



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

**Item No. 3**  
**Halifax Regional Council**  
**October 31, 2017**

**TO:** Mayor Savage and Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed  
\_\_\_\_\_  
Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

**DATE:** October 18, 2017

**SUBJECT:** Investment Activities– Quarter ending June 30, 2017

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### **INFORMATION REPORT**

#### **ORIGIN**

Staff report submitted to the October 18, 2017 meeting of the Audit and Finance Standing Committee.

Motion passed by the Audit and Finance Standing Committee to forward the report to Regional Council for information.

#### **LEGISLATIVE AUTHORITY**

Sec. 21 of the Halifax Regional Municipality Charter RE Standing, Special and Advisory Committees.

Terms of Reference of the Audit and Finance Standing Committee:

“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 4 (f) 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 CAO and the Committee.’”

#### **BACKGROUND**

A staff report dated September 26, 2017 pertaining to Investment Activities – Quarter ending June 30, 2017 was before the Audit & Finance Standing Committee at its meeting held on October 18, 2017.

For further information please refer to the attached staff report dated September 26, 2017.

## **DISCUSSION**

The Audit & Finance Standing Committee reviewed the staff report dated June 30, 2017 at its meeting held on October 18, 2017 and passed a motion to forward it to Regional Council as an information item.

## **FINANCIAL IMPLICATIONS**

As outlined in the attached staff report dated September 26, 2017.

## **COMMUNITY ENGAGEMENT**

The Audit & Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, minutes, and meeting video of the Audit & Finance Standing Committee are posted on Halifax.ca

## **ATTACHMENTS**

Attachment 1: Staff report September 26, 2017

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A copy of this report can be obtained online at [www.halifax.ca](http://www.halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant, 902.490.6520.

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PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

**Item No.**  
**Audit and Finance Standing Committee**  
**October 18, 2017**

**TO:** Chair and Members of Audit and Finance Standing Committee

**SUBMITTED BY:** Original Signed  
\_\_\_\_\_  
Jacques Dubé, Chief Administrative Officer

Original Signed  
\_\_\_\_\_  
Jerry Blackwood, A/Director of Finance and Asset Management/CFO

**DATE:** September 26, 2017

**SUBJECT:** Investment Activities– Quarter ending June 30, 2017

## **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 Municipal Affairs (the Minister) 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 Investment Committee). The report for the quarter ending June 30, 2017 has been reviewed by the Investment Committee. A report from the Investment Committee on compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of October 18, 2017.

## **DISCUSSION**

### Overall Results

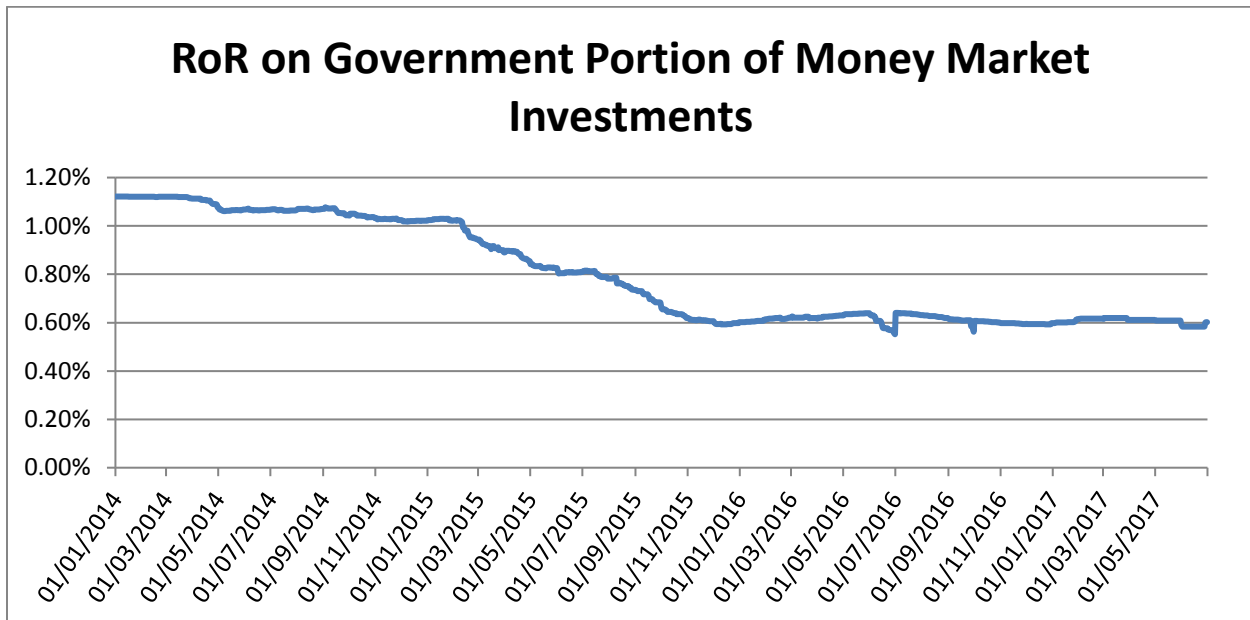
Operating fund investment income for the three months ending June 30, 2017 was \$495,978 versus a projection of \$483,944 for a surplus of \$12,034. The rate of return for the period was 0.23% which was over the projected rate of return of 0.21%.

