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Item No.
Audit and Finance Standing Committee
April 18, 2018

TO: Chair and Members of Audit and Finance Standing Committee

SUBMITTED BY: Original signed

Bruce Zvaniga, Acting Chief Administrative Officer

Original signed

Jerry Blackwood, Acting Director of Finance and Asset Management/CFO

DATE: March 22, 2018

SUBJECT: **Investment Activities– Quarter ending December 31, 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 December 31, 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 April 18, 2018.

DISCUSSION

Overall Results

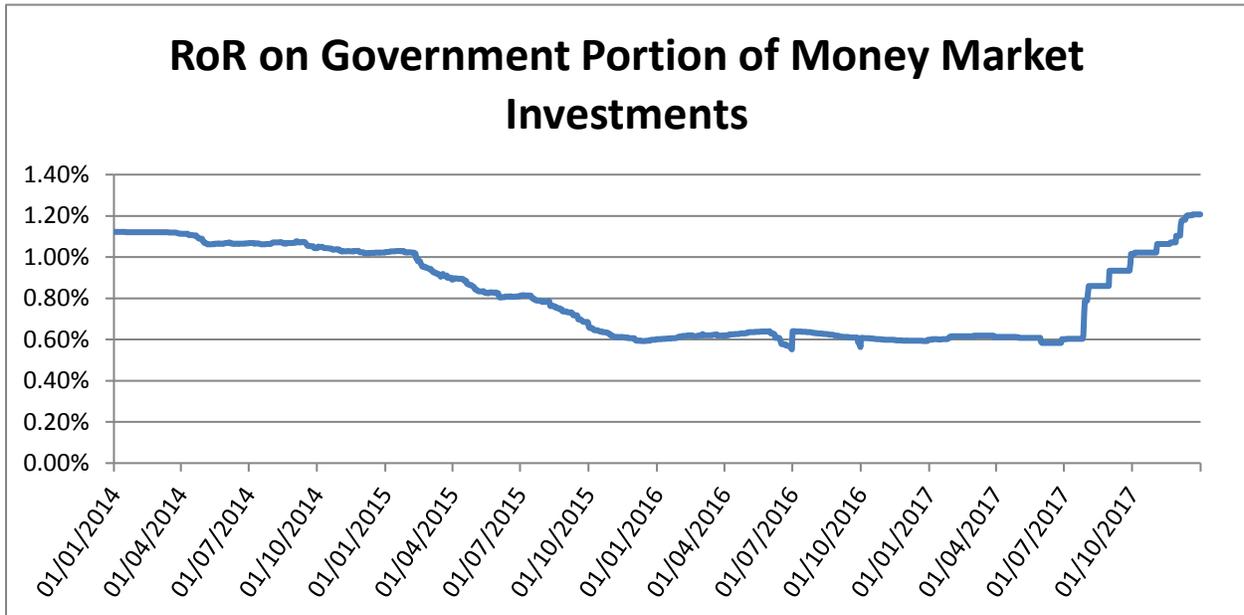
Operating fund investment income for the nine months ending December 31, 2017 was \$1,621,214 versus a projection of \$1,575,000. Although operating cashflows were lower than forecasted, the rate of return for the period was 0.37% which was over the projected rate of return of 0.35%.

