



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

Item No. 7
Halifax Regional Council
October 2, 2018

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

DATE: September 20, 2018

SUBJECT: Investment Activities – Quarter Ending June 30, 2018

INFORMATION REPORT

ORIGIN

September 19, 2018 meeting of the Audit & Finance Standing Committee, Item No. 12.2.1.

LEGISLATIVE AUTHORITY

Audit & Finance Standing Committee Terms of Reference Section 3(c) which states:

The principle role of the Audit and Finance Standing Committee is to provide advice to Council on matters relating to Audit and Finance.

Additionally, Section 4(f) provides that the Standing Committee 'Review as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipalities CAO and the Committee'.

BACKGROUND

A staff report dated September 5, 2018 pertaining to Investment Activities – Quarter Ending June 30, 2018 was before the Audit & Finance Standing Committee at its meeting held on September 19, 2018.

For further information please refer to the attached staff report dated September 5, 2018.

DISCUSSION

The Audit & Finance Standing Committee reviewed the staff report dated September 5, 2018 at its meeting held on September 19, 2018 and forwarded it to Halifax Regional Council for information.

FINANCIAL IMPLICATIONS

Financial implications are addressed in the attached staff report dated September 5, 2018.

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

Staff report dated September 5, 2018.

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: Krista Vining, Legislative Assistant, Office of the Municipal Clerk, 902.490.6520



PO Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

**Item No. 12.2.1
Audit and Finance Standing Committee
September 19, 2018**

TO: Chair and Members of Audit and Finance Standing Committee

Original Signed

SUBMITTED BY:

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

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: September 5, 2018

SUBJECT: Investment Activities– Quarter ending June 30, 2018

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, 2018 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 September 5, 2018.

DISCUSSION

Overall Results

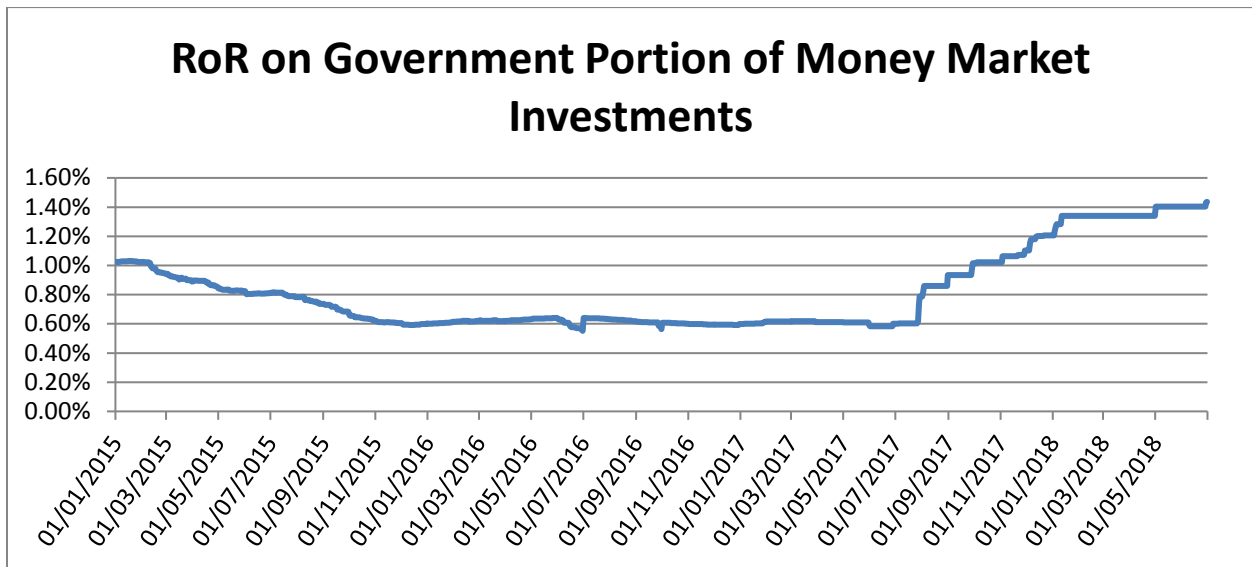
Operating fund investment income for the three months ending June 30, 2018 was on projection at \$884,000. The actual rate of return matched the projected rate and was 0.44% for the period.

