏ	10%	ŏ	014
Royal Bank - Effective Cash		0	)				
Taronia Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
Tier 2 - Financial Institutions & Corporations	R-1 Md/l-8gh***	٥	0%		26%	٥	0%
Notional Sank of Canada (R-1 Mid)	Open	ŏ	0%	ō	6%	ő	0%
OMERS Really Corporation (R-1 High)	Open	ŏ	0%	ō	5%	ō	0%
COP Financial Int (R-1 High)	Open	٥	0%	0	5%	0	0%
Omano tutrastructure Projects Corporation (R-1 High) Despardins Total	Open	0	0% 0%	0	5%	0	0%
Oestardins Group (R-1 High)	Open	0	0%	ŭ	976	0	UNG
Calseo Centale Desjardins (R-1 High)	Open	ō					
Total Investments			18				
FIXED (Bonds, etc. over one year) Federal Covernment		٥	0%	٥	20%	٥	0%
Money Market		ŏ	-	•	20.4	•	
Bend Pool		0					
			***	_		_	
Provincial Government & their Guaremena Money Market		9	0% 9%	0	20%	0	0%
Albene		ŏ	0%	õ	10%	ŏ	9%
Albana							
Albertal Capital Financa Authorsy		0					
Aberta Treasury Branches  Brilish Columbia		0	0%	٥	10%	0	0%
Mantoba		ō	0%	ŏ	10%	ŏ	0%
New Bruswick		٥	0%	0	10%		0%
ohamo		0	0%	0	10%	٥	
Ovebec Ovebec		0	0%	0	10%	0	0%
Financement Guetar		٥					
Besturewan		0	0%	0	10%	0	4%
Boted Pool		٥	0%		20%	٥	9%
Alberta		ě	9%	ŏ	10%	ě	0%
Attena		ō		-		•	•
Afterus Ceptial Finance Authority		0					
Alberts Treesury Branches		0	0%		104	-	نمم
British Columbia Manitopa		B	8%	0	10%	0	0%
New Bruewick		ŏ	0%	ő	10%	ŏ	0%
Omario		0	0%	0	10%	0	0%
Quebec		٥	0%	0	10%	0	0%
Outher Financement Queber		0					
Sam alaman		ŏ	044	٥	10%	0	9%
Total Fixed		- 6	0%	٠	20%	0	0%
Total investments		0					
Record							

#### Reserve Funds Sector Weights Sector Weights @ September 18, 2011

2000								
	Cumutative							
	**************************************	Amount invested		********				
	CHAPOY SINUS	@ Book Value	*	Ouldeline Limit	*	didefievA fimil	*	
CASH & FOUNTALENTS								
	( Annual Control							
Pederal Government & its Guerantees Federal Government	Open Open	1,130,622 1,130,822	1%	163,409,614	100%	154,375,288	97%	
Bu siness Development Bank	Open	1,130,022	0%					
Canada Mortgage & Housing Corp	Open	ŏ	0%					
Cenaden Wheat Board	Open	ŏ	0%					
Expon Developmem Caneda	Open							
Farm Crede Corp	Open	0	0%					
Provincial Governments & their Guarantess	R-1 Mid or Greater	92,497,116	57%	163,489,614		70,992,498	43%	
Total Aborta (R-1 High)	Open	0	214	40 872,404	25%	26,395,558	16%	
Alberta (R-1 High) Alberta Capital Finance Authority (R-1 High)	Open Open	0						
Alberta Trassury Branches (R-1 High)	Open	ŏ						
British Columbia (R-1 High)	Open	33,943 740	21%	40,672,404	25%	4,705,414	3%	
Mentiona (R-1 Md)	Open	0	0%	40,872,404	25%	40,672,404	26%	
Now Brunswick (R 1 Mid)	Open	1,372,395	1%	40,872,404	25%	39,500,008	24%	
New Brunswick Municipal Finance Cosp (R-1 Md)	Open			40,872,404	25%	40,872,464	25%	
Ontano (R-1 Mid)	Open	30,094.667	27%	40,872,404	25%	1,777,537	1%	
Quebec (R-1 Md)	Open	16,068,113	11%	40,872,404	25%	11,925,235	7%	
Sesketchewan (A-1 High)	Open	0	7%	40,672,404	25%	40,872,404	26%	
Municipal Governments & their Guarantees*	R-1 Ald or Greater	. 0		40,872,404	25%	40,872,404	26%	
Calgary (R-1 High)	Open			15,348,961	10%	16,348,961	10%	
Edmanton (R-1 High)	Open	0		16.348,981	10%	16,348,901	10%	
0 18000								
	•							
Financial institutions & their Gueraneses /Corporat		30,717,002	23%	81,744,867	46%	43,427,805	27%	
	BA's Schedule A Canedian Banks R-1							
The 4 Connected buildingles & shall Committee	CRUGGIN DONED H-1	24.752.444	21%	44 744 447	50%	47 804 304	29%	
