



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

Item No. 1
Halifax Regional Council
January 10, 2017

TO: Mayor Savage and Members of Halifax Regional Council

SUBMITTED BY: Original Signed

Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: December 12, 2016

SUBJECT: Investment Activities– Quarter Ending June 30, 2016

INFORMATION REPORT

ORIGIN

December 7, 2016 meeting of the Audit & Finance Standing Committee, Item No. 12.1.3

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 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 29, 2016 pertaining to Investment Activities – Quarter June 30, 2016 was before the Audit & Finance Standing Committee at its meeting held on December 7, 2016.

For further information please refer to the attached staff report dated September 29, 2016.

DISCUSSION

The Audit & Finance Standing Committee reviewed the staff report dated September 29, 2016 at its meeting held on December 7, 2016 and forwarded it to Regional Council as an information item.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated September 29, 2016.

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

1. Staff report dated September 29, 2016.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, 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, 902.490.6521.

PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No.
Audit and Finance Standing Committee
December 7, 2016

TO: Chair and Members of Audit and Finance Standing Committee

SUBMITTED BY: Original signed

Amanda Whitewood, Director of Finance and Information Technology/CFO

DATE: September 29, 2016

SUBJECT: Investment Activities– Quarter ending June 30, 2016

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, 2016 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 December 7, 2016.

DISCUSSION

Overall Results

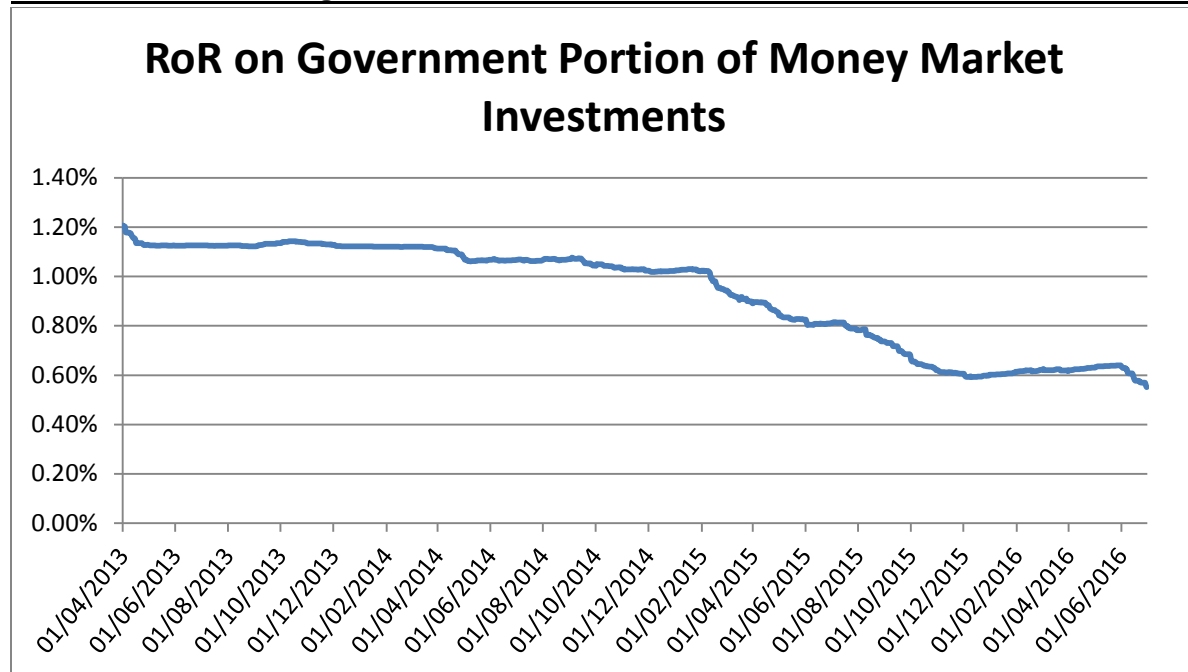
Operating fund investment income for the three months ending June 30, 2016 was \$499,351 versus a budget of \$400,000 for a surplus of \$99,351 due to an increase in cash flows. The rate of return for the period was 0.22% which was over the budgeted rate of return of 0.21%.