HRM Investment Activities

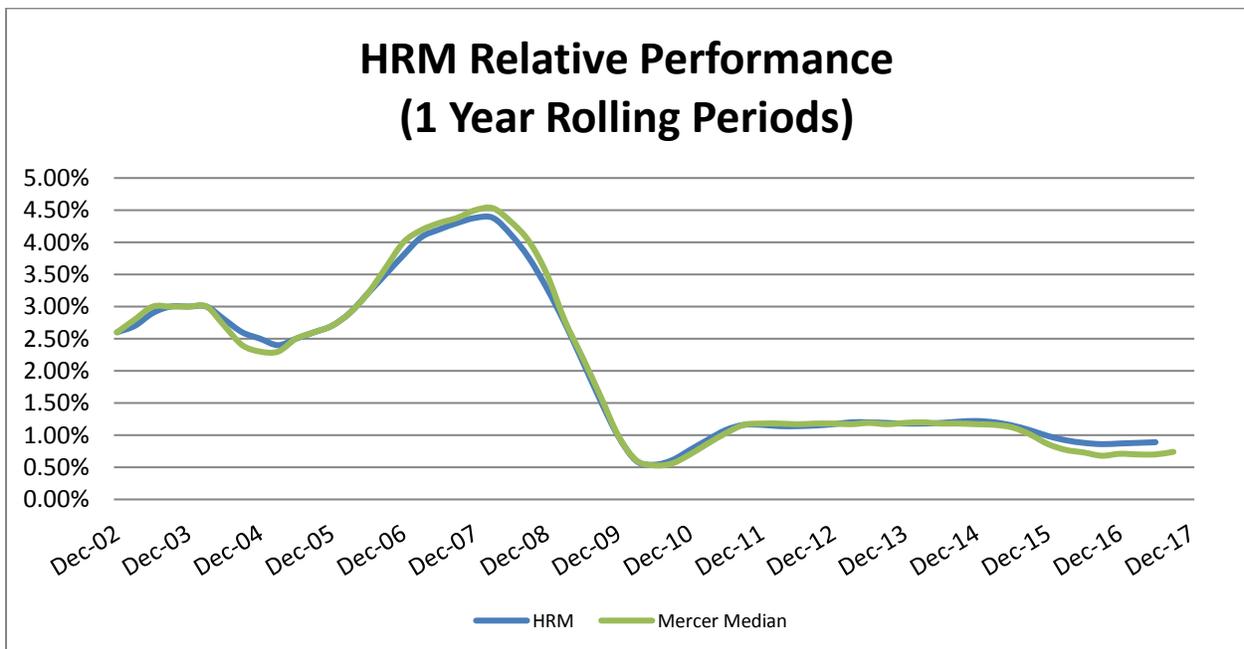
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 Dec 31, 2017)	1 Year (to Dec 31, 2017)
5 th Percentile	0.34%	1.09%
1 st Quartile	0.32%	1.02%
Money Market Median	0.29%	0.85%
3 rd Quartile	0.26%	0.78%
95 th Percentile	0.19%	0.54%
HRM	0.37%	1.11%

Relative performance was again quite positive; the 3 month and one year returns were above the 5th percentile. 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.