Tier 1 - Financial Institutions & their Guarantees Bank of Montreal (R-1 High)	Open	33,7\$3,413 6,271,240	4%	81,744,867 15,346,961	10%	47,891,394 10,077,821	6%	
Bank of Nova Stotla (R-1 High)	Open	6,271,00	9%	16 348,981	10%	2 069,784	1%	
Bank of Nove Scotle Effective Cook	Open	1,135,332	• /•	10 2-0,007	1011	1 041,100		
Bank of Hove Scotia - Notice Account		13,143,846						
Canadian Impensi Bank of Commerce (R-1 High)	Open	7,962,680	5%	16,348,961	10%	6,306,281	5%	
Royal Bank (R-1 High)	Open	6,220,216 }	3%	18,348.961	10%	11,128,746	7%	
Royal Bank - Effective Cash		0)						
Toronto Dominion (R-1 High)	Open	٥	0%	18,348,961	10%	18,348,961	10%	
Ther 2 - Financial institutions & Corporations	R-1 Mid#High	4,663,689	3%	40,172,404	25%	38,300,818	22%	
National Bank of Canada (R-1 Md)	Open Open	3.423,320	2%	6,174,481	5%	4,751,160	3%	
OMERS Resity Corporation (R-1 High) CDP Financial Inc (R-1 High)	Open	å	0%	8,174,481 8,174,481	5%	8,174,481	5% 5%	
Omario intrastructura Projecte Corporation (R-1 High)		ŏ	0%	0,174,461	5%	8,174,481	546	
Dosjardina Total	<b>Op</b> 4	1,140,200	1%	8,174,481	5%	7,034,212	4%	
Desjardina Group (R-1 High)	Open	0	(5,550)				:50 Pc	
Calese Centals Despirating (R-1 High)	Open	1,140,269						
		TOTAL ST	7777					
Total Cash and Equivalents		131,544,746	81%					
FUXED (Bonds, etc. over one year)								
Federal Gavernment		3,963,724	3%	163,489,814	100%	159,505,690	98%	
Money Market		0	•	100,100,011		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	•	
Bond Pool		3,983,724						
		-						
Provincial Government & their Guerantees		27,481,140	17%	81,744,807	10%	54,183,887	23%	
Money Market		15,433,559	17%	81,744,907	50%	64,183,457	33%	
Alberta		4,572,564	9%	16,348,961	10%	1,872,115	1%	
Alberta Caprial Finance Authority		1.138,728						
Albana Treasury Branches		3.433,778						
British Columbia		0	1%	18,349,961	10%	14,126,712	8%	
Manhoba		ŏ	0%	18,346,961	10%	18,348,981	10%	
Now Bruswick		ò	0%	16,348,961	10%	18,348,961	10%	
Ontario		٥	0%	18,348,961	10%	18,348,961	10%	
Quebac		10,081,068	7%	18,348,961	10%	5,487,908	3%	
Ovedes		10,081,055						
Financement Oveber		0						
Szákálewan		0	0%	18,348.961	10%	16,348,961	10%	
Bond Pool		12,127,101	17%	81,744,807	50%	54,183,467	37%	
Alberta		9,904,342	9%	15,348,961	10%	1,872.115	1%	
Alberta		7,789,450				.,	• • •	
Alberta Capital Finance Authority		2,114,883						
Alberts Treasury Branches		0						
British Cournble		2,223,249	1%	18,342,961	10%	14,125,712	8%	
Manitobe		0	0%	18,348,961	10%	18,348,961	10%	
New Bruswick		0	0%	18,348,961	10%	16,346,961	10%	
Onlario Quebec		0	0% 7%	18,348,981	10%	16,348,961	10%	
Onepec		o o	174	18,348,981	10%	5,487,906	1%	
Financement Quebec		ŏ						
Sathaiewan		ŏ	0%	18,348,961	10%	15,346,961	10%	
			1000	,,,	2.535			
You! Fixed		31,644,874	18%	162,489,814	100%	131 844 740	01%	
		programma v						
Total Investments		163,489,514						

# Trust Funds Sector Weights Sactor Weights

		Cumulative					
	Celagory Steps	Amount Invested  Book Value	*	Guideline Limit	4	Limit Avallable	*
		10-03-03-04-7-05-FDS1					
CASH LEGUIVALENTS							
Perderat Government & Its Guarantees	Open	28,490	1%	3,369,474	100%	1,343,674	9976
Foderal Government Bursiness Devertoment Bank	Open Open	25,800	1%				
C.s.nede Managage & Housing Corp	Open	ő	0%				
Canadan Wheat Board	Open	0	0%				
Expon Development Central Farm Credit Cgrp	Open Open	0	8%				
The second secon		-	1800				