HRM Investment Activities

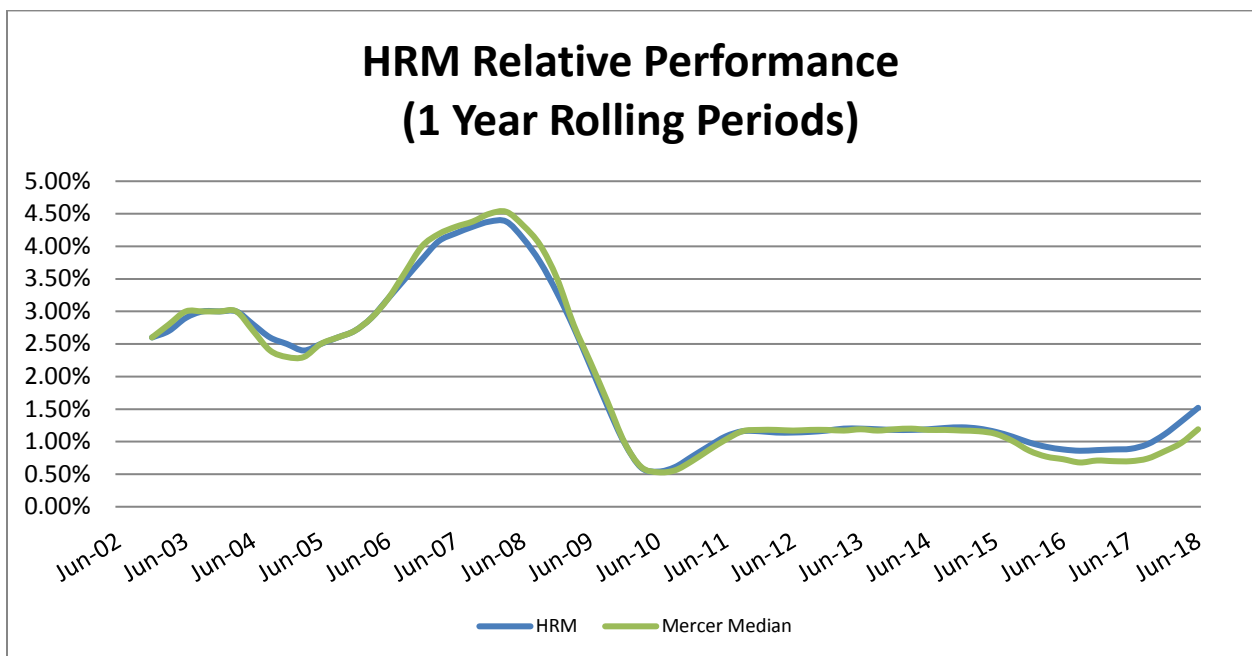
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar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

Money Market Funds	3 Months (to Jun 30, 2018)	1 Year (to Jun 30, 2018)
5 th Percentile	0.45%	1.43%
1 st Quartile	0.40%	1.33%
Money Market Median	0.37%	1.19%
3 rd Quartile	0.35%	1.09%
95 th Percentile	0.29%	0.89%
HRM	0.44%	1.52%

Relative performance was again quite positive; the 3 month returns were over the 1st quartile while 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.