HRM Investment Activities

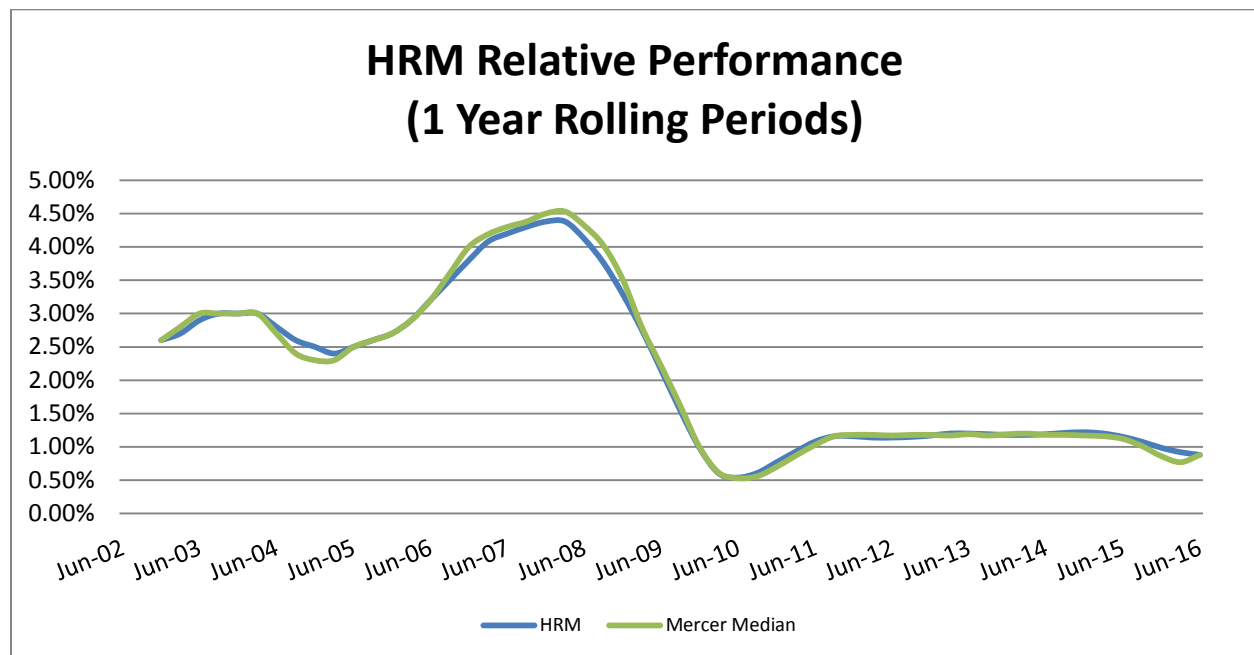
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 June 30, 2016)	1 Year (to June 30, 2016)
5 th Percentile	0.27%	1.01%
1 st Quartile	0.22%	0.86%
Money Market Median	0.18%	0.73%
3 rd Quartile	0.16%	0.63%
95 th Percentile	0.09%	0.42%
HRM	0.22%	0.88%

Relative performance was again quite positive, the 3 month rate was at the 1st quartile, and the one year return was above the 1st 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. The rate of return from the government half of the portfolio continues to deteriorate as maturities are re-invested in the lower interest rate environment.



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 47 money market investments at a cost of \$215,064,529 with an average term to maturity of 87 days. This compares to last year when 55 investments were made at a cost of \$166,710,514 with an average term of 128 days. Similar to last year our predominant strategy was to

