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**Item No.**  
**Audit and Finance Standing Committee**  
**January 22, 2018**

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

**SUBMITTED BY:** **Original signed**  
Jerry Blackwood, Acting Director of Finance and Asset Management/CFO

**DATE:** December 7, 2017

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

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**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 September 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 January 22, 2018.

## **DISCUSSION**

### Overall Results

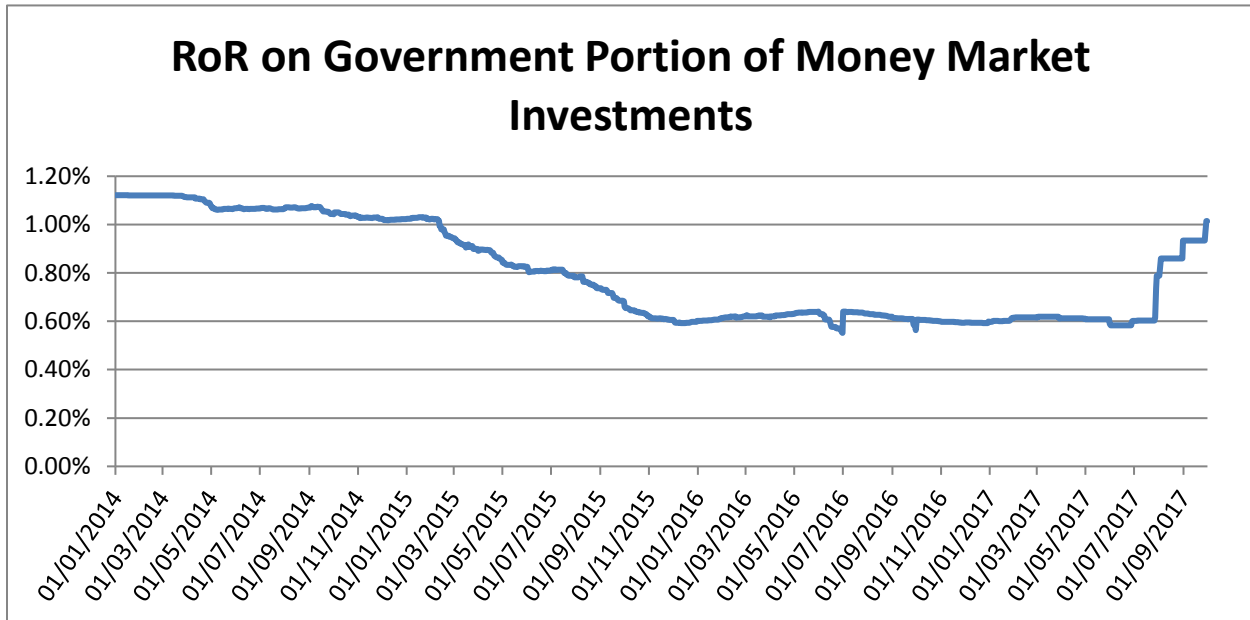
Operating fund investment income for the six months ending September 30, 2017 was \$908,847 versus a budget of \$1,025,000 due to lower than forecasted operating cashflows. The rate of return for the period was 0.29% which was over the budgeted rate of return of 0.26%.