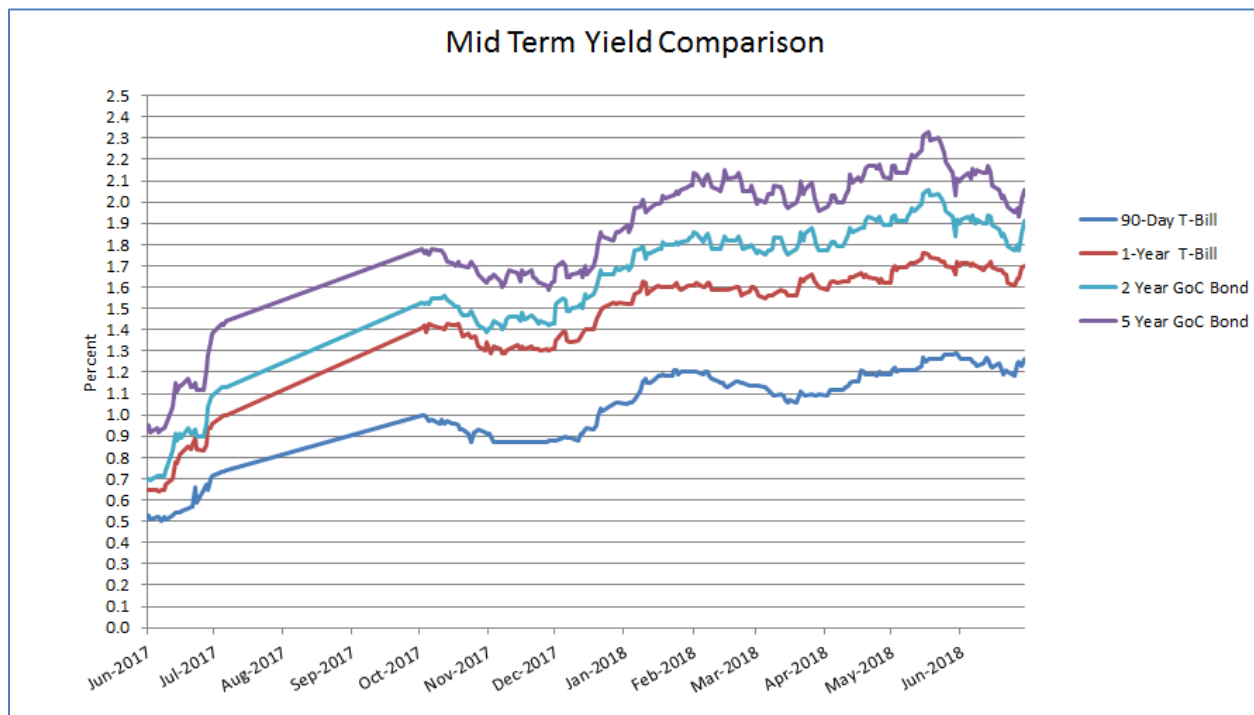
The quarter saw 5 money market investments made at a total cost of \$99,426,800 with an average term to maturity of 145 days and average individual investment cost of \$19,885,360. This compares to last year when 7 investments were made at a total cost of \$186,037,840 with an average term of 78 days and average individual investment cost of \$23,254,730. 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 \$304,993,272 by the end of the quarter. Incremental income over BA's and BDN's, using a rate of 1.58% as a proxy for the BA and BDN rates, was \$177,724 for the quarter.

The cumulative incremental gross investment income from the 2007 policy change that expanded the non-government sector weight was \$3,134,592 or a \$178,201 increase during the quarter.