Provincial Governments & their Guarantees Total Aberts (R-1 High)	R-1 Mid of Greater Open	2,140,718	62%	3,369,474		1,284,758	17%
Alberta (R 1 High)	Open	ŏ	479	842,309	25%	738,027	24%
Alberta Cepital Finance Authority (R-1 High)	Open	0					
Aberta Treasury Branches (R-1 High) British Columbia (R-1 High)	Open Open	774.571	24%	842 369	25%	67,797	2%
Manufaba (R-1 Mks)	Open	0	0%	842 369	25%	842,369	25%
Now Brunswick (R-1 Abid)	Open	31.317	1%	842,369	25%	811,051	24%
New Brusswick Municipal Finance Corp (R-1 Mtd) Ontario (R-1 Mtd)	Open Open	882,115	30%	842,369 842,369	25% 25%	842,369 -49,748	25%
Quebec (R-1 Mid)	Open	412,712	12%	842.369	25%	181,815	5%
Seskachswan (R-1 High)	Open	0	0%	842,369	25%	842,269	25%
Management & shale Dunman	R-1 Mid os Gramer			448 104	26%	F-4 4-4	40
Municipal Governments & their Guerantees* Cuigary (R-1 High)	Optes	•		842,389 338,947	10%	842,369 136,947	26% 10%
Edmonton (R-1 High)	Open	0		236,047	10%	330,947	10%
Firmancial Institutions & their Guerantees /Corporat	lona	474,366	26%	1,684,787	50%	810,371	24%
	BA's Schodule A						
Ther 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	776.226	13%	1,684,737	50%	\$14,504	27%
Bank of Mammel (R-1 High)	Opin	142,107	4%	336,947	10%	183,840	5%
Bank of Nova Scotia (R-1 High) Bank of Nova Scotia Effective Cash	Open	25,907	10%	336,947	10%	11,107	0%
Benit of Nove Scotle - Notice Account		\$90,013					
Carradian imperial Bank of Commerce (R-1 High)	Open	182,150	5%	336 947	10%	154,789	5%
Royal Bank (R-1 High) Royal Bank - Effective Cash	Open	\$10.121 ) 0 }	4%	338,947	10%	217,826	9#
Toromo Dominion (R-1 High)	Open	o '	0%	336,647	10%	335,947	10%
Thor 2 - Financial Institutions & Corporations	R-1 MissHigh	164,138	3%	542,369	25%	730,246	22%
National Bank of Cenada (R-1 Mid)	Open	78,118	2%	186,474	5%	80,366	3%
OMERS Restly Corporation (R-1 High)	Open	0	0%	168,474	5%	108,474	5%
CDP Financial Inc (R-1 High) Options Infrastructure Projects Corporation (R-1 High)	Open	0	0% 0%	188,474 188,474	5%	185,474	5% 5%
Designifications Total	Open	20,020	1%	100,474	5%	142,454	4%
Desjardins Group (R-1 High)	Open	0					
Calsse Centain Despiritins (R-1 High)	Open	79,026					
Total Cash and Equivalents		1,516,641	69%				
		2010100	0070				
FIXED (Bonds, etc. ever one year) Federal Government		۵		3,369,474	*****	. 145 474	100%
Money Market		5	074	3,300,414	100%	3,368,474	100%
Band Pool		Ō					
Provincted Government & their Guarantees		362,192	16%	3,366,474	100%	3,017,292	10%
Money Marken		362,182	100%	3,349,474		3,017,192	90%
Albarta		104.341	3%	338,947	10%	232,806	7%
Alberta Alberta Capital Finance Authority		75,865 78,356					
Alberta Trossury Branches							
Braish Columbia Manhoba		0	0%	338,947 338,947	10%	336,947 336,947	10%
Now Boshwick		ŏ	0%	338,947	10%	136,947	10%
Ontano		0	044	338,947	10%	336,847	10%
Cluebec Cluebec		247,841	7%	338,947	10%	69,106	3%
Financement Quebec		217 60					
Stakeloven		٥	0%	330,947	10%	338,947	10%
Band Pool			10%	3,369,474		3,017,292	10%
Alberte		0	3%	336,949	10%	232,806	7%
Alberia Alberia Capillel Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia Mentiobs		0	0%	336,847 336,847	10%	338,947 338,947	10%
New Bruswick	*	ě	0%	330,947	10%	336,947	10%
Onleris		0	0%	336,947	10%	338,947	10%
Quebec Quebec		0	7%	336,947	10%	89 106	1%
Pinencement Quebec		Ō	58211	1286 1946	2000	2200200	
Secketowan		0	0%	338,947	10%	336,947	10%
Yotal Fixed		362,182					
Equities							
Benk of Momme		8,410					
Yolai Equities		6,410					
Total invasiments		3,345,474					