### HRM Investment Activities

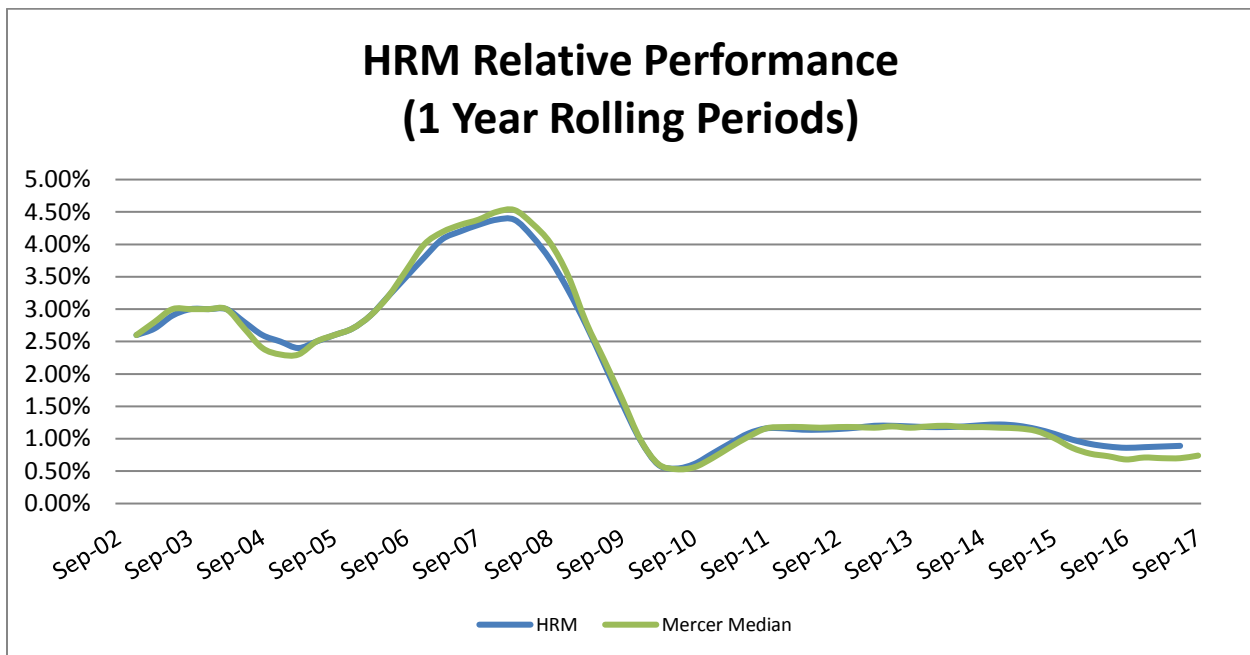
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 Sept 30, 2017)	1 Year (to Sept 30, 2017)
5 <sup>th</sup> Percentile	0.27%	1.02%
1 <sup>st</sup> Quartile	0.25%	0.91%
Money Market Median	0.21%	0.74%
3 <sup>rd</sup> Quartile	0.19%	0.68%
95 <sup>th</sup> Percentile	0.10%	0.44%
<b>HRM</b>	<b>0.29%</b>	<b>0.96%</b>

Relative performance was again quite positive; the 3 month rate was above the 5<sup>th</sup> percentile and the one year return was above 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.