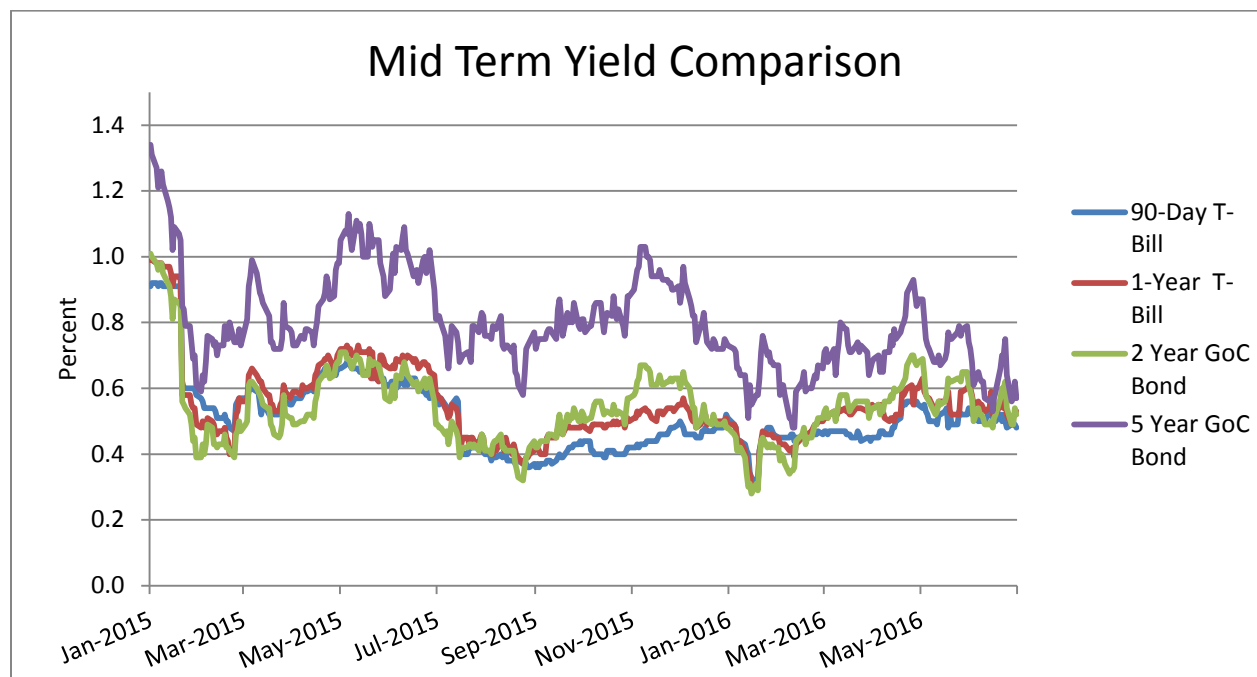
allocate funds to the investment bank accounts and when necessary use government instruments to manage sector weights and cover cash needs.

Funds held in the investment bank accounts, including term deposits, totaled \$215,201,321 by the end of the quarter. Incremental income over Bankers' Acceptances (BA's) and Bearer Deposit Notes (BDN's), using a rate of 0.85% as a proxy for the BA and BDN rates, was \$89,936 for the quarter.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the non-government sector weight was \$1,896,042 or a \$135,803 increase during the quarter.

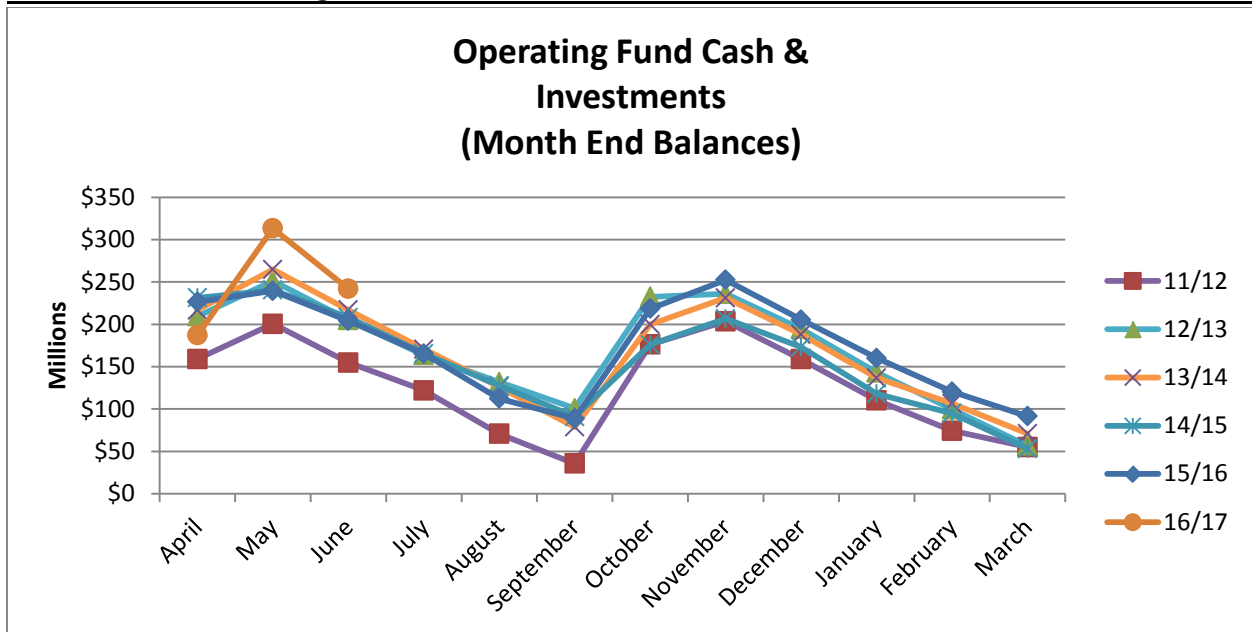
HRM Short Term Bond Pool

There were no additions or maturities in the bond pool during the quarter. At the end of the quarter the bond pool consisted of \$12,000,000 of bonds with yields ranging from 1.59% to 2.58% with a simple average yield of 2.20%. The term to maturity ranges from June 2017 to December 2018.