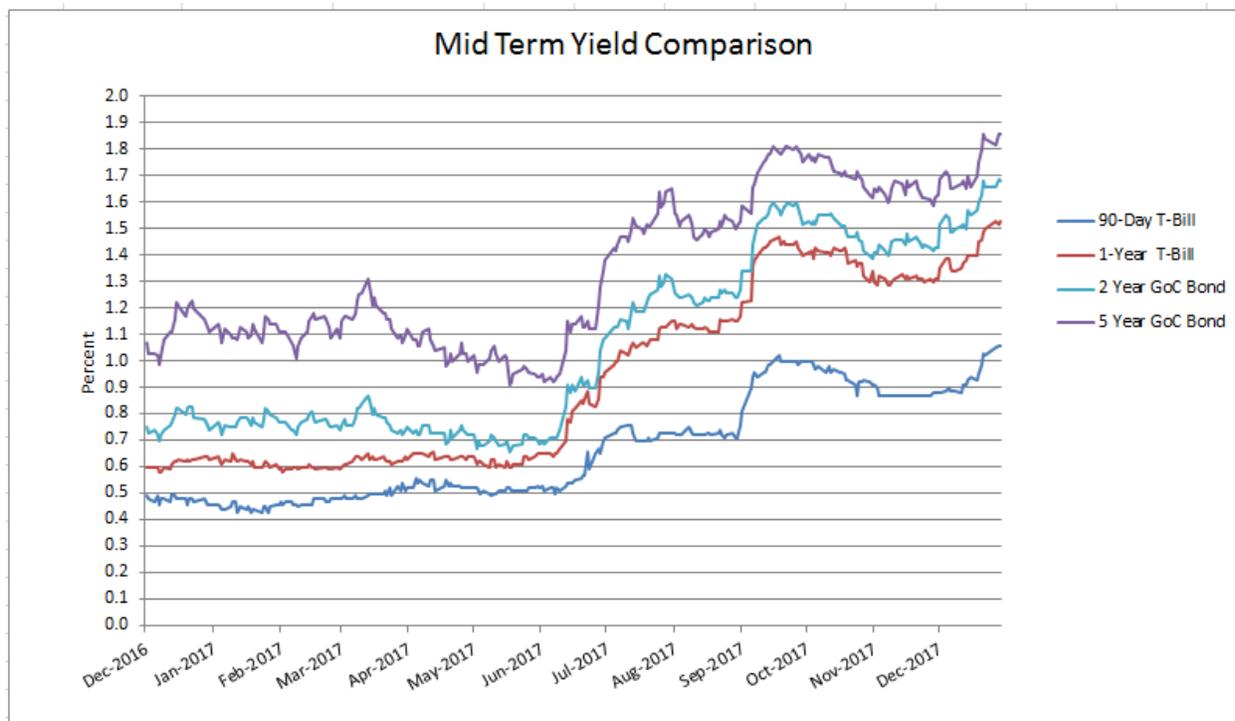
The quarter saw 2 money market investments made at a total cost of \$51,542,140 with an average term to maturity of 245 days and average individual investment cost of \$25,770,000. This compares to last year when 16 investments were made at a total cost of \$201,773,860 with an average term of 87 days and average individual investment cost of \$12,610,000. 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 \$286,555,350 by the end of the quarter. Incremental income over Bankers Acceptances (BAs) and Bearer Deposit Notes (BDNs), using a rate of 1.27% as a proxy for the BA and BDN rates, was \$188,194 for the quarter.

The cumulative incremental gross investment income from the 2007 policy change that expanded the non-government sector weight was \$2,801,072 or a \$185,831 increase during the quarter.