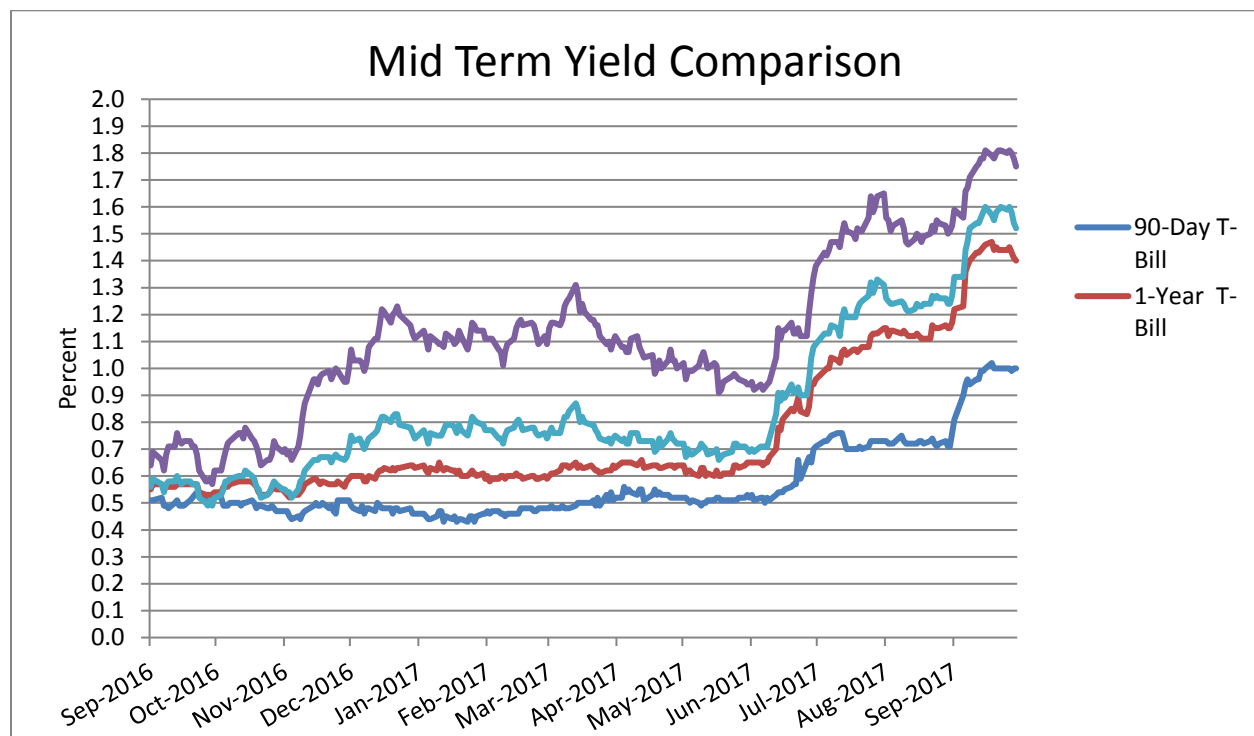
The quarter saw 18 money market investments made at a total cost of \$158,429,971 with an average term to maturity of 111 days and average individual investment cost of \$8,800,000. This compares to last year when 33 investments were made at a total cost of \$186,459,226 with an average term of 96 days and average individual investment cost of \$5,650,000. The predominant strategy is to allocate funds to the investment bank accounts and monthly rebalance the portfolio using government instruments to manage sector weights.