Cash Flows

Operating fund cash and investment balances are running \$44,800,000 higher than the previous year as a result of an \$8,000,000 increase in tax revenue received, a \$4,000,000 Payment-in-lieu-of-Tax (PILT) increase, and a \$3,000,000 Deed Transfer Tax (DTT) increase. The remaining increase is attributable to the timing of operating cashflows.



Subsequent to End of Reporting Quarter

On September 7, 2016 the Bank of Canada maintained interest rates as economic growth was not as robust as forecasted.

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.

Outlook & Strategy

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 above median for the year ending June 30, 2016 before allowing for fees that could have been paid to an external management firm. Staff maintain that the Policy benchmark 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 to June 30, 2016 was \$499,351 versus a budget of \$400,000 for a surplus \$99,351 due to an increase in cash flows.

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

**Total Portfolio
Sector Weights @ June 30, 2016**

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	481,162,169	100%	480,160,639	100%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	228,549,652	47%	481,162,169	100%	252,612,517	53%
Total Alberta (R-1 High)	Open	48,928,335	10%	120,290,542	25%	62,427,734	13%
Alberta (R-1 High)	Open	48,928,335					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	25,237,990	5%	120,290,542	25%	92,956,326	19%
Manitoba (R-1 Mid)	Open	27,354,879	6%	120,290,542	25%	92,935,663	19%
New Brunswick (R-1 Mid)	Open	10,985,800	2%	120,290,542	25%	109,304,742	23%
Nova Scotia (R-1 Mid)	Open	0	0%	120,290,542	25%	120,290,542	25%
Ontario (R-1 Mid)	Open	35,912,820	7%	120,290,542	25%	84,377,722	18%
Quebec (R-1 Mid)	Open	35,106,144	7%	120,290,542	25%	85,184,398	18%
Quebec		30,129,514					
Financement Quebec		0					
Hydro Quebec		4,976,630					
Saskatchewan (R-1 High)	Open	45,023,684	9%	120,290,542	25%	75,266,858	16%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	120,290,542	25%	120,290,542	25%
Calgary (R-1 High)	Open	0	0%	48,116,217	10%	48,116,217	10%
Financial Institutions & their Guarantees /Corporations		240,573,878	50%	240,581,085	50%	7,206	0%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	216,538,808	45%	240,581,085	50%	24,042,277	5%
Bank of Montreal (R-1 High)	Open	48,083,239	10%	48,116,217	10%	32,978	0%
BMO - Instruments		0					
BMO - Account		48,083,239					
Bank of Nova Scotia (R-1 High)	Open	35,235,088	7%	48,116,217	10%	12,881,129	3%
Bank of Nova Scotia Effective Cash		15,235,088					
Bank of Nova Scotia - Notice Account		20,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	48,083,896	10%	48,116,217	10%	32,321	0%
CIBC - Instruments		0					
CIBC - Account		48,083,896					
Royal Bank (R-1 High)	Open	38,136,585	8%	48,116,217	10%	9,979,632	2%
RBC - Instruments		0					
RBC - Account		38,136,585					
Toronto Dominion (R-1 High)	Open	47,000,000	10%	48,116,217	10%	1,116,217	0%
TD - Instruments		0					
TD - Account		47,000,000					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	24,035,070	5%	120,290,542	25%	96,255,472	20%
National Bank of Canada (R-1 Mid)	Open	24,035,070	5%	24,058,108	5%	23,038	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	24,058,108	5%	24,058,108	5%
CDP Financial Inc (R-1 High)	Open	0	0%	24,058,108	5%	24,058,108	5%
Desjardins Total	Open	0	0%	24,058,108	5%	24,058,108	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		469,123,530	97%				
Federal Government & its Guarantees							
Money Market		0	0%	62,768,776	20%	62,768,776	20%
Reserves - Bond Pool		1,001,530	0%	163,944,195	100%	162,942,665	99%
Canada Mortgage & Housing Corp.		1,001,530	0%	163,944,195	100%	162,942,665	99%
Provincial Government & their Guarantees		11,030,699	2%	62,768,776	20%	51,738,077	16%
Money Market		0	2%	62,768,776	20%	41,010,636	13%
Alberta		0	2%	31,384,388	10%	22,449,915	7%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	31,384,388	10%	29,288,162	9%
Manitoba		0	0%	31,384,388	10%	31,384,388	10%
New Brunswick		0	0%	31,384,388	10%	31,384,388	10%
Nova Scotia		0	0%	31,384,388	10%	31,384,388	10%
Ontario		0	0%	31,384,388	10%	31,384,388	10%
Quebec		0	0%	31,384,388	10%	31,384,388	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	31,384,388	10%	31,384,388	10%
Bond Pool		11,030,699	2%	32,788,839	20%	21,758,140	13%
Alberta		8,934,473	2%	16,394,420	10%	7,459,947	5%
Alberta		7,910,128					
Alberta Capital Finance Authority		1,024,345					
Alberta Treasury Branches		0					
British Columbia		2,096,226	0%	16,394,420	10%	14,298,194	9%
Manitoba		0	0%	16,394,420	10%	16,394,420	10%
New Brunswick		0	0%	16,394,420	10%	16,394,420	10%
Nova Scotia		0	0%	16,394,420	10%	16,394,420	10%
Ontario		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0	0%	16,394,420	10%	16,394,420	10%
Quebec		0	0%	16,394,420	10%	16,394,420	10%
Financement Quebec		0	0%	16,394,420	10%	16,394,420	10%
Hydro Quebec		0	0%	16,394,420	10%	16,394,420	10%
Saskatchewan		0	0%	16,394,420	10%	16,394,420	10%
Total Fixed		12,032,229	3%	32,788,839	20%	20,756,610	13%
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		481,162,169					
Interest Bearing Bank Accounts - O/S Cheque Coverage		25,297,440	*				
Total Investments and O/S Cheques Coverage		506,459,610					