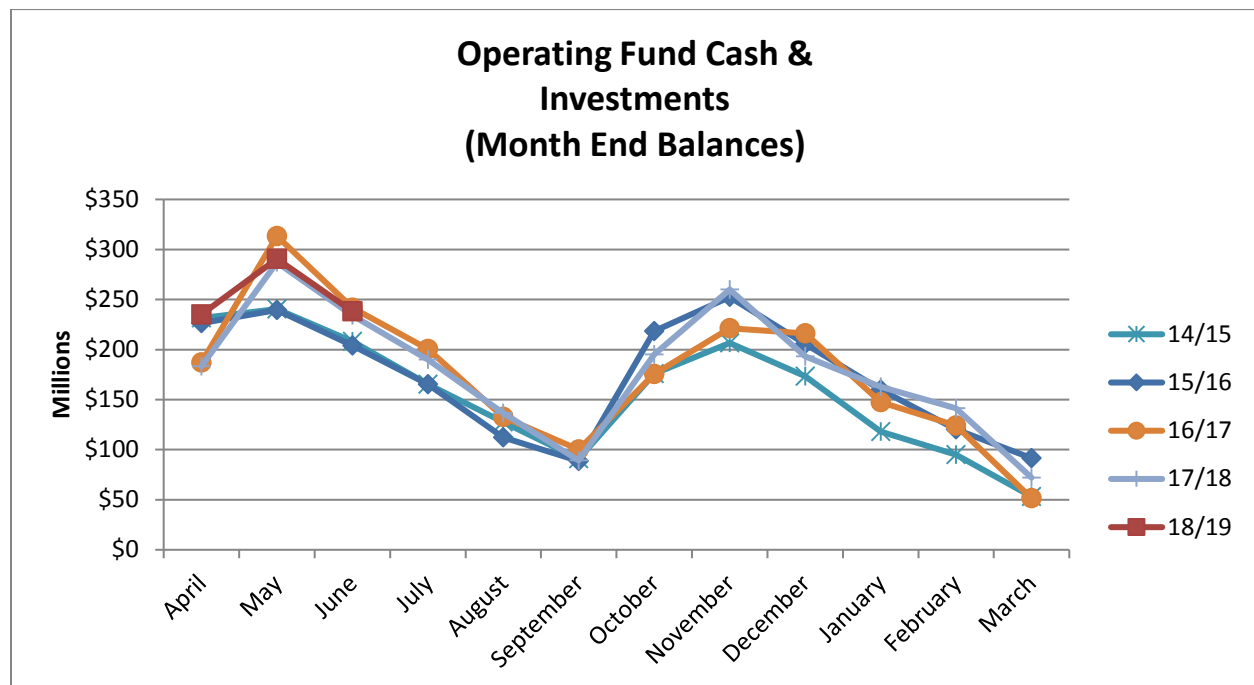
HRM Short Term Bond Pool

There were 8 maturities in the bond pool during the quarter. At the end of the quarter the bond pool consisted of \$2,000,000 of bonds with a simple average yield of 2.58%. The bonds mature in December 2018. Staff will continue to look for opportunities to add to the bond portfolio.



Cash Flows

Cash available for operating is \$3,000,000 higher than the previous year.



Subsequent to End of Reporting Quarter

On July 11, 2018 the Bank of Canada raised its target for the overnight rate from 1.25% to 1.50%. The Federal Open Market Committee maintained its target range for the federal funds rate at 1.75%-2.00%.

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 1st quartile for the quarter ending June 30, 2018 before allowing for fees that could have been paid to an external management firm. As a result, staff maintains that the rate of return objective of the Investment Policy has been 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 income for the three months ending June 30, 2018 was on projection at \$884,000. The actual rate of return matched the projected rate and was 0.44% for the period.

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 June 30, 2018 (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 www.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 @ June 30, 2018**