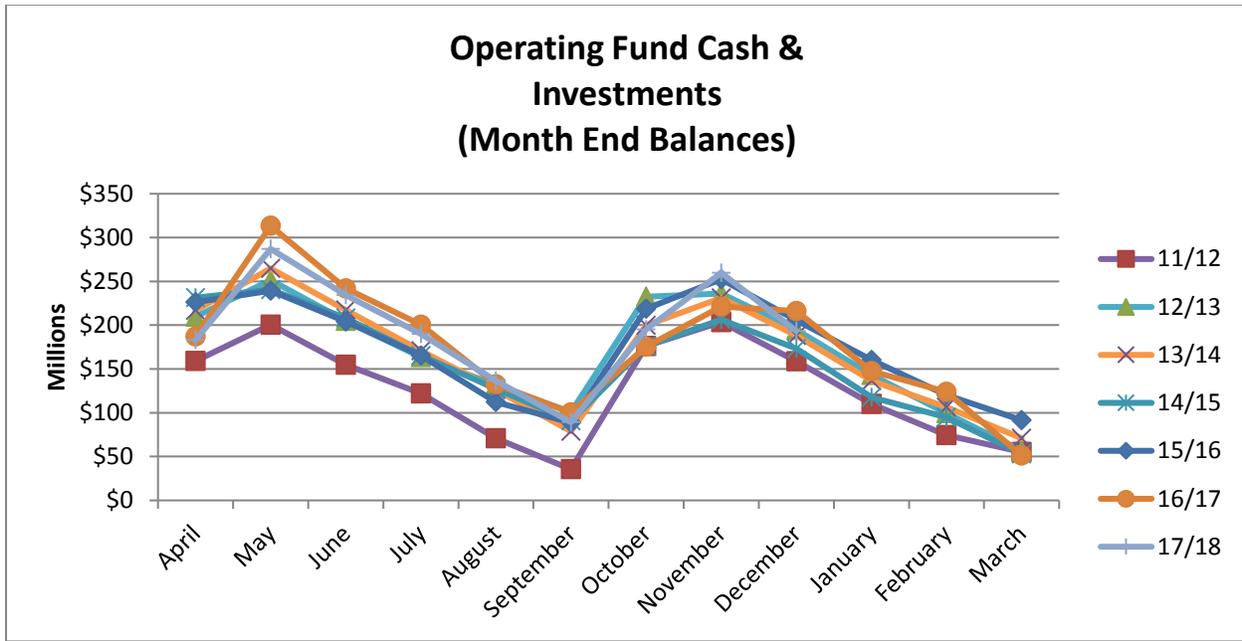
HRM Short Term Bond Pool

There was a \$1,000,000 bond maturity in December 2017. At the end of the quarter the bond pool consisted of \$10,000,000 of bonds with yields ranging from 1.94% to 2.58% with a simple average yield of 2.27%. The term to maturity ranges from June 2018 to December 2018. Staff will continue to look for opportunities to add to the bond portfolio.



Cash Flows

Cash available for operating is \$20,000,000 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 January 17, 2018 the Bank of Canada raised its target for the overnight rate to 1.25%. On March 7, 2018 they maintained this target.

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 Bankers Acceptances 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 5th percentile of the comparable benchmark for the quarter ending December 31, 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 nine months ending December 31, 2017 was \$1,621,214 versus a projection of \$1,575,000. Although operating cashflows were lower than forecasted, the rate of return for the period was 0.37% which was over the projected rate of return of 0.35%.

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 at December 31, 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 or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Renée Towns, CPA, CGA, CTP, Deputy Treasurer, Finance & Asset Management, 902-293-7983

**Total Portfolio
Sector Weights @ Dec 31, 2017**

SCHEDULE A

Category	Status	Cumulative Amount Invested @ Book Value	% of Portfolio	Guideline Limit \$	Limit \$ Available	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS									
Federal Government & its Guarantees	Open	0	0%			366,890,734	100%	366,890,734	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	102,327,849	28%			366,890,734	100%	264,562,885	72%
Total Alberta (R-1 High)	Open	20,928,810	6%	100,000,000	79,071,190				
Alberta (R-1 High)	Open	20,928,810							
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%	100,000,000	100,000,000				
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	71,445,339	19%	100,000,000	28,554,661				
Quebec (R-1 Mid)	Open	0	0%	100,000,000	100,000,000				
Quebec	Open	0							
Financement Quebec	Open	0							
Hydro Quebec	Open	0							
Saskatchewan (R-1 High)	Open	9,953,700	3%	100,000,000	90,046,300				
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%			91,722,683	25%	91,722,683	25%
Calgary (R-1 High)	Open	0				36,689,073	10%	36,689,073	10%
Financial Institutions & their Guarantees /Corporations		254,543,568	69%			183,445,367	50%	-71,098,201	-19%
	BA's Schedule A								
	Canadian Banks R-1								