### HRM Investment Activities

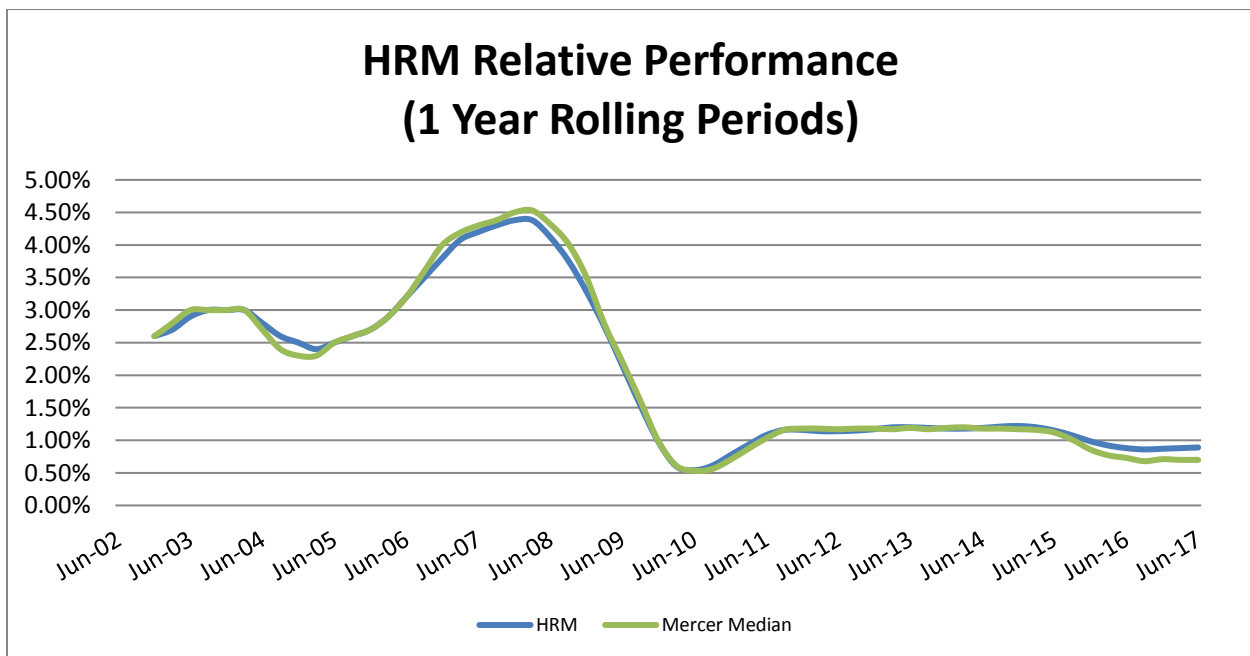
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar to the Mercer Survey. We will be using this survey going forward. Please see the table below with the results using the RBC Survey.

Money Market Funds	3 Months (to Jun 30, 2017)	1 Year (to Jun 30, 2017)
5 <sup>th</sup> Percentile	0.25%	1.01%
1 <sup>st</sup> Quartile	0.22%	0.92%
Money Market Median	0.19%	0.70%
3 <sup>rd</sup> Quartile	0.16%	0.64%
95 <sup>th</sup> Percentile	0.10%	0.35%
<b>HRM</b>	<b>0.23%</b>	<b>0.89%</b>

Relative performance was again quite positive, the 3 month rate was above the 1<sup>st</sup> quartile and the one year return was just below the 1<sup>st</sup> quartile. These returns are before any allowance for fees that could be paid for external management. The investment bank accounts continue to be largely responsible for this relative performance.



As shown in the graph below, over the longer term HRM investment performance closely matches the median with fee savings also accruing to HRM.



During the quarter HRM made 7 money market investments at a cost of \$162,783,110 with an average term to maturity of 77 days and average individual investment cost of \$23,000,000. This compares to last year when 47 investments were made at a total cost of \$215,064,529 with an average term of 87 days and average individual investment cost of \$4,000,000. The predominant strategy is to allocate funds to the