Funds held in the investment bank accounts, including term deposits, totaled \$163,152,954 by the end of the quarter. Incremental income over BA's and BDN's, using a rate of 1.17% as a proxy for the BA and BDN rates, was \$79,267 for the quarter.

The cumulative incremental gross investment income from the 2007 policy change that expanded the non-government sector weight was \$2,615,241 or a \$121,971 increase during the quarter.

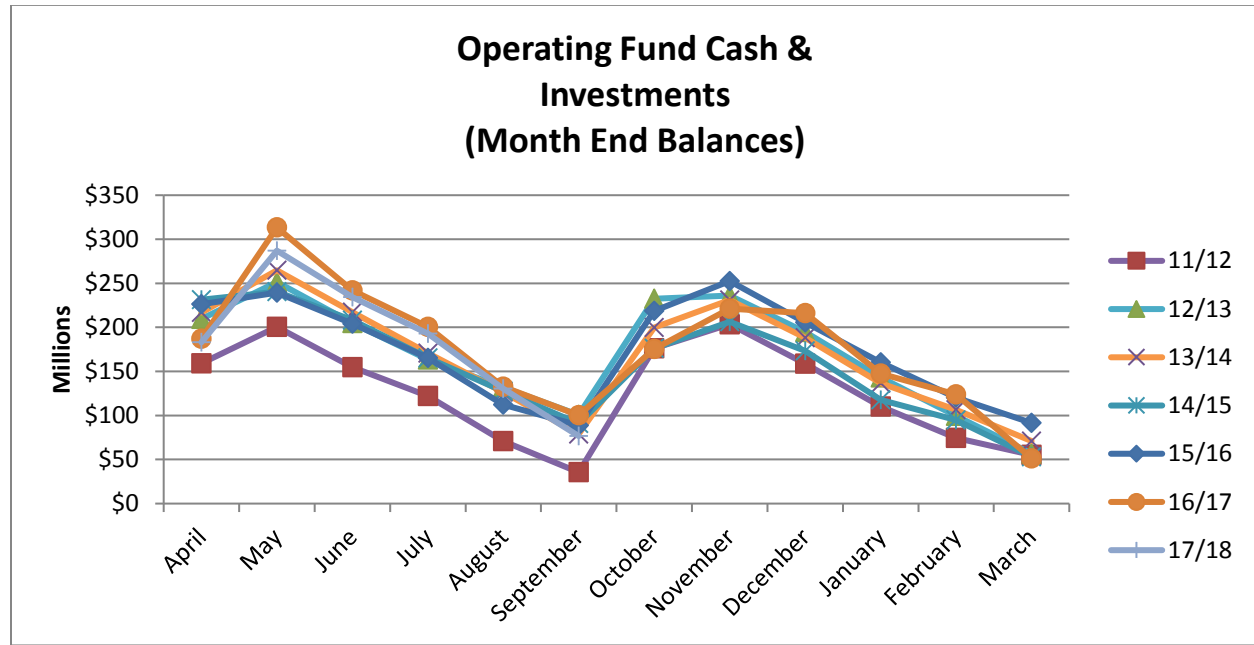
#### HRM Short Term Bond Pool

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

Cash available for operating is \$49,000,000 lower than the previous year due to lower than expected operating cashflows and a higher allocation of funds to reserve balances.



Subsequent to End of Reporting Quarter

On October 25, 2017 the Bank of Canada maintained its target for the overnight rate at 1.00%.

Outlook & Strategy

The investment bank accounts, which are for the most part linked to the commercial bank prime rates, are continuing to provide 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 above the 5<sup>th</sup> percentile of the comparable benchmark for the quarter ending September 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 six months ending September 30, 2017 was \$908,847 versus a budget of \$1,025,000 due to lower than forecasted operating cashflows.

## **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 @ September 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

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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 Treasurer, 902-293-7983

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**Total Portfolio  
Sector Weights @ Sept 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>282,282,440</b>	<b>100%</b>
Federal Government	Open	0	0%			282,282,440	100%
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>130,468,491</b>	<b>46%</b>			<b>282,282,440</b>	<b>100%</b>
Total Alberta (R-1 High)	Open	25,920,910	9%	100,000,000	74,079,090		
Alberta (R-1 High)	Open	25,920,910					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	42,869,530	15%	100,000,000	57,130,470		
Manitoba (R-1 Mid)	Open	10,663,729	4%	100,000,000	89,336,271		
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	19,903,199	7%	100,000,000	80,096,801		
Quebec (R-1 Mid)	Open	1,593,952	1%	100,000,000	98,406,048		
Quebec		1,593,952					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	29,517,170	10%	100,000,000	70,482,830		
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>	<b>0%</b>			<b>70,570,610</b>	<b>25%</b>