Tier 1 - Financial Institutions & their Guarantees	Mid	204,691,142	56%			183,445,367	50%	-21,245,775	-6%
Bank of Montreal (R-1 High)	Open	49,995,710	14%	75,000,000	25,004,290				
BMO - Instruments	Open	0							
BMO - Account	Open	49,995,710							
Bank of Nova Scotia (R-1 High)	Open	-22,011,782	-6%	75,000,000	97,011,782				
Bank of Nova Scotia Effective Cash	Open	-32,011,782							
Bank of Nova Scotia - Notice Account	Open	10,000,000							
Canadian Imperial Bank of Commerce (R-1 High)	Open	74,397,927	20%	75,000,000	602,073				
CIBC - Instruments	Open	0							
CIBC - Account	Open	74,397,927							
Royal Bank (R-1 High)	Open	74,309,288	20%	75,000,000	690,712				
RBC - Instruments	Open	0							
RBC - Account	Open	74,309,288							
Toronto Dominion (R-1 High)	Open	28,000,000	8%	75,000,000	47,000,000				
TD - Instruments	Open	0							
TD - Account	Open	28,000,000							
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	49,852,425	14%			91,722,683	25%	41,870,258	11%
National Bank of Canada (R-1 Mid)	Open	49,852,425	14%	50,000,000	147,575				
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							
Total Cash and Equivalents		356,871,417	97%						
Federal Government & its Guarantees									
Money Market		0	0%			39,914,489	20%	39,914,489	20%
Reserves - Bond Pool		0	0%			163,944,195	100%	163,944,195	100%
Canada Mortgage & Housing Corp.		0	0%			163,944,195	100%	163,944,195	100%
Provincial Government & their Guarantees		10,012,907	3%			39,914,489	20%	29,901,582	15%
Money Market		0	3%			39,914,489	20%	17,138,557	9%
Alberta		0	2%			19,957,245	10%	12,002,198	6%
Alberta		0							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		0	1%			19,957,245	10%	17,899,384	9%
Manitoba		0	0%			19,957,245	10%	19,957,245	10%
New Brunswick		0	0%			19,957,245	10%	19,957,245	10%
Nova Scotia		0	0%			19,957,245	10%	19,957,245	10%
Ontario		0	0%			19,957,245	10%	19,957,245	10%
Quebec		0	0%			19,957,245	10%	19,957,245	10%
Quebec		0							
Financement Quebec		0							
Hydro Quebec		0							
Saskatchewan		0	0%			19,957,245	10%	19,957,245	10%
Bond Pool		10,012,907	3%			32,788,839	20%	22,775,932	14%
Alberta		7,955,047	2%			16,394,420	10%	8,439,373	5%
Alberta		7,955,047							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		2,057,860	1%			16,394,420	10%	14,336,559	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							
Financement Quebec		0							
Hydro Quebec		0							
Saskatchewan		0	0%			16,394,420	10%	16,394,420	10%
Total Fixed		10,012,907	3%			32,788,839	20%	22,775,932	14%
Equities									
Bank of Montreal		6,410							
Total Equities		6,410							
Total Investments		366,890,734							
Interest Bearing Bank Accounts - O/S Cheque Coverage		56,000,000	*						
Total Investments and O/S Cheques Coverage		422,890,734							