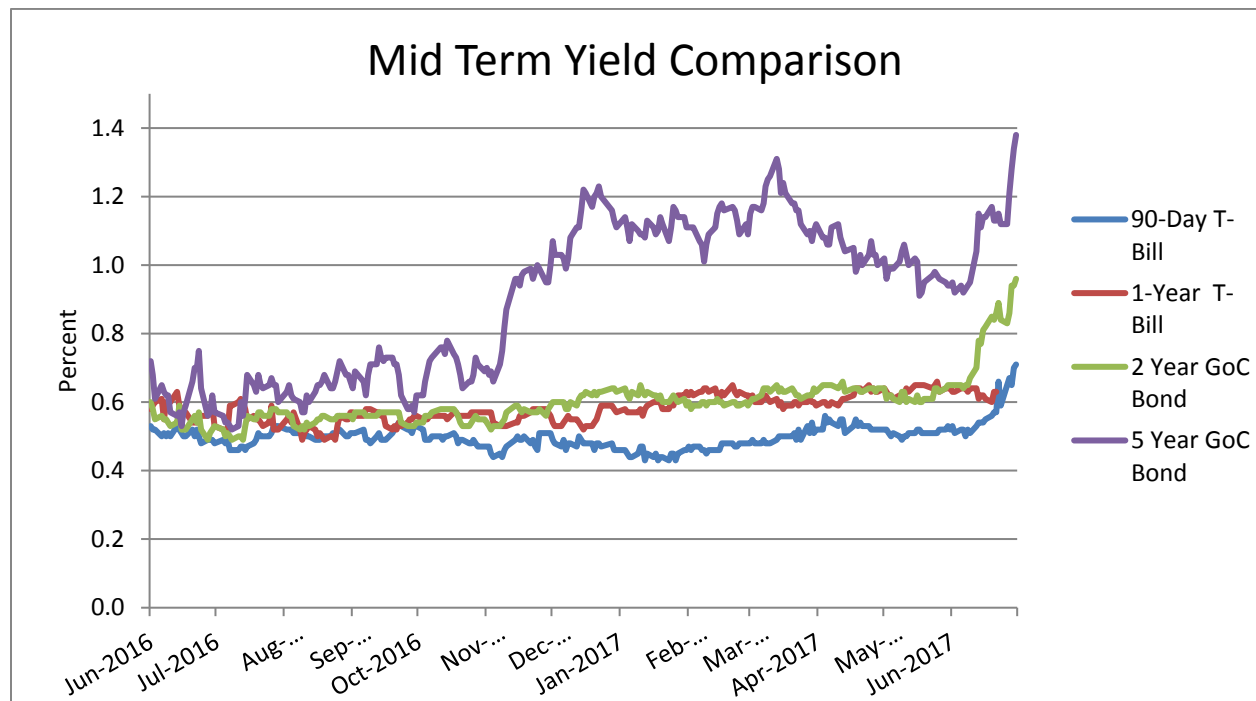
investment bank accounts and to monthly rebalance the portfolio using government instruments to manage sector weights.

Funds held in the investment bank accounts, including term deposits, totaled \$253,627,516 by the end of the quarter. Incremental income over Bankers' Acceptances (BA's) and Bearer Deposit Notes (BDN's), using a rate of 0.79% as a proxy for the BA and BDN rates, was \$145,947 for the quarter.

The cumulative incremental gross investment income from the 2007 policy change that expanded the non-government sector weight was \$2,493,270 or a \$173,402 increase during the quarter.

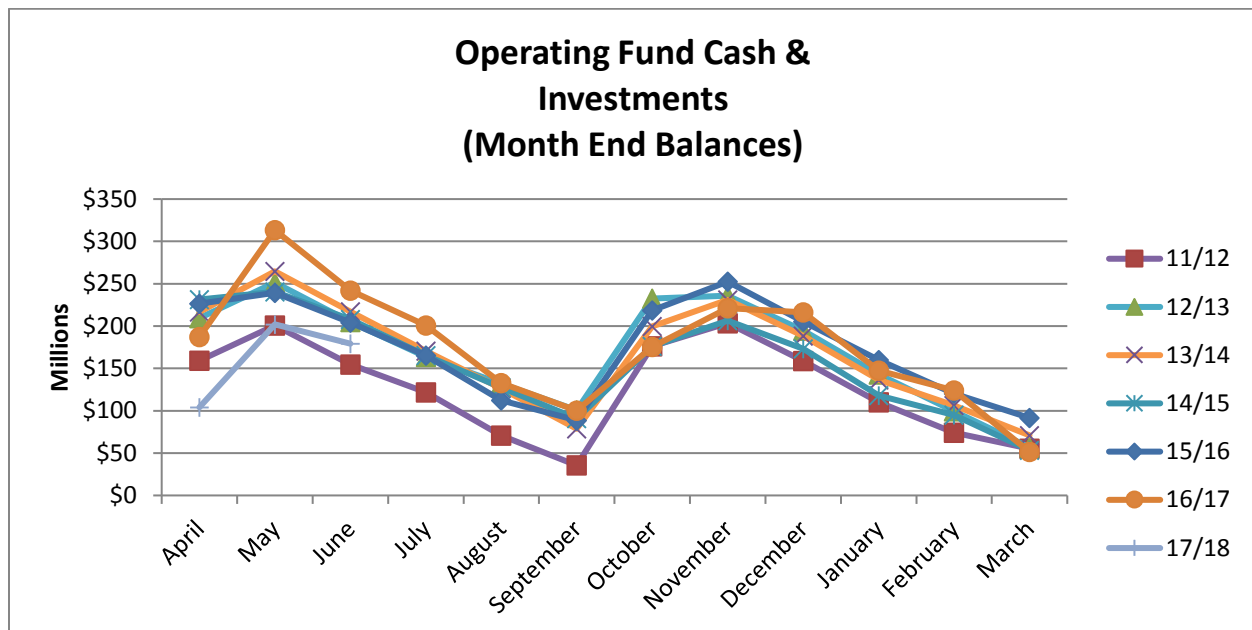
#### HRM Short Term Bond Pool

During the quarter \$1,000,000 of the Alberta Capital Finance bonds matured that carried a yield of 2.10%. There were no additions in the bond pool during the quarter. At the end of the quarter the bond pool consisted of \$11,000,000 of bonds with yields ranging from 1.59% to 2.58% with a simple average yield of 2.21%. The term to maturity ranges from December 2017 to December 2018. Staff will continue to look for opportunities to add to the bond portfolio



#### Cash Flows

Although total cash and investments is \$1,000,000 higher than the previous year, cash available for operating is \$27,000,000 lower than the previous year due to a higher allocation of funds to reserve balances.