Calgary (R-1 High)	Open					28,228,244	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>	<b>BA's Schedule A</b>	<b>140,794,121</b>	<b>50%</b>			<b>141,141,220</b>	<b>50%</b>
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>103,119,897</b>	<b>37%</b>			<b>141,141,220</b>	<b>50%</b>
Bank of Montreal (R-1 High)	Open	30,094,305	11%	75,000,000	44,905,695		
BMO - Instruments		0					
BMO - Account		30,094,305					
Bank of Nova Scotia (R-1 High)	Open	-12,358,833	-4%	75,000,000	87,358,833		
Bank of Nova Scotia Effective Cash		-22,358,833					
Bank of Nova Scotia - Notice Account		10,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	30,218,124	11%	75,000,000	44,781,876		
CIBC - Instruments		0					
CIBC - Account		30,218,124					
Royal Bank (R-1 High)	Open	17,166,301	6%	75,000,000	57,833,699		
RBC - Instruments		0					
RBC - Account		17,166,301					
Toronto Dominion (R-1 High)	Open	38,000,000	13%	75,000,000	37,000,000		
TD - Instruments		0					
TD - Account		38,000,000					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>37,674,224</b>	<b>13%</b>			<b>70,570,610</b>	<b>25%</b>
National Bank of Canada (R-1 Mid)	Open	37,674,224	13%	50,000,000	12,325,776		
OMERS Realty Corporation (R-1 High)	Open	0	0%				
CDP Financial Inc (R-1 High)	Open	0	0%				
Desjardins Total		0	0%				
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>271,262,611</b>	<b>96%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		<b>0</b>	<b>0%</b>			<b>22,992,831</b>	<b>20%</b>
<b>Reserves - Bond Pool</b>		<b>1,000,511</b>	<b>0%</b>			<b>163,944,195</b>	<b>100%</b>
Canada Mortgage & Housing Corp.		1,000,511	0%			163,944,195	100%
<b>Provincial Government &amp; their Guarantees</b>		<b>10,012,907</b>	<b>4%</b>			<b>22,992,831</b>	<b>20%</b>
<b>Money Market</b>		<b>0</b>	<b>4%</b>			<b>22,992,831</b>	<b>20%</b>
Alberta		<b>0</b>	<b>3%</b>			<b>11,496,415</b>	<b>10%</b>
Alberta		0				3,541,368	3%
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%			11,496,415	10%
Manitoba		0	0%			11,496,415	10%
New Brunswick		0	0%			11,496,415	10%
Nova Scotia		0	0%			11,496,415	10%
Ontario		0	0%			11,496,415	10%
Quebec		0	0%			11,496,415	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%			11,496,415	10%
<b>Bond Pool</b>		<b>10,012,907</b>	<b>4%</b>			<b>32,788,839</b>	<b>20%</b>
Alberta		7,955,047	3%			16,394,420	10%
Alberta		7,955,047				8,439,373	5%
Alberta Capital Finance Authority		0.00					
Alberta Treasury Branches		0					
British Columbia		2,057,860	1%			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>11,013,418</b>	<b>4%</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>282,282,440</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		60,000,000	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>342,282,440</b>					