**Operating Funds
Sector Weights @ June 30, 2016**

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	289,761,978	100%	289,761,978	100%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	141,167,507	49%	289,761,978	100%	148,594,471	51%
Total Alberta (R-1 High)	Open	30,221,403	10%	72,440,495	25%	42,219,092	15%
Alberta (R-1 High)	Open	30,221,403					
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	15,588,666	5%	72,440,495	25%	56,851,829	20%
Manitoba (R-1 Mid)	Open	16,896,198	6%	72,440,495	25%	55,544,297	19%
New Brunswick (R-1 Mid)	Open	6,785,563	2%	72,440,495	25%	65,654,932	23%
Nova Scotia (R-1 Mid)	Open	0	0%	72,440,495	25%	72,440,495	25%
Ontario (R-1 Mid)	Open	22,182,153	8%	72,440,495	25%	50,258,342	17%
Quebec (R-1 Mid)	Open	21,683,896	7%	72,440,495	25%	50,756,599	18%
Quebec		18,609,997					
Financement Quebec		0					
Hydro Quebec		3,073,899					
Saskatchewan (R-1 High)	Open	27,809,630	10%	72,440,495	25%	44,630,865	15%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		72,440,495	25%	72,440,495	25%
Calgary (R-1 High)	Open			28,976,198	10%	28,976,198	10%
Financial Institutions & their Guarantees /Corporations		148,594,471	51%	144,880,989	50%	-3,713,482	-1%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	133,748,809	46%	144,880,989	50%	11,132,180	4%
Bank of Montreal (R-1 High)	Open	29,699,415	10%	28,976,198	10%	-723,217	0%
BMO - Instruments		0					
BMO - Account		29,699,415					
Bank of Nova Scotia (R-1 High)	Open	21,763,540	8%	28,976,198	10%	7,212,658	2%
Bank of Nova Scotia Effective Cash		9,410,207					
Bank of Nova Scotia - Notice Account		12,353,334					
Canadian Imperial Bank of Commerce (R-1 High)	Open	29,699,821	10%	28,976,198	10%	-723,623	0%
CIBC - Instruments		0					
CIBC - Account		29,699,821					
Royal Bank (R-1 High)	Open	23,555,698	8%	28,976,198	10%	5,420,500	2%
RBC - Instruments		0					
RBC - Account		23,555,698					
Toronto Dominion (R-1 High)	Open	29,030,334	10%	28,976,198	10%	-54,137	0%
TD - Instruments		0					
TD - Account		29,030,334					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	14,845,662	5%	72,440,495	25%	57,594,832	20%
National Bank of Canada (R-1 Mid)	Open	14,845,662	5%	14,488,099	5%	-357,563	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	14,488,099	5%	14,488,099	5%
CDP Financial Inc (R-1 High)	Open	0	0%	14,488,099	5%	14,488,099	5%
Desjardins Total		0	0%	14,488,099	5%	14,488,099	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		289,761,978	100%				
Federal Government & its Guarantees							
Money Market		0	0%	57,952,396	20%	57,952,396	20%
Reserves - Bond Pool		0	0%	57,952,396	100%	57,952,396	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	57,952,396	20%	57,952,396	20%
Money Market		0	0%	57,952,396	20%	57,952,396	20%
Alberta		0	0%	28,976,198	10%	28,976,198	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	28,976,198	10%	28,976,198	10%
Manitoba		0	0%	28,976,198	10%	28,976,198	10%
New Brunswick		0	0%	28,976,198	10%	28,976,198	10%
Nova Scotia		0	0%	28,976,198	10%	28,976,198	10%
Ontario		0	0%	28,976,198	10%	28,976,198	10%
Quebec		0	0%	28,976,198	10%	28,976,198	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	28,976,198	10%	28,976,198	10%
Bond Pool		0	0%	57,952,396	20%	57,952,396	20%
Alberta		0	0%	28,976,198	10%	28,976,198	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	28,976,198	10%	28,976,198	10%
Manitoba		0	0%	28,976,198	10%	28,976,198	10%
New Brunswick		0	0%	28,976,198	10%	28,976,198	10%
Nova Scotia		0	0%	28,976,198	10%	28,976,198	10%
Ontario		0	0%	28,976,198	10%	28,976,198	10%
Quebec		0	0%	28,976,198	10%	28,976,198	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	28,976,198	10%	28,976,198	10%
Total Fixed		0	0%	57,952,396	20%	57,952,396	20%
Total Investments		289,761,978					
Interest Bearing Bank Accounts - O/S Cheque Coverage		25,297,440	*				
Total Investments and O/S Cheques Coverage		315,059,418					