#### Subsequent to End of Reporting Quarter

On July 12, 2017 the Bank of Canada raised its target for the overnight rate from 0.50% to 0.75% and on September 6, 2017 raised the target for the overnight rate to 1.00%. This is expected to increase investment income from the initial projection of \$1,740,000 to \$2,400,000.

#### Outlook & Strategy

The investment bank accounts, which are for the most part linked to the commercial bank prime rates, are continuing to provide significantly better returns than are available from BA's and government instruments.

The dominant strategy will again be to maximize returns from the investment bank accounts, keeping in mind that their liquidity adds a safety factor, while looking for opportunities in the government half of the portfolio.

#### Policy Compliance

##### Objectives:

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

Liquidity – Overdraft charges were not 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 just below the first quartile of the comparable benchmark for the year ending June 30, 2017 before allowing for fees that could have been paid to an external management firm. Accordingly, staff maintain that the rate of return objective of the Policy was met.

Strategies:

Diversification of Investment Portfolio - Staff believe 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 Policy and the risks inherent in markets to look to achieve an optimal rate of return.

**FINANCIAL IMPLICATIONS**

As discussed above, operating fund investment income for the three months ending June 30, 2017 was \$495,978 versus a projection of \$483,944 for a surplus of \$12,034.

**RISK CONSIDERATIONS**

There are no significant risks associated with the recommendations in this report.

**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 the 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, 2017 (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 [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by:       Renée Towns, CPA, CGA, CTP, Deputy Registrar, 902.293.7983

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**Total Portfolio  
Sector Weights @ June 30, 2017**

SCHEDULE A

Category	Status	Cumulative Amount Invested @ Book Value	% of Portfolio	Guideline Limit \$	Limit \$ Available	Guideline Limit %	Limit Available %
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>			<b>452,032,605</b>	<b>100%</b>
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%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>215,689,229</b>	<b>48%</b>			<b>452,032,605</b>	<b>100%</b>
Total Alberta (R-1 High)	Open	37,966,560	8%	100,000,000	62,033,440		
Alberta (R-1 High)	Open	37,966,560					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	34,951,350	8%	100,000,000	65,048,650		
Manitoba (R-1 Mid)	Open	0	0%	100,000,000	100,000,000		
New Brunswick (R-1 Mid)	Open	0	0%	100,000,000	100,000,000		
Nova Scotia (R-1 Mid)	Open	0	0%	100,000,000	100,000,000		
Ontario (R-1 Mid)	Open	37,923,069	8%	100,000,000	62,076,931		
Quebec (R-1 Mid)	Open	69,904,600	15%	100,000,000	30,095,400		
Quebec	Open	69,904,600					
Financement Quebec	Open	0					
Hydro Quebec	Open	0					
Saskatchewan (R-1 High)	Open	34,943,650	8%	100,000,000	65,056,350		
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>	<b>0%</b>			<b>113,008,151</b>	<b>25%</b>
Calgary (R-1 High)	Open	0	0%			45,203,260	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>	<b>BA's Schedule A</b>	<b>225,326,324</b>	<b>50%</b>			<b>226,016,302</b>	<b>50%</b>
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>187,778,661</b>	<b>42%</b>			<b>226,016,302</b>	<b>50%</b>
Bank of Montreal (R-1 High)	Open	49,990,419	11%	75,000,000	25,009,581		
BMO - Instruments	Open	0					
BMO - Account	Open	49,990,419					
Bank of Nova Scotia (R-1 High)	Open	-18,301,192	-4%	75,000,000	93,301,192		
Bank of Nova Scotia Effective Cash	Open	-28,301,192					
Bank of Nova Scotia - Notice Account	Open	10,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	55,056,459	12%	75,000,000	19,943,541		
CIBC - Instruments	Open	0					
CIBC - Account	Open	55,056,459					
Royal Bank (R-1 High)	Open	50,032,975	11%	75,000,000	24,967,025		
RBC - Instruments	Open	0					
RBC - Account	Open	50,032,975					
Toronto Dominion (R-1 High)	Open	51,000,000	11%	75,000,000	24,000,000		
TD - Instruments	Open	0					
TD - Account	Open	51,000,000					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>37,547,663</b>	<b>8%</b>			<b>113,008,151</b>	<b>25%</b>
National Bank of Canada (R-1 Mid)	Open	37,547,663	8%	50,000,000	12,452,337		
OMERS Realty Corporation (R-1 High)	Open	0	0%				
CDP Financial Inc (R-1 High)	Open	0	0%				
Desjardins Total	Open	0	0%				
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>441,015,553</b>	<b>98%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		<b>0</b>	<b>0%</b>			<b>56,942,864</b>	<b>20%</b>
<b>Reserves - Bond Pool</b>		<b>1,001,021</b>	<b>0%</b>			<b>163,944,195</b>	<b>100%</b>
Canada Mortgage & Housing Corp.		1,001,021	0%			163,944,195	100%
<b>Provincial Government &amp; their Guarantees</b>		<b>10,009,621</b>	<b>2%</b>			<b>56,942,864</b>	<b>20%</b>
<b>Money Market</b>		<b>0</b>	<b>2%</b>			<b>56,942,864</b>	<b>20%</b>
Alberta		0	2%			28,471,432	10%
Alberta		0				20,538,854	7%
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%			28,471,432	10%
Manitoba		0	0%			28,471,432	10%
New Brunswick		0	0%			28,471,432	10%
Nova Scotia		0	0%			28,471,432	10%
Ontario		0	0%			28,471,432	10%
Quebec		0	0%			28,471,432	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%			28,471,432	10%
<b>Bond Pool</b>		<b>10,009,621</b>	<b>2%</b>			<b>32,788,839</b>	<b>20%</b>
Alberta		7,932,578	2%			16,394,420	10%
Alberta		7,932,578				8,461,841	5%
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		2,077,043	0%			16,394,420	10%
Manitoba		0	0%			16,394,420	10%
New Brunswick		0	0%			16,394,420	10%
Nova Scotia		0	0%			16,394,420	10%
Ontario		0	0%			16,394,420	10%
Quebec		0	0%			16,394,420	10%
Quebec		0	0%			16,394,420	10%
Financement Quebec		0	0%			16,394,420	10%
Hydro Quebec		0	0%			16,394,420	10%
Saskatchewan		0	0%			16,394,420	10%
<b>Total Fixed</b>		<b>11,010,642</b>	<b>2%</b>			<b>32,788,839</b>	<b>20%</b>
<b>Equities</b>							
Bank of Montreal		6,410					
<b>Total Equities</b>		<b>6,410</b>					
<b>Total Investments</b>		<b>452,032,605</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		62,854,235	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>514,886,840</b>					