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%			460,029,733	100%	460,029,733	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	165,126,125	36%			460,029,733	100%	294,903,608	64%
Total Alberta (R-1 High)	Open	24,842,750	5%	100,000,000	75,157,250				
Alberta (R-1 High)	Open	24,842,750							
Alberta Capital Finance Authority (R-1 High)	Open	0							
Alberta Treasury Branches (R-1 High)	Open	0							
British Columbia (R-1 High)	Open	39,796,400	9%	100,000,000	60,203,600				
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	51,542,139	11%	100,000,000	48,457,861				
Quebec (R-1 Mid)	Open	19,850,200	4%	100,000,000	80,149,800				
Quebec		19,850,200							
Financement Quebec		0							
Hydro Quebec		0							
Saskatchewan (R-1 High)	Open	29,094,635	6%	100,000,000	70,905,365				
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%			115,007,433	25%	115,007,433	25%
Calgary (R-1 High)	Open					46,002,973	10%	46,002,973	10%
Financial Institutions & their Guarantees /Corporations		292,839,338	64%			230,014,866	50%	-62,824,472	-14%
	BA's Schedule A								
	Canadian Banks R-1								
Tier 1 - Financial Institutions & their Guarantees	Mid	242,918,688	53%			230,014,866	50%	-12,903,821	-3%
Bank of Montreal (R-1 High)	Open	49,314,951	11%	75,000,000	25,685,049				
BMO - Instruments		0							
BMO - Account		49,314,951							
Bank of Nova Scotia (R-1 High)	Open	-2,153,933	0%	75,000,000	77,153,933				
Bank of Nova Scotia Effective Cash		-12,153,933							
Bank of Nova Scotia - Notice Account		10,000,000							
Canadian Imperial Bank of Commerce (R-1 High)	Open	72,954,789	16%	75,000,000	2,045,211				
CIBC - Instruments		0							
CIBC - Account		72,954,789							
Royal Bank (R-1 High)	Open	74,802,881	16%	75,000,000	197,119				
RBC - Instruments		0							
RBC - Account		74,802,881							
Toronto Dominion (R-1 High)	Open	48,000,000	10%	75,000,000	27,000,000				
TD - Instruments		0							
TD - Account		48,000,000							
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	49,920,650	11%			115,007,433	25%	65,086,783	14%
National Bank of Canada (R-1 Mid)	Open	49,920,650	11%	50,000,000	79,350				
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							
Total Cash and Equivalents		457,965,463	100%						
Federal Government & its Guarantees									
Money Market		0	0%			58,542,289	20%	58,542,289	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		2,057,860	0%			58,542,289	20%	56,484,429	19%
Money Market		0	0%			58,542,289	20%	27,811,310	10%
Alberta		0	0%			29,271,145	10%	29,271,145	10%
Alberta		0							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		0	0%			29,271,145	10%	27,213,284	9%
Manitoba		0	0%			29,271,145	10%	29,271,145	10%
New Brunswick		0	0%			29,271,145	10%	29,271,145	10%
Nova Scotia		0	0%			29,271,145	10%	29,271,145	10%
Ontario		0	0%			29,271,145	10%	29,271,145	10%
Quebec		0	0%			29,271,145	10%	29,271,145	10%
Quebec		0							
Financement Quebec		0							
Hydro Quebec		0							
Saskatchewan		0	0%			29,271,145	10%	29,271,145	10%
Bond Pool		2,057,860	0%			32,788,839	20%	30,730,979	19%
Alberta		0	0%			16,394,420	10%	16,394,420	10%
Alberta		0							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		2,057,860	0%			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	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		2,057,860	0%			32,788,839	20%	30,730,979	19%
Equities									
Bank of Montreal		6,410							
Total Equities		6,410							
Total Investments		460,029,733							
Interest Bearing Bank Accounts - O/S Cheque Coverage		56,000,000	*						
Total Investments and O/S Cheques Coverage		516,029,733							