**Operating Funds  
Sector Weights @ Sept 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>80,419,764</b>	<b>100%</b>	<b>80,419,764</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>38,679,290</b>	<b>48%</b>	<b>80,419,764</b>	<b>100%</b>	<b>41,740,474</b>	<b>52%</b>
Total Alberta (R-1 High)	Open	7,684,632	10%	20,104,941	25%	12,420,309	15%
Alberta (R-1 High)	Open	7,684,632					
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	12,709,299	16%	20,104,941	25%	7,395,643	9%
Manitoba (R-1 Mid)	Open	3,161,418	4%	20,104,941	25%	16,943,523	21%
New Brunswick (R-1 Mid)	Open	0	0%	20,104,941	25%	20,104,941	25%
Nova Scotia (R-1 Mid)	Open	0	0%	20,104,941	25%	20,104,941	25%
Ontario (R-1 Mid)	Open	5,900,594	7%	20,104,941	25%	14,204,347	18%
Quebec (R-1 Mid)	Open	472,550	1%	20,104,941	25%	19,632,391	24%
Quebec		472,550					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	8,750,796	11%	20,104,941	25%	11,354,145	14%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>20,104,941</b>	<b>25%</b>	<b>20,104,941</b>	<b>25%</b>
Calgary (R-1 High)	Open			8,041,976	10%	8,041,976	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>41,740,474</b>	<b>52%</b>	<b>40,209,882</b>	<b>50%</b>	<b>-1,530,592</b>	<b>-2%</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>30,571,400</b>	<b>38%</b>	<b>40,209,882</b>	<b>50%</b>	<b>9,638,482</b>	<b>12%</b>
Bank of Montreal (R-1 High)	Open	8,921,897	11%	8,041,976	10%	-879,920	-1%
BMO - Instruments		0					
BMO - Account		8,921,897					
Bank of Nova Scotia (R-1 High)	Open	-3,663,957	-5%	8,041,976	10%	11,705,933	15%
Bank of Nova Scotia Effective Cash		-6,628,603					
Bank of Nova Scotia - Notice Account		2,964,646					
Canadian Imperial Bank of Commerce (R-1 High)	Open	8,958,604	11%	8,041,976	10%	-916,628	-1%
CIBC - Instruments		0					
CIBC - Account		8,958,604					
Royal Bank (R-1 High)	Open	5,089,201	6%	8,041,976	10%	2,952,776	4%
RBC - Instruments		0					
RBC - Account		5,089,201					
Toronto Dominion (R-1 High)	Open	11,265,655	14%	8,041,976	10%	-3,223,679	-4%
TD - Instruments		0					
TD - Account		11,265,655					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>11,169,074</b>	<b>14%</b>	<b>20,104,941</b>	<b>25%</b>	<b>8,935,867</b>	<b>11%</b>
National Bank of Canada (R-1 Mid)	Open	11,169,074	14%	4,020,988	5%	-7,148,086	-9%
OMERS Realty Corporation (R-1 High)	Open	0	0%	4,020,988	5%	4,020,988	5%
CDP Financial Inc (R-1 High)	Open	0	0%	4,020,988	5%	4,020,988	5%
Desjardins Total	Open	0	0%	4,020,988	5%	4,020,988	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Investments</b>		<b>80,419,764</b>	<b>100%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	16,083,953	20%	16,083,953	20%
<b>Reserves - Bond Pool</b>		0	0%	16,083,953	100%	16,083,953	20%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>16,083,953</b>	<b>20%</b>	<b>16,083,953</b>	<b>20%</b>
<b>Money Market</b>		0	0%	16,083,953	20%	16,083,953	20%
Alberta		0	0%	8,041,976	10%	8,041,976	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	8,041,976	10%	8,041,976	10%
Manitoba		0	0%	8,041,976	10%	8,041,976	10%
New Brunswick		0	0%	8,041,976	10%	8,041,976	10%
Nova Scotia		0	0%	8,041,976	10%	8,041,976	10%
Ontario		0	0%	8,041,976	10%	8,041,976	10%
Quebec		0	0%	8,041,976	10%	8,041,976	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	8,041,976	10%	8,041,976	10%
<b>Bond Pool</b>		0	0%	16,083,953	20%	16,083,953	20%
Alberta		0	0%	8,041,976	10%	8,041,976	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	8,041,976	10%	8,041,976	10%
Manitoba		0	0%	8,041,976	10%	8,041,976	10%
New Brunswick		0	0%	8,041,976	10%	8,041,976	10%
Nova Scotia		0	0%	8,041,976	10%	8,041,976	10%
Ontario		0	0%	8,041,976	10%	8,041,976	10%
Quebec		0	0%	8,041,976	10%	8,041,976	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	8,041,976	10%	8,041,976	10%
<b>Total Fixed</b>		<b>0</b>	<b>0%</b>	<b>16,083,953</b>	<b>20%</b>	<b>16,083,953</b>	<b>20%</b>
<b>Total Investments</b>		<b>80,419,764</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		60,000,000	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>140,419,764</b>					