**Operating Funds  
Sector Weights @ June 30, 2017**

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit (%)	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>234,212,286</b>	<b>100%</b>	<b>234,212,286</b>	<b>100%</b>
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%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>114,547,134</b>	<b>49%</b>	<b>234,212,286</b>	<b>100%</b>	<b>119,665,153</b>	<b>51%</b>
Total Alberta (R-1 High)	Open	20,163,087	9%	58,553,072	25%	38,389,985	16%
Alberta (R-1 High)	Open	20,163,087					
Alberta Capital Finance Authority (R-1 High)	Open	0	0%				
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	18,561,784	8%	58,553,072	25%	39,991,287	17%
Manitoba (R-1 Mid)	Open	0	0%	58,553,072	25%	58,553,072	25%
New Brunswick (R-1 Mid)	Open	0	0%	58,553,072	25%	58,553,072	25%
Nova Scotia (R-1 Mid)	Open	0	0%	58,553,072	25%	58,553,072	25%
Ontario (R-1 Mid)	Open	20,139,990	9%	58,553,072	25%	38,413,082	16%
Quebec (R-1 Mid)	Open	37,124,578	16%	58,553,072	25%	21,428,494	9%
Quebec		37,124,578					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	18,557,695	8%	58,553,072	25%	39,995,377	17%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>58,553,072</b>	<b>25%</b>	<b>58,553,072</b>	<b>25%</b>
Calgary (R-1 High)	Open			23,421,229	10%	23,421,229	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>119,665,153</b>	<b>51%</b>	<b>117,106,143</b>	<b>50%</b>	<b>-2,559,009</b>	<b>-1%</b>
	<b>BA's Schedule A</b>						
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>99,724,532</b>	<b>43%</b>	<b>117,106,143</b>	<b>50%</b>	<b>17,381,611</b>	<b>7%</b>
Bank of Montreal (R-1 High)	Open	26,548,656	11%	23,421,229	10%	-3,127,428	-1%
BMO - Instruments		0					
BMO - Account		26,548,656					
Bank of Nova Scotia (R-1 High)	Open	-9,719,304	-4%	23,421,229	10%	33,140,532	14%
Bank of Nova Scotia Effective Cash		-15,030,053					
Bank of Nova Scotia - Notice Account		5,310,749					
Canadian Imperial Bank of Commerce (R-1 High)	Open	29,239,103	12%	23,421,229	10%	-5,817,874	-2%
CIBC - Instruments		0					
CIBC - Account		29,239,103					
Royal Bank (R-1 High)	Open	26,571,257	11%	23,421,229	10%	-3,150,028	-1%
RBC - Instruments		0					
RBC - Account		26,571,257					
Toronto Dominion (R-1 High)	Open	27,084,819	12%	23,421,229	10%	-3,663,591	-2%
TD - Instruments		0					
TD - Account		27,084,819					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>19,940,621</b>	<b>9%</b>	<b>58,553,072</b>	<b>25%</b>	<b>38,612,451</b>	<b>16%</b>
National Bank of Canada (R-1 Mid)	Open	19,940,621	9%	11,710,614	5%	-8,230,006	-4%
OMERS Realty Corporation (R-1 High)	Open	0	0%	11,710,614	5%	11,710,614	5%
CDP Financial Inc (R-1 High)	Open	0	0%	11,710,614	5%	11,710,614	5%
Desjardins Total	Open	0	0%	11,710,614	5%	11,710,614	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Investments</b>		<b>234,212,286</b>	<b>100%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	46,842,457	20%	46,842,457	20%
<b>Reserves - Bond Pool</b>		0	0%	46,842,457	100%	46,842,457	20%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>46,842,457</b>	<b>20%</b>	<b>46,842,457</b>	<b>20%</b>
<b>Money Market</b>		0	0%	46,842,457	20%	46,842,457	20%
Alberta		0	0%	23,421,229	10%	23,421,229	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	23,421,229	10%	23,421,229	10%
Manitoba		0	0%	23,421,229	10%	23,421,229	10%
New Brunswick		0	0%	23,421,229	10%	23,421,229	10%
Nova Scotia		0	0%	23,421,229	10%	23,421,229	10%
Ontario		0	0%	23,421,229	10%	23,421,229	10%
Quebec		0	0%	23,421,229	10%	23,421,229	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	23,421,229	10%	23,421,229	10%
<b>Bond Pool</b>		0	0%	46,842,457	20%	46,842,457	20%
Alberta		0	0%	23,421,229	10%	23,421,229	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	23,421,229	10%	23,421,229	10%
Manitoba		0	0%	23,421,229	10%	23,421,229	10%
New Brunswick		0	0%	23,421,229	10%	23,421,229	10%
Nova Scotia		0	0%	23,421,229	10%	23,421,229	10%
Ontario		0	0%	23,421,229	10%	23,421,229	10%
Quebec		0	0%	23,421,229	10%	23,421,229	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	23,421,229	10%	23,421,229	10%
<b>Total Fixed</b>		<b>0</b>	<b>0%</b>	<b>46,842,457</b>	<b>20%</b>	<b>46,842,457</b>	<b>20%</b>
<b>Total Investments</b>		<b>234,212,286</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		62,854,235	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>297,066,521</b>					