**Operating Funds
Sector Weights @ Dec 31, 2017**

SCHEDULE B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit (%)	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	169,732,491	100%	169,732,491	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	48,668,400	29%	169,732,491	100%	121,064,091	71%
Total Alberta (R-1 High)	Open	9,954,003	6%	42,433,123	25%	32,479,120	19%
Alberta (R-1 High)	Open	9,954,003					
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	0	0%	42,433,123	25%	42,433,123	25%
Manitoba (R-1 Mid)	Open	0	0%	42,433,123	25%	42,433,123	25%
New Brunswick (R-1 Mid)	Open	0	0%	42,433,123	25%	42,433,123	25%
Nova Scotia (R-1 Mid)	Open	0	0%	42,433,123	25%	42,433,123	25%
Ontario (R-1 Mid)	Open	33,980,293	20%	42,433,123	25%	8,452,829	5%
Quebec (R-1 Mid)	Open	0	0%	42,433,123	25%	42,433,123	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	4,734,104	3%	42,433,123	25%	37,699,019	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		42,433,123	25%	42,433,123	25%
Calgary (R-1 High)	Open	0		16,973,249	10%	16,973,249	10%
Financial Institutions & their Guarantees /Corporations		121,064,091	71%	84,866,246	50%	-36,197,846	-21%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	97,353,657	57%	84,866,246	50%	-12,487,411	-7%
Bank of Montreal (R-1 High)	Open	23,778,582	14%	16,973,249	10%	-6,805,333	-4%
BMO - Instruments		0					
BMO - Account		23,778,582					
Bank of Nova Scotia (R-1 High)	Open	-10,469,078	-6%	16,973,249	10%	27,442,327	16%
Bank of Nova Scotia Effective Cash		-15,225,202					
Bank of Nova Scotia - Notice Account		4,756,125					
Canadian Imperial Bank of Commerce (R-1 High)	Open	35,384,581	21%	16,973,249	10%	-18,411,332	-11%
CIBC - Instruments		0					
CIBC - Account		35,384,581					
Royal Bank (R-1 High)	Open	35,342,423	21%	16,973,249	10%	-18,369,174	-11%
RBC - Instruments		0					
RBC - Account		35,342,423					
Toronto Dominion (R-1 High)	Open	13,317,149	8%	16,973,249	10%	3,656,100	2%
TD - Instruments		0					
TD - Account		13,317,149					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	23,710,434	14%	42,433,123	25%	18,722,688	11%
National Bank of Canada (R-1 Mid)	Open	23,710,434	14%	8,486,625	5%	-15,223,810	-9%
OMERS Realty Corporation (R-1 High)	Open	0	0%	8,486,625	5%	8,486,625	5%
CDP Financial Inc (R-1 High)	Open	0	0%	8,486,625	5%	8,486,625	5%
Desjardins Total		0	0%	8,486,625	5%	8,486,625	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		169,732,491	100%				
Federal Government & its Guarantees							
Money Market		0	0%	33,946,498	20%	33,946,498	20%
Reserves - Bond Pool		0	0%	33,946,498	100%	33,946,498	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	33,946,498	20%	33,946,498	20%
Money Market		0	0%	33,946,498	20%	33,946,498	20%
Alberta		0	0%	16,973,249	10%	16,973,249	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	16,973,249	10%	16,973,249	10%
Manitoba		0	0%	16,973,249	10%	16,973,249	10%
New Brunswick		0	0%	16,973,249	10%	16,973,249	10%
Nova Scotia		0	0%	16,973,249	10%	16,973,249	10%
Ontario		0	0%	16,973,249	10%	16,973,249	10%
Quebec		0	0%	16,973,249	10%	16,973,249	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	16,973,249	10%	16,973,249	10%
Bond Pool		0	0%	33,946,498	20%	33,946,498	20%
Alberta		0	0%	16,973,249	10%	16,973,249	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	16,973,249	10%	16,973,249	10%
Manitoba		0	0%	16,973,249	10%	16,973,249	10%
New Brunswick		0	0%	16,973,249	10%	16,973,249	10%
Nova Scotia		0	0%	16,973,249	10%	16,973,249	10%
Ontario		0	0%	16,973,249	10%	16,973,249	10%
Quebec		0	0%	16,973,249	10%	16,973,249	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	16,973,249	10%	16,973,249	10%
Total Fixed		0	0%	33,946,498	20%	33,946,498	20%
Total Investments		169,732,491					
Interest Bearing Bank Accounts - O/S Cheque Coverage		56,000,000	*				
Total Investments and O/S Cheques Coverage		225,732,491					

**Capital Funds
Sector Weights @ Dec 31, 2017**

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	0					
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	0	0%	0	100%	0	0%
Total Alberta (R-1 High)	Open	0	0%	0	25%	0	0%
Alberta (R-1 High)	Open	0					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	0	0%	0	25%	0	0%
Manitoba (R-1 Mid)	Open	0	0%	0	25%	0	0%
New Brunswick (R-1 Mid)	Open	0	0%	0	25%	0	0%
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		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	0	0%	0	25%	0	0%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		0	25%	0	0%
Calgary (R-1 High)	Open			0	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		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		0					
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%
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		0					
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 @ Dec 31, 2017**