**Capital Funds  
Sector Weights @ Sept 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%	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 @ Sept 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>198,290,901</b>	<b>100%</b>	<b>197,290,390</b>	<b>99%</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>90,074,376</b>	<b>45%</b>	<b>198,290,901</b>	<b>100%</b>	<b>108,216,525</b>	<b>55%</b>
Total Alberta (R-1 High)	Open	17,895,584	9%	49,572,725	25%	23,722,095	12%
Alberta (R-1 High)	Open	17,895,584					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	29,596,772	15%	49,572,725	25%	17,918,093	9%
Manitoba (R-1 Mid)	Open	7,362,151	4%	49,572,725	25%	42,210,574	21%
New Brunswick (R-1 Mid)	Open	0	0%	49,572,725	25%	49,572,725	25%
Nova Scotia (R-1 Mid)	Open	0		49,572,725	25%	49,572,725	25%
Ontario (R-1 Mid)	Open	13,741,006	7%	49,572,725	25%	35,831,720	18%
Quebec (R-1 Mid)	Open	1,100,451	1%	49,572,725	25%	48,472,274	24%
Quebec		1,100,451					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	20,378,412	10%	49,572,725	25%	29,194,313	15%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>49,572,725</b>	<b>25%</b>	<b>49,572,725</b>	<b>25%</b>
Calgary (R-1 High)	Open			19,829,090	10%	19,829,090	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>97,203,107</b>	<b>49%</b>	<b>99,145,451</b>	<b>50%</b>	<b>1,942,344</b>	<b>1%</b>
	<b>BA's Schedule A</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Canadian Banks R-1 Mid</b>	<b>71,193,131</b>	<b>36%</b>	<b>99,145,451</b>	<b>50%</b>	<b>27,952,319</b>	<b>14%</b>
Bank of Montreal (R-1 High)	Open	20,776,862	10%	19,829,090	10%	-947,772	0%
BMO - Instruments		0					
BMO - Account		20,776,862					
Bank of Nova Scotia (R-1 High)	Open	-8,532,437	-4%	19,829,090	10%	28,361,527	14%
Bank of Nova Scotia Effective Cash		-15,436,355					
Bank of Nova Scotia - Notice Account		6,903,918					
Canadian Imperial Bank of Commerce (R-1 High)	Open	20,862,345	11%	19,829,090	10%	-1,033,255	-1%
CIBC - Instruments		0					
CIBC - Account		20,862,345					
Royal Bank (R-1 High)	Open	11,851,473	6%	19,829,090	10%	7,977,617	4%
RBC - Instruments		0					
RBC - Account		11,851,473					
Toronto Dominion (R-1 High)	Open	26,234,888	13%	19,829,090	10%	-6,405,798	-3%
TD - Instruments		0					
TD - Account		26,234,888					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>26,009,975</b>	<b>13%</b>	<b>49,572,725</b>	<b>25%</b>	<b>23,562,750</b>	<b>12%</b>
National Bank of Canada (R-1 Mid)	Open	26,009,975	13%	9,914,545	5%	-16,095,430	-8%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,914,545	5%	9,914,545	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,914,545	5%	9,914,545	5%
Desjardins Total		0	0%	9,914,545	5%	9,914,545	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>187,277,483</b>	<b>94%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	0	20%	0	0%
<b>Reserves - Bond Pool</b>		1,000,511	1%	198,290,901	100%	197,290,390	99%
Canada Mortgage & Housing Corp.		1,000,511					
<b>Provincial Government &amp; their Guarantees</b>		<b>10,012,907</b>	<b>5%</b>	<b>99,145,451</b>	<b>50%</b>	<b>89,132,543</b>	<b>45%</b>
<b>Money Market</b>		0	<b>5%</b>	<b>99,145,451</b>	<b>50%</b>	<b>89,132,543</b>	<b>45%</b>
Alberta		0	4%	19,829,090	10%	11,874,043	6%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	19,829,090	10%	17,771,230	9%
Manitoba		0	0%	19,829,090	10%	19,829,090	10%
New Brunswick		0	0%	19,829,090	10%	19,829,090	10%
Nova Scotia		0	0%	19,829,090	10%	19,829,090	10%
Ontario		0	0%	19,829,090	10%	19,829,090	10%
Quebec		0	0%	19,829,090	10%	19,829,090	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,829,090	10%	19,829,090	10%
<b>Bond Pool</b>		<b>10,012,907</b>	<b>5%</b>	<b>99,145,451</b>	<b>50%</b>	<b>89,132,543</b>	<b>45%</b>
Alberta		7,955,047	4%	19,829,090	10%	11,874,043	6%
Alberta		7,955,047					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		2,057,860	1%	19,829,090	10%	17,771,230	9%
Manitoba		0	0%	19,829,090	10%	19,829,090	10%
New Brunswick		0	0%	19,829,090	10%	19,829,090	10%
Nova Scotia		0	0%	19,829,090	10%	19,829,090	10%
Ontario		0	0%	19,829,090	10%	19,829,090	10%
Quebec		0	0%	19,829,090	10%	19,829,090	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,829,090	10%	19,829,090	10%
<b>Total Fixed</b>		<b>11,013,418</b>	<b>6%</b>	<b>198,290,901</b>	<b>100%</b>	<b>187,277,483</b>	<b>94%</b>
<b>Total Investments</b>		<b>198,290,901</b>					