**Capital Funds  
Sector Weights @ June 30, 2017**

SCHEDULE C

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>0%</b>
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						
Farm Credit Corp	Open	0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>100%</b>	<b>0</b>	<b>0%</b>
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%
Nova Scotia (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%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open		0%	0	25%	0	0%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>0</b>	<b>25%</b>	<b>0</b>	<b>0%</b>
Calgary (R-1 High)	Open			0	10%	0	0%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>0</b>	<b>0%</b>	<b>0</b>	<b>50%</b>	<b>0</b>	<b>0%</b>
	<b>BA's Schedule A</b>						
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>50%</b>	<b>0</b>	<b>0%</b>
Bank of Montreal (R-1 High)	Open	0	0%	0	10%	0	0%
BMO - Instruments		0					
BMO - Account		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%
CIBC - Instruments		0					
CIBC - Account		0					
Royal Bank (R-1 High)	Open	0	0%	0	10%	0	0%
RBC - Instruments		0					
RBC - Account		0					
Toronto Dominion (R-1 High)	Open	0	0%	0	10%	0	0%
TD - Instruments		0					
TD - Account		0					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>25%</b>	<b>0</b>	<b>0%</b>
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%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Investments</b>		<b>0</b>	<b>0%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0		20%	0	20%
<b>Reserves - Bond Pool</b>		0	0%	0	100%	0	0%
Canada Mortgage & Housing Corp.		0			100%		
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>0</b>	<b>20%</b>	<b>0</b>	<b>0%</b>
<b>Money Market</b>		0	<b>0%</b>	<b>0</b>	<b>20%</b>	<b>0</b>	<b>0%</b>
Alberta		0	0%	0	10%	0	0%
Alberta							
Alberta Capital Finance Authority		0					
Alberta Treasury Branches							
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New Brunswick		0	0%	0	10%	0	0%
Nova Scotia							
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Hydro Quebec							
Saskatchewan		0	0%	0	10%	0	0%
<b>Bond Pool</b>		<b>0</b>	<b>0%</b>	<b>0</b>	<b>20%</b>	<b>0</b>	<b>0%</b>
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 Brunswick		0	0%	0	10%	0	0%
Nova Scotia							
Ontario		0	0%	0	10%	0	0%
Quebec		0	0%	0	10%	0	0%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	0	10%	0	0%
<b>Total Fixed</b>		<b>0</b>	<b>0%</b>	<b>0</b>	<b>20%</b>	<b>0</b>	<b>0%</b>
<b>Total Investments</b>		<b>0</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		0	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>0</b>					