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	193,582,997	100%	193,582,997	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					
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	52,636,136	27%	193,582,997	100%	140,946,861	73%
Total Alberta (R-1 High)	Open	10,765,512	6%	48,395,749	25%	29,675,190	15%
Alberta (R-1 High)	Open	10,765,512					
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%	48,395,749	25%	46,337,889	24%
Manitoba (R-1 Mid)	Open	0	0%	48,395,749	25%	48,395,749	25%
New Brunswick (R-1 Mid)	Open	0	0%	48,395,749	25%	48,395,749	25%
Nova Scotia (R-1 Mid)	Open	0		48,395,749	25%	48,395,749	25%
Ontario (R-1 Mid)	Open	36,750,568	19%	48,395,749	25%	11,645,181	6%
Quebec (R-1 Mid)	Open	0	0%	48,395,749	25%	48,395,749	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	5,120,056	3%	48,395,749	25%	43,275,693	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		48,395,749	25%	48,395,749	25%
Calgary (R-1 High)	Open			19,358,300	10%	19,358,300	10%
Financial Institutions & their Guarantees /Corporations		130,933,954	68%	96,791,498	50%	-34,142,455	-18%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	105,290,504	54%	96,791,498	50%	-8,499,006	-4%
Bank of Montreal (R-1 High)	Open	25,717,153	13%	19,358,300	10%	-6,358,853	-3%
BMO - Instruments		0					
BMO - Account		25,717,153					
Bank of Nova Scotia (R-1 High)	Open	-11,322,579	-6%	19,358,300	10%	30,680,879	16%
Bank of Nova Scotia Effective Cash		-16,466,451					
Bank of Nova Scotia - Notice Account		5,143,872					
Canadian Imperial Bank of Commerce (R-1 High)	Open	38,269,342	20%	19,358,300	10%	-18,911,042	-10%
CIBC - Instruments		0					
CIBC - Account		38,269,342					
Royal Bank (R-1 High)	Open	38,223,747	20%	19,358,300	10%	-18,865,447	-10%
RBC - Instruments		0					
RBC - Account		38,223,747					
Toronto Dominion (R-1 High)	Open	14,402,842	7%	19,358,300	10%	4,955,458	3%
TD - Instruments		0					
TD - Account		14,402,842					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	25,643,450	13%	48,395,749	25%	22,752,300	12%
National Bank of Canada (R-1 Mid)	Open	25,643,450	13%	9,679,150	5%	-15,964,300	-8%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,679,150	5%	9,679,150	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,679,150	5%	9,679,150	5%
Desjardins Total		0	0%	9,679,150	5%	9,679,150	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		183,570,090	95%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	193,582,997	100%	193,582,997	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		10,012,907	5%	96,791,498	50%	86,778,591	45%
Money Market		0	5%	96,791,498	50%	86,778,591	45%
Alberta		0	4%	19,358,300	10%	11,403,253	6%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	19,358,300	10%	17,300,439	9%
Manitoba		0	0%	19,358,300	10%	19,358,300	10%
New Brunswick		0	0%	19,358,300	10%	19,358,300	10%
Nova Scotia		0	0%	19,358,300	10%	19,358,300	10%
Ontario		0	0%	19,358,300	10%	19,358,300	10%
Quebec		0	0%	19,358,300	10%	19,358,300	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,358,300	10%	19,358,300	10%
Bond Pool		10,012,907	5%	96,791,498	50%	86,778,591	45%
Alberta		7,955,047	4%	19,358,300	10%	11,403,253	6%
Alberta		7,955,047					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		2,057,860	1%	19,358,300	10%	17,300,439	9%
Manitoba		0	0%	19,358,300	10%	19,358,300	10%
New Brunswick		0	0%	19,358,300	10%	19,358,300	10%
Nova Scotia		0	0%	19,358,300	10%	19,358,300	10%
Ontario		0	0%	19,358,300	10%	19,358,300	10%
Quebec		0	0%	19,358,300	10%	19,358,300	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,358,300	10%	19,358,300	10%
Total Fixed		10,012,907	5%	193,582,997	100%	183,570,090	95%
Total Investments		193,582,997					