Trust Funds  
Sector Weights @ Sept 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>3,571,774</b>	<b>100%</b>	<b>3,571,774</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>1,714,824</b>	<b>48%</b>	<b>3,571,774</b>	<b>100%</b>	<b>1,856,950</b>	<b>52%</b>
Total Alberta (R-1 High)	Open	340,694	10%	892,944	25%	552,250	15%
Alberta (R-1 High)	Open	340,694					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	563,459	16%	892,944	25%	329,484	9%
Manitoba (R-1 Mid)	Open	140,160	4%	892,944	25%	752,784	21%
New Brunswick (R-1 Mid)	Open	0	0%	892,944	25%	892,944	25%
Nova Scotia (R-1 Mid)	Open	0	0%	892,944	25%	892,944	25%
Ontario (R-1 Mid)	Open	261,599	7%	892,944	25%	631,344	18%
Quebec (R-1 Mid)	Open	20,950	1%	892,944	25%	871,993	24%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	387,962	11%	892,944	25%	504,982	14%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>892,944</b>	<b>25%</b>	<b>892,944</b>	<b>25%</b>
Calgary (R-1 High)	Open	0		357,177	10%	357,177	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>1,850,540</b>	<b>52%</b>	<b>1,785,887</b>	<b>50%</b>	<b>-64,653</b>	<b>-2%</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>1,355,365</b>	<b>38%</b>	<b>1,785,887</b>	<b>50%</b>	<b>430,522</b>	<b>12%</b>
Bank of Montreal (R-1 High)	Open	395,547	11%	357,177	10%	-38,370	-1%
BMO - Instruments		0					
BMO - Account		395,547					
Bank of Nova Scotia (R-1 High)	Open	-162,439	-5%	357,177	10%	519,617	15%
Bank of Nova Scotia Effective Cash		-293,875					
Bank of Nova Scotia - Notice Account		131,436					
Canadian Imperial Bank of Commerce (R-1 High)	Open	397,175	11%	357,177	10%	-39,997	-1%
CIBC - Instruments		0					
CIBC - Account		397,175					
Royal Bank (R-1 High)	Open	225,627	6%	357,177	10%	131,551	4%
RBC - Instruments		0					
RBC - Account		225,627					
Toronto Dominion (R-1 High)	Open	499,456	14%	357,177	10%	-142,279	-4%
TD - Instruments		0					
TD - Account		499,456					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>495,174</b>	<b>14%</b>	<b>892,944</b>	<b>25%</b>	<b>397,769</b>	<b>11%</b>
National Bank of Canada (R-1 Mid)	Open	495,174	14%	178,589	5%	-316,586	-9%
OMERS Realty Corporation (R-1 High)	Open	0	0%	178,589	5%	178,589	5%
CDP Financial Inc (R-1 High)	Open	0	0%	178,589	5%	178,589	5%
Desjardins Total	Open	0	0%	178,589	5%	178,589	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>3,565,364</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%	3,571,774	100%	3,571,774	100%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>3,571,774</b>	<b>100%</b>	<b>3,571,774</b>	<b>100%</b>
<b>Money Market</b>		0	100%	3,571,774	100%	3,571,774	100%
Alberta		0	0%	357,177	10%	357,177	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	357,177	10%	357,177	10%
Manitoba		0	0%	357,177	10%	357,177	10%
New Brunswick		0	0%	357,177	10%	357,177	10%
Nova Scotia		0	0%	357,177	10%	357,177	10%
Ontario		0	0%	357,177	10%	357,177	10%
Quebec		0	0%	357,177	10%	357,177	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	357,177	10%	357,177	10%
<b>Bond Pool</b>		0	0%	3,571,774	100%	3,571,774	100%
Alberta		0	0%	357,177	10%	357,177	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	357,177	10%	357,177	10%
Manitoba		0	0%	357,177	10%	357,177	10%
New Brunswick		0	0%	357,177	10%	357,177	10%
Nova Scotia		0	0%	357,177	10%	357,177	10%
Ontario		0	0%	357,177	10%	357,177	10%
Quebec		0	0%	357,177	10%	357,177	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	357,177	10%	357,177	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>3,571,774</b>					

**Appendix A**

Economic Statistics	Canada			US		
	Jul	Aug	Sept	Jul	Aug	Sept
Unemployment Rate	6.3%	6.2%	6.2%	4.3%	4.4%	4.2%
Jobs Created / (Lost) ('000's)	14	22	10	138	208	18
CPI (year over year)	1.2%	1.4%	1.6%	1.7%	1.9%	2.2%
CPI-X (Core) (year over year)	0.9%	0.9%	0.8%	1.7%	1.7%	1.7%
GDP	Q3: 0.7%			Q3: 2.0%		

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%.
Sept 20, 2017	U.S. Federal Open Market Committee	Maintain target range of 1.00%-1.25%.
Oct 25, 2017	Bank of Canada	Maintain overnight rate at 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.