**Capital Funds
Sector Weights @ June 30, 2016**

SCHEDULE C

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	0	100%	0	0%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open						
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%	0	100%	0	0%
Total Alberta (R-1 High)	Open	0	0%	0	25%	0	0%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
Nova Scotia (R-1 Mid)	Open	0	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%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open			0	10%	0	0%
Financial Institutions & their Guarantees /Corporations		0	0%	0	50%	0	0%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	0	0%	0	50%	0	0%
Bank of Montreal (R-1 High)	Open	0	0%	0	10%	0	0%
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					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	0	0%	0	25%	0	0%
National Bank of Canada (R-1 Mid)	Open	0	0%	0	5%	0	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	0	5%	0	0%
CDP Financial Inc (R-1 High)	Open	0	0%	0	5%	0	0%
Desjardins Total		0	0%	0	5%	0	0%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		0	0%				
Federal Government & its Guarantees							
Money Market		0	0		20%	0	20%
Reserves - Bond Pool		0	0%	0	100%	0	0%
Canada Mortgage & Housing Corp.		0			100%		
Provincial Government & their Guarantees		0	0%	0	20%	0	0%
Money Market		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta							
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%
Bond Pool		0	0%	0	20%	0	0%
Alberta		0	0%	0	10%	0	0%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	0	10%	0	0%
Manitoba		0	0%	0	10%	0	0%
New 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%
Total Fixed		0	0%	0	20%	0	0%
Total Investments		0					
Interest Bearing Bank Accounts - O/S Cheque Coverage		0	*				
Total Investments and O/S Cheques Coverage		0					