**Operating Funds
Sector Weights @ June 30, 2018**

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit (%)	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	249,599,739	100%	249,599,739	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	89,996,825	36%	249,599,739	100%	159,602,914	64%
Total Alberta (R-1 High)	Open	13,539,763	5%	62,399,935	25%	48,860,172	20%
Alberta (R-1 High)	Open	13,539,763					
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	21,689,782	9%	62,399,935	25%	40,710,153	16%
Manitoba (R-1 Mid)	Open	0	0%	62,399,935	25%	62,399,935	25%
New Brunswick (R-1 Mid)	Open	0	0%	62,399,935	25%	62,399,935	25%
Nova Scotia (R-1 Mid)	Open	0	0%	62,399,935	25%	62,399,935	25%
Ontario (R-1 Mid)	Open	28,091,429	11%	62,399,935	25%	34,308,505	14%
Quebec (R-1 Mid)	Open	10,818,730	4%	62,399,935	25%	51,581,205	21%
Quebec		10,818,730					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	15,857,120	6%	62,399,935	25%	46,542,815	19%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		62,399,935	25%	62,399,935	25%
Calgary (R-1 High)	Open			24,959,974	10%	24,959,974	10%
Financial Institutions & their Guarantees /Corporations		159,602,914	64%	124,799,870	50%	-34,803,045	-14%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	132,395,226	53%	124,799,870	50%	-7,595,357	-3%
Bank of Montreal (R-1 High)	Open	26,877,570	11%	24,959,974	10%	-1,917,596	-1%
BMO - Instruments		0					
BMO - Account		26,877,570					
Bank of Nova Scotia (R-1 High)	Open	-1,173,934	0%	24,959,974	10%	26,133,908	10%
Bank of Nova Scotia Effective Cash		-6,624,121					
Bank of Nova Scotia - Notice Account		5,450,187					
Canadian Imperial Bank of Commerce (R-1 High)	Open	39,761,724	16%	24,959,974	10%	-14,801,750	-6%
CIBC - Instruments		0					
CIBC - Account		39,761,724					
Royal Bank (R-1 High)	Open	40,768,969	16%	24,959,974	10%	-15,808,995	-6%
RBC - Instruments		0					
RBC - Account		40,768,969					
Toronto Dominion (R-1 High)	Open	26,160,897	10%	24,959,974	10%	-1,200,923	0%
TD - Instruments		0					
TD - Account		26,160,897					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	27,207,688	11%	62,399,935	25%	35,192,247	14%
National Bank of Canada (R-1 Mid)	Open	27,207,688	11%	12,479,987	5%	-14,727,701	-6%
OMERS Realty Corporation (R-1 High)	Open	0	0%	12,479,987	5%	12,479,987	5%
CDP Financial Inc (R-1 High)	Open	0	0%	12,479,987	5%	12,479,987	5%
Desjardins Total		0	0%	12,479,987	5%	12,479,987	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		249,599,739	100%				
Federal Government & its Guarantees							
Money Market		0	0%	49,919,948	20%	49,919,948	20%
Reserves - Bond Pool		0	0%	49,919,948	100%	49,919,948	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	49,919,948	20%	49,919,948	20%
Money Market		0	0%	49,919,948	20%	49,919,948	20%
Alberta		0	0%	24,959,974	10%	24,959,974	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	24,959,974	10%	24,959,974	10%
Manitoba		0	0%	24,959,974	10%	24,959,974	10%
New Brunswick		0	0%	24,959,974	10%	24,959,974	10%
Nova Scotia		0	0%	24,959,974	10%	24,959,974	10%
Ontario		0	0%	24,959,974	10%	24,959,974	10%
Quebec		0	0%	24,959,974	10%	24,959,974	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	24,959,974	10%	24,959,974	10%
Bond Pool		0	0%	49,919,948	20%	49,919,948	20%
Alberta		0	0%	24,959,974	10%	24,959,974	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	24,959,974	10%	24,959,974	10%
Manitoba		0	0%	24,959,974	10%	24,959,974	10%
New Brunswick		0	0%	24,959,974	10%	24,959,974	10%
Nova Scotia		0	0%	24,959,974	10%	24,959,974	10%
Ontario		0	0%	24,959,974	10%	24,959,974	10%
Quebec		0	0%	24,959,974	10%	24,959,974	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	24,959,974	10%	24,959,974	10%
Total Fixed		0	0%	49,919,948	20%	49,919,948	20%
Total Investments		249,599,739					
Interest Bearing Bank Accounts - O/S Cheque Coverage		56,000,000	*				
Total Investments and O/S Cheques Coverage		305,599,739					

**Capital Funds
Sector Weights @ June 30, 2018**

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	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, 2018**