**Trust Funds
Sector Weights @ Dec 31, 2017**

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,575,246	100%	3,575,246	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%				
		0					
Provincial Governments & their Guarantees	R-1 Mid or Greater	1,023,313	29%	3,575,246	100%	2,551,932	71%
Total Alberta (R-1 High)	Open	209,295	6%	893,811	25%	684,516	19%
Alberta (R-1 High)	Open	209,295					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	0	0%	893,811	25%	893,811	25%
Manitoba (R-1 Mid)	Open	0	0%	893,811	25%	893,811	25%
New Brunswick (R-1 Mid)	Open	0	0%	893,811	25%	893,811	25%
Nova Scotia (R-1 Mid)	Open	0	0%	893,811	25%	893,811	25%
Ontario (R-1 Mid)	Open	714,478	20%	893,811	25%	179,334	5%
Quebec (R-1 Mid)	Open	0	0%	893,811	25%	893,811	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	99,540	3%	893,811	25%	794,271	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		893,811	25%	893,811	25%
Calgary (R-1 High)	Open			357,525	10%	357,525	10%
Financial Institutions & their Guarantees /Corporations		2,545,522	71%	1,787,623	50%	-757,900	-21%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	2,046,981	57%	1,787,623	50%	-259,358	-7%
Bank of Montreal (R-1 High)	Open	499,974	14%	357,525	10%	-142,450	-4%
BMO - Instruments		0					
BMO - Account		499,974					
Bank of Nova Scotia (R-1 High)	Open	-220,125	-6%	357,525	10%	577,650	16%
Bank of Nova Scotia Effective Cash		-320,129					
Bank of Nova Scotia - Notice Account		100,003					
Canadian Imperial Bank of Commerce (R-1 High)	Open	744,005	21%	357,525	10%	-386,480	-11%
CIBC - Instruments		0					
CIBC - Account		744,005					
Royal Bank (R-1 High)	Open	743,118	21%	357,525	10%	-385,594	-11%
RBC - Instruments		0					
RBC - Account		743,118					
Toronto Dominion (R-1 High)	Open	280,010	8%	357,525	10%	77,515	2%
TD - Instruments		0					
TD - Account		280,010					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	498,541	14%	893,811	25%	395,270	11%
National Bank of Canada (R-1 Mid)	Open	498,541	14%	178,762	5%	-319,779	-9%
OMERS Realty Corporation (R-1 High)	Open	0	0%	178,762	5%	178,762	5%
CDP Financial Inc (R-1 High)	Open	0	0%	178,762	5%	178,762	5%
Desjardins Total		0	0%	178,762	5%	178,762	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,568,836	100%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,575,246	100%	3,575,246	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	3,575,246	100%	3,575,246	100%
Money Market		0	100%	3,575,246	100%	3,575,246	100%
Alberta		0	0%	357,525	10%	357,525	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	357,525	10%	357,525	10%
Manitoba		0	0%	357,525	10%	357,525	10%
New Brunswick		0	0%	357,525	10%	357,525	10%
Nova Scotia		0	0%	357,525	10%	357,525	10%
Ontario		0	0%	357,525	10%	357,525	10%
Quebec		0	0%	357,525	10%	357,525	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	357,525	10%	357,525	10%
Bond Pool		0	0%	3,575,246	100%	3,575,246	100%
Alberta		0	0%	357,525	10%	357,525	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	357,525	10%	357,525	10%
Manitoba		0	0%	357,525	10%	357,525	10%
New Brunswick		0	0%	357,525	10%	357,525	10%
Nova Scotia		0	0%	357,525	10%	357,525	10%
Ontario		0	0%	357,525	10%	357,525	10%
Quebec		0	0%	357,525	10%	357,525	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	357,525	10%	357,525	10%
Total Fixed		0					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,575,246					

Appendix A

Economic Statistics	Canada			US		
	Oct	Nov	Dec	Oct	Nov	Dec
Unemployment Rate	6.3%	5.9%	5.7%	4.1%	4.1%	4.1%
Jobs Created / (Lost) ('000's)	35	80	79	271	216	160
CPI (year over year)	1.4%	2.1%	1.9%	2.0%	2.2%	2.1%
CPI-X (Core) (year over year)	0.9%	1.3%	1.2%	1.8%	1.7%	1.8%
GDP	Q4: 0.4%			Q4: 2.6%		

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%.
Nov 1, 2017	U.S. Federal Open Market Committee	Maintain target range of 1.00%-1.25%.
Dec 6, 2017	Bank of Canada	Maintain overnight rate at 1.00%.
Dec 13, 2017	U.S. Federal Open Market Committee	Raise target range to 1.25%-1.50%.

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.