**Reserve Funds  
Sector Weights @ June 30, 2017**

SCHEDULE D

Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%	
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>214,254,760</b>	<b>100%</b>	<b>213,253,739</b>	<b>100%</b>
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					
Farm Credit Corp	Open	0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>99,401,408</b>	<b>46%</b>	<b>214,254,760</b>	<b>100%</b>	<b>114,853,351</b>	<b>54%</b>
Total Alberta (R-1 High)	Open	17,497,070	8%	53,563,690	25%	28,134,042	13%
Alberta (R-1 High)	Open	17,497,070					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	16,107,496	8%	53,563,690	25%	35,379,151	17%
Manitoba (R-1 Mid)	Open	0	0%	53,563,690	25%	53,563,690	25%
New Brunswick (R-1 Mid)	Open	0	0%	53,563,690	25%	53,563,690	25%
Nova Scotia (R-1 Mid)	Open	0		53,563,690	25%	53,563,690	25%
Ontario (R-1 Mid)	Open	17,477,027	8%	53,563,690	25%	36,086,663	17%
Quebec (R-1 Mid)	Open	32,215,868	15%	53,563,690	25%	21,347,822	10%
Quebec		32,215,868					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	16,103,947	8%	53,563,690	25%	37,459,742	17%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>53,563,690</b>	<b>25%</b>	<b>53,563,690</b>	<b>25%</b>
Calgary (R-1 High)	Open			21,425,476	10%	21,425,476	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>103,842,709</b>	<b>48%</b>	<b>107,127,380</b>	<b>50%</b>	<b>3,284,671</b>	<b>2%</b>
	<b>BA's Schedule A</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Canadian Banks R-1 Mid</b>	<b>86,538,690</b>	<b>40%</b>	<b>107,127,380</b>	<b>50%</b>	<b>20,588,690</b>	<b>10%</b>
Bank of Montreal (R-1 High)	Open	23,038,323	11%	21,425,476	10%	-1,612,847	-1%
BMO - Instruments		0					
BMO - Account		23,038,323					
Bank of Nova Scotia (R-1 High)	Open	-8,434,192	-4%	21,425,476	10%	29,859,668	14%
Bank of Nova Scotia Effective Cash		-13,042,739					
Bank of Nova Scotia - Notice Account		4,608,548					
Canadian Imperial Bank of Commerce (R-1 High)	Open	25,373,031	12%	21,425,476	10%	-3,947,555	-2%
CIBC - Instruments		0					
CIBC - Account		25,373,031					
Royal Bank (R-1 High)	Open	23,057,935	11%	21,425,476	10%	-1,632,459	-1%
RBC - Instruments		0					
RBC - Account		23,057,935					
Toronto Dominion (R-1 High)	Open	23,503,593	11%	21,425,476	10%	-2,078,117	-1%
TD - Instruments		0					
TD - Account		23,503,593					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>17,304,019</b>	<b>8%</b>	<b>53,563,690</b>	<b>25%</b>	<b>36,259,671</b>	<b>17%</b>
National Bank of Canada (R-1 Mid)	Open	17,304,019	8%	10,712,738	5%	-6,591,281	-3%
OMERS Realty Corporation (R-1 High)	Open	0	0%	10,712,738	5%	10,712,738	5%
CDP Financial Inc (R-1 High)	Open	0	0%	10,712,738	5%	10,712,738	5%
Desjardins Total		0	0%	10,712,738	5%	10,712,738	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>203,244,117</b>	<b>95%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	0	20%	0	0%
<b>Reserves - Bond Pool</b>		1,001,021	0%	214,254,760	100%	213,253,739	100%
Canada Mortgage & Housing Corp.		1,001,021					
<b>Provincial Government &amp; their Guarantees</b>		<b>10,009,621</b>	<b>5%</b>	<b>107,127,380</b>	<b>50%</b>	<b>97,117,759</b>	<b>45%</b>
<b>Money Market</b>		0	<b>5%</b>	<b>107,127,380</b>	<b>50%</b>	<b>97,117,759</b>	<b>45%</b>
Alberta		0	4%	21,425,476	10%	13,492,898	6%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	21,425,476	10%	19,348,433	9%
Manitoba		0	0%	21,425,476	10%	21,425,476	10%
New Brunswick		0	0%	21,425,476	10%	21,425,476	10%
Nova Scotia		0	0%	21,425,476	10%	21,425,476	10%
Ontario		0	0%	21,425,476	10%	21,425,476	10%
Quebec		0	0%	21,425,476	10%	21,425,476	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	21,425,476	10%	21,425,476	10%
<b>Bond Pool</b>		<b>10,009,621</b>	<b>5%</b>	<b>107,127,380</b>	<b>50%</b>	<b>97,117,759</b>	<b>45%</b>
Alberta		7,932,578	4%	21,425,476	10%	13,492,898	6%
Alberta		7,932,578					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		2,077,043	1%	21,425,476	10%	19,348,433	9%
Manitoba		0	0%	21,425,476	10%	21,425,476	10%
New Brunswick		0	0%	21,425,476	10%	21,425,476	10%
Nova Scotia		0	0%	21,425,476	10%	21,425,476	10%
Ontario		0	0%	21,425,476	10%	21,425,476	10%
Quebec		0	0%	21,425,476	10%	21,425,476	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	21,425,476	10%	21,425,476	10%
<b>Total Fixed</b>		<b>11,010,642</b>	<b>5%</b>	<b>214,254,760</b>	<b>100%</b>	<b>203,244,117</b>	<b>95%</b>
<b>Total Investments</b>		<b>214,254,760</b>					