**Reserve Funds
Sector Weights @ June 30, 2016**

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	187,988,169	100%	186,986,639	99%
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%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	85,722,984	46%	187,988,169	100%	102,265,185	54%
Total Alberta (R-1 High)	Open	18,351,736	10%	46,997,042	25%	19,710,833	10%
Alberta (R-1 High)	Open	18,351,736					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	9,466,109	5%	46,997,042	25%	35,434,708	19%
Manitoba (R-1 Mid)	Open	10,260,098	5%	46,997,042	25%	36,736,944	20%
New Brunswick (R-1 Mid)	Open	4,120,486	2%	46,997,042	25%	42,876,557	23%
Nova Scotia (R-1 Mid)	Open	0		46,997,042	25%	46,997,042	25%
Ontario (R-1 Mid)	Open	13,469,957	7%	46,997,042	25%	33,527,085	18%
Quebec (R-1 Mid)	Open	13,167,394	7%	46,997,042	25%	33,829,648	18%
Quebec		11,300,791					
Financement Quebec		0					
Hydro Quebec		1,866,603					
Saskatchewan (R-1 High)	Open	16,887,204	9%	46,997,042	25%	30,109,838	16%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		46,997,042	25%	46,997,042	25%
Calgary (R-1 High)	Open			18,798,817	10%	18,798,817	10%
Financial Institutions & their Guarantees /Corporations		90,232,956	48%	93,994,084	50%	3,761,128	2%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	81,218,031	43%	93,994,084	50%	12,776,053	7%
Bank of Montreal (R-1 High)	Open	18,034,763	10%	18,798,817	10%	764,054	0%
BMO - Instruments		0					
BMO - Account		18,034,763					
Bank of Nova Scotia (R-1 High)	Open	13,215,758	7%	18,798,817	10%	5,583,059	3%
Bank of Nova Scotia Effective Cash		5,714,282					
Bank of Nova Scotia - Notice Account		7,501,476					
Canadian Imperial Bank of Commerce (R-1 High)	Open	18,035,009	10%	18,798,817	10%	763,808	0%
CIBC - Instruments		0					
CIBC - Account		18,035,009					
Royal Bank (R-1 High)	Open	14,304,033	8%	18,798,817	10%	4,494,783	2%
RBC - Instruments		0					
RBC - Account		14,304,033					
Toronto Dominion (R-1 High)	Open	17,628,468	9%	18,798,817	10%	1,170,349	1%
TD - Instruments		0					
TD - Account		17,628,468					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	9,014,925	5%	46,997,042	25%	37,982,117	20%
National Bank of Canada (R-1 Mid)	Open	9,014,925	5%	9,399,408	5%	384,484	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,399,408	5%	9,399,408	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,399,408	5%	9,399,408	5%
Desjardins Total		0	0%	9,399,408	5%	9,399,408	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		175,955,940	94%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		1,001,530	1%	187,988,169	100%	186,986,639	99%
Canada Mortgage & Housing Corp.		1,001,530					
Provincial Government & their Guarantees		11,030,699	6%	93,994,084	50%	82,963,385	44%
Money Market		0	6%	93,994,084	50%	82,963,385	44%
Alberta		0	5%	18,798,817	10%	9,864,344	5%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	18,798,817	10%	16,702,591	9%
Manitoba		0	0%	18,798,817	10%	18,798,817	10%
New Brunswick		0	0%	18,798,817	10%	18,798,817	10%
Nova Scotia		0	0%	18,798,817	10%	18,798,817	10%
Ontario		0	0%	18,798,817	10%	18,798,817	10%
Quebec		0	0%	18,798,817	10%	18,798,817	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	18,798,817	10%	18,798,817	10%
Bond Pool		11,030,699	6%	93,994,084	50%	82,963,385	44%
Alberta		8,934,473	5%	18,798,817	10%	9,864,344	5%
Alberta		7,910,128					
Alberta Capital Finance Authority		1,024,345					
Alberta Treasury Branches		0					
British Columbia		2,096,226	1%	18,798,817	10%	16,702,591	9%
Manitoba		0	0%	18,798,817	10%	18,798,817	10%
New Brunswick		0	0%	18,798,817	10%	18,798,817	10%
Nova Scotia		0	0%	18,798,817	10%	18,798,817	10%
Ontario		0	0%	18,798,817	10%	18,798,817	10%
Quebec		0	0%	18,798,817	10%	18,798,817	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	18,798,817	10%	18,798,817	10%
Total Fixed		12,032,229	6%	187,988,169	100%	175,955,940	94%
Total Investments		187,988,169					

**Trust Funds
Sector Weights @ June 30, 2016**

SCHEDULE E

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,412,023	100%	3,412,023	100%
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					
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,659,161	49%	3,412,023	100%	1,752,861	51%
Total Alberta (R-1 High)	Open	355,196	10%	853,006	25%	497,809	15%
Alberta (R-1 High)	Open	355,196					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	183,216	5%	853,006	25%	669,790	20%
Manitoba (R-1 Mid)	Open	198,583	6%	853,006	25%	654,422	19%
New Brunswick (R-1 Mid)	Open	79,752	2%	853,006	25%	773,254	23%
Nova Scotia (R-1 Mid)	Open	0	0%	853,006	25%	853,006	25%
Ontario (R-1 Mid)	Open	260,710	8%	853,006	25%	592,296	17%
Quebec (R-1 Mid)	Open	254,854	7%	853,006	25%	598,152	18%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	326,850	10%	853,006	25%	526,155	15%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		853,006	25%	853,006	25%
Calgary (R-1 High)	Open			341,202	10%	341,202	10%
Financial Institutions & their Guarantees /Corporations		1,746,451	51%	1,706,011	50%	-40,440	-1%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	1,571,968	46%	1,706,011	50%	134,043	4%
Bank of Montreal (R-1 High)	Open	349,061	10%	341,202	10%	-7,859	0%
BMO - Instruments		0					
BMO - Account		349,061					
Bank of Nova Scotia (R-1 High)	Open	255,790	7%	341,202	10%	85,412	3%
Bank of Nova Scotia Effective Cash		110,599					
Bank of Nova Scotia - Notice Account		145,190					
Canadian Imperial Bank of Commerce (R-1 High)	Open	349,066	10%	341,202	10%	-7,864	0%
CIBC - Instruments		0					
CIBC - Account		349,066					
Royal Bank (R-1 High)	Open	276,853	8%	341,202	10%	64,349	2%
RBC - Instruments		0					
RBC - Account		276,853					
Toronto Dominion (R-1 High)	Open	341,198	10%	341,202	10%	5	0%
TD - Instruments		0					
TD - Account		341,198					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	174,483	5%	853,006	25%	678,523	20%
National Bank of Canada (R-1 Mid)	Open	174,483	5%	170,601	5%	-3,882	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	170,601	5%	170,601	5%
CDP Financial Inc (R-1 High)	Open	0	0%	170,601	5%	170,601	5%
Desjardins Total		0	0%	170,601	5%	170,601	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,405,613	100%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,412,023	100%	3,412,023	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	3,412,023	100%	3,412,023	100%
Money Market		0	100%	3,412,023	100%	3,412,023	100%
Alberta		0	0%	341,202	10%	341,202	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	341,202	10%	341,202	10%
Manitoba		0	0%	341,202	10%	341,202	10%
New Brunswick		0	0%	341,202	10%	341,202	10%
Nova Scotia		0	0%	341,202	10%	341,202	10%
Ontario		0	0%	341,202	10%	341,202	10%
Quebec		0	0%	341,202	10%	341,202	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	341,202	10%	341,202	10%
Bond Pool		0	0%	3,412,023	100%	3,412,023	100%
Alberta		0	0%	341,202	10%	341,202	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	341,202	10%	341,202	10%
Manitoba		0	0%	341,202	10%	341,202	10%
New Brunswick		0	0%	341,202	10%	341,202	10%
Nova Scotia		0	0%	341,202	10%	341,202	10%
Ontario		0	0%	341,202	10%	341,202	10%
Quebec		0	0%	341,202	10%	341,202	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	341,202	10%	341,202	10%
Total Fixed		0					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,412,023					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Apr 7.1% May 6.9% Jun 6.8%	Apr 5.0% May 4.7% Jun 4.9%
Jobs Created / (Lost) ('000's)	Apr (2) May 14 Jun 0	Apr 144 May 11 Jun 287
CPI (year over year)	Apr 1.7% May 1.5% Jun 1.5%	Apr 1.1% May 1.0% Jun 1.0%
CPI-X (Core) (year over year)	Apr 2.2% May 2.1% Jun 2.1%	Apr 2.1% May 2.2% Jun 2.3%
GDP	Q2: 0.6%	Q2: 1.1%

Central Bank Activities

- April 13, 2016: Bank of Canada Maintains overnight rate at 0.50%
- April 27, 2016: U.S. Federal Open Market Committee maintains target range of 0.25% to 0.50%
- May 25, 2016: Bank of Canada Maintains overnight rate at 0.50%
- June 15, 2016: U.S. Federal Open Market Committee maintains target range of 0.25% to 0.50%
- July 13, 2016: Bank of Canada Maintains overnight rate at 0.50%
- July 27, 2016: U.S. Federal Open Market Committee maintains target range of 0.25% to 0.50%
- September 7, 2016: Bank of Canada Maintains overnight rate at 0.50%

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

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.