**Trust Funds  
Sector Weights @ June 30, 2017**

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>3,565,559</b>	<b>100%</b>	<b>3,565,559</b>	<b>100%</b>
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						
Farm Credit Corp	Open	0	0%				
		0					
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>1,740,687</b>	<b>49%</b>	<b>3,565,559</b>	<b>100%</b>	<b>1,824,872</b>	<b>51%</b>
Total Alberta (R-1 High)	Open	306,403	9%	891,390	25%	584,986	16%
Alberta (R-1 High)	Open	306,403					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	282,070	8%	891,390	25%	609,320	17%
Manitoba (R-1 Mid)	Open	0	0%	891,390	25%	891,390	25%
New Brunswick (R-1 Mid)	Open	0	0%	891,390	25%	891,390	25%
Nova Scotia (R-1 Mid)	Open	0	0%	891,390	25%	891,390	25%
Ontario (R-1 Mid)	Open	306,052	9%	891,390	25%	585,337	16%
Quebec (R-1 Mid)	Open	564,154	16%	891,390	25%	327,235	9%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	282,007	8%	891,390	25%	609,382	17%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>891,390</b>	<b>25%</b>	<b>891,390</b>	<b>25%</b>
Calgary (R-1 High)	Open			356,556	10%	356,556	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>1,818,462</b>	<b>51%</b>	<b>1,782,779</b>	<b>50%</b>	<b>-35,682</b>	<b>-1%</b>
	<b>BA's Schedule A</b>						
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>1,515,439</b>	<b>43%</b>	<b>1,782,779</b>	<b>50%</b>	<b>267,340</b>	<b>7%</b>
Bank of Montreal (R-1 High)	Open	403,440	11%	356,556	10%	-46,884	-1%
BMO - Instruments		0					
BMO - Account		403,440					
Bank of Nova Scotia (R-1 High)	Open	-147,697	-4%	356,556	10%	504,253	14%
Bank of Nova Scotia Effective Cash		-228,400					
Bank of Nova Scotia - Notice Account		80,703					
Canadian Imperial Bank of Commerce (R-1 High)	Open	444,325	12%	356,556	10%	-87,769	-2%
CIBC - Instruments		0					
CIBC - Account		444,325					
Royal Bank (R-1 High)	Open	403,784	11%	356,556	10%	-47,228	-1%
RBC - Instruments		0					
RBC - Account		403,784					
Toronto Dominion (R-1 High)	Open	411,588	12%	356,556	10%	-55,032	-2%
TD - Instruments		0					
TD - Account		411,588					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>303,023</b>	<b>8%</b>	<b>891,390</b>	<b>25%</b>	<b>588,367</b>	<b>17%</b>
National Bank of Canada (R-1 Mid)	Open	303,023	8%	178,278	5%	-124,745	-3%
OMERS Realty Corporation (R-1 High)	Open	0	0%	178,278	5%	178,278	5%
CDP Financial Inc (R-1 High)	Open	0	0%	178,278	5%	178,278	5%
Desjardins Total		0	0%	178,278	5%	178,278	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>3,559,149</b>	<b>100%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	0	20%	0	0%
<b>Reserves - Bond Pool</b>		0	0%	3,565,559	100%	3,565,559	100%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>3,565,559</b>	<b>100%</b>	<b>3,565,559</b>	<b>100%</b>
<b>Money Market</b>		0	<b>100%</b>	<b>3,565,559</b>	<b>100%</b>	<b>3,565,559</b>	<b>100%</b>
Alberta		0	0%	356,556	10%	356,556	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	356,556	10%	356,556	10%
Manitoba		0	0%	356,556	10%	356,556	10%
New Brunswick		0	0%	356,556	10%	356,556	10%
Nova Scotia		0	0%	356,556	10%	356,556	10%
Ontario		0	0%	356,556	10%	356,556	10%
Quebec		0	0%	356,556	10%	356,556	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	356,556	10%	356,556	10%
<b>Bond Pool</b>		0	<b>0%</b>	<b>3,565,559</b>	<b>100%</b>	<b>3,565,559</b>	<b>100%</b>
Alberta		0	0%	356,556	10%	356,556	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	356,556	10%	356,556	10%
Manitoba		0	0%	356,556	10%	356,556	10%
New Brunswick		0	0%	356,556	10%	356,556	10%
Nova Scotia		0	0%	356,556	10%	356,556	10%
Ontario		0	0%	356,556	10%	356,556	10%
Quebec		0	0%	356,556	10%	356,556	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	356,556	10%	356,556	10%
<b>Total Fixed</b>		<b>0</b>					
<b>Equities</b>							
Bank of Montreal		6,410					
<b>Total Equities</b>		<b>6,410</b>					
<b>Total Investments</b>		<b>3,565,559</b>					

**APPENDIX A**

Economic Statistics	Canada			US		
	Apr	May	Jun	Apr	May	Jun
Unemployment Rate	6.5%	6.6%	6.5%	4.4%	4.3%	4.4%
Jobs Created / (Lost) ('000's)	3	55	45	207	145	231
CPI (year over year)	1.6%	1.3%	1.0%	2.2%	1.9%	1.6%
CPI-X (Core) (year over year)	1.1%	0.9%	0.9%	1.9%	1.7%	1.7%
GDP	Q2: 0.8%			Q2: 1.3%		

Date	Central Bank	Central Bank Action
Jan 18, 2017	Bank of Canada	Maintain overnight rate at 0.50%.
Feb 1, 2017	U.S. Federal Open Market Committee	Maintain target range of 0.50%-0.75%.
Mar 1, 2017	Bank of Canada	Maintain overnight rate at 0.50%.
Mar 15, 2017	U.S. Federal Open Market Committee	Raise target range to 0.75%-1.00%.
Apr 12, 2017	Bank of Canada	Maintain overnight rate at 0.50%.
May 3, 2017	U.S. Federal Open Market Committee	Maintain target range of 0.75%-1.00%.
May 24, 2017	Bank of Canada	Maintain overnight rate at 0.50%.
Jun 14, 2017	U.S. Federal Open Market Committee	Raise target range to 1.00%-1.25%.
Jul 12, 2017	Bank of Canada	Raise overnight rate to 0.75%.
Jul 26, 2017	U.S. Federal Open Market Committee	Maintain target range of 1.00%-1.25%.
Sept 6, 2017	Bank of Canada	Raise overnight rate to 1.00%.

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



**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.