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	206,854,478	100%	206,854,478	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	73,842,406	36%	206,854,478	100%	133,012,072	64%
Total Alberta (R-1 High)	Open	11,109,377	5%	51,713,620	25%	40,604,242	20%
Alberta (R-1 High)	Open	11,109,377					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	17,796,469	9%	51,713,620	25%	31,859,290	15%
Manitoba (R-1 Mid)	Open	0	0%	51,713,620	25%	51,713,620	25%
New Brunswick (R-1 Mid)	Open	0	0%	51,713,620	25%	51,713,620	25%
Nova Scotia (R-1 Mid)	Open	0		51,713,620	25%	51,713,620	25%
Ontario (R-1 Mid)	Open	23,049,022	11%	51,713,620	25%	28,664,598	14%
Quebec (R-1 Mid)	Open	8,876,769	4%	51,713,620	25%	42,836,850	21%
Quebec		8,876,769					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	13,010,769	6%	51,713,620	25%	38,702,850	19%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		51,713,620	25%	51,713,620	25%
Calgary (R-1 High)	Open			20,685,448	10%	20,685,448	10%
Financial Institutions & their Guarantees /Corporations		130,954,212	63%	103,427,239	50%	-27,526,972	-13%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	108,630,300	53%	103,427,239	50%	-5,203,061	-3%
Bank of Montreal (R-1 High)	Open	22,053,050	11%	20,685,448	10%	-1,367,602	-1%
BMO - Instruments		0					
BMO - Account		22,053,050					
Bank of Nova Scotia (R-1 High)	Open	-963,213	0%	20,685,448	10%	21,648,661	10%
Bank of Nova Scotia Effective Cash		-5,435,092					
Bank of Nova Scotia - Notice Account		4,471,879					
Canadian Imperial Bank of Commerce (R-1 High)	Open	32,624,500	16%	20,685,448	10%	-11,939,052	-6%
CIBC - Instruments		0					
CIBC - Account		32,624,500					
Royal Bank (R-1 High)	Open	33,450,944	16%	20,685,448	10%	-12,765,496	-6%
RBC - Instruments		0					
RBC - Account		33,450,944					
Toronto Dominion (R-1 High)	Open	21,465,020	10%	20,685,448	10%	-779,572	0%
TD - Instruments		0					
TD - Account		21,465,020					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	22,323,911	11%	51,713,620	25%	29,389,708	14%
National Bank of Canada (R-1 Mid)	Open	22,323,911	11%	10,342,724	5%	-11,981,187	-6%
OMERS Realty Corporation (R-1 High)	Open	0	0%	10,342,724	5%	10,342,724	5%
CDP Financial Inc (R-1 High)	Open	0	0%	10,342,724	5%	10,342,724	5%
Desjardins Total		0	0%	10,342,724	5%	10,342,724	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		204,796,618	99%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	206,854,478	100%	206,854,478	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		2,057,860	1%	103,427,239	50%	101,369,379	49%
Money Market		0	1%	103,427,239	50%	101,369,379	49%
Alberta		0	0%	20,685,448	10%	20,685,448	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	20,685,448	10%	18,627,588	9%
Manitoba		0	0%	20,685,448	10%	20,685,448	10%
New Brunswick		0	0%	20,685,448	10%	20,685,448	10%
Nova Scotia		0	0%	20,685,448	10%	20,685,448	10%
Ontario		0	0%	20,685,448	10%	20,685,448	10%
Quebec		0	0%	20,685,448	10%	20,685,448	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	20,685,448	10%	20,685,448	10%
Bond Pool		2,057,860	1%	103,427,239	50%	101,369,379	49%
Alberta		0	0%	20,685,448	10%	20,685,448	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		2,057,860	1%	20,685,448	10%	18,627,588	9%
Manitoba		0	0%	20,685,448	10%	20,685,448	10%
New Brunswick		0	0%	20,685,448	10%	20,685,448	10%
Nova Scotia		0	0%	20,685,448	10%	20,685,448	10%
Ontario		0	0%	20,685,448	10%	20,685,448	10%
Quebec		0	0%	20,685,448	10%	20,685,448	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	20,685,448	10%	20,685,448	10%
Total Fixed		2,057,860	1%	206,854,478	100%	204,796,618	99%
Total Investments		206,854,478					

**Trust Funds
Sector Weights @ June 30, 2018**

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,575,516	100%	3,575,516	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	1,286,893	36%	3,575,516	100%	2,288,623	64%
Total Alberta (R-1 High)	Open	193,609	5%	893,879	25%	700,270	20%
Alberta (R-1 High)	Open	193,609					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	310,149	9%	893,879	25%	583,730	16%
Manitoba (R-1 Mid)	Open	0	0%	893,879	25%	893,879	25%
New Brunswick (R-1 Mid)	Open	0	0%	893,879	25%	893,879	25%
Nova Scotia (R-1 Mid)	Open	0	0%	893,879	25%	893,879	25%
Ontario (R-1 Mid)	Open	401,688	11%	893,879	25%	492,191	14%
Quebec (R-1 Mid)	Open	154,700	4%	893,879	25%	739,178	21%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	226,746	6%	893,879	25%	667,133	19%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		893,879	25%	893,879	25%
Calgary (R-1 High)	Open			357,552	10%	357,552	10%
Financial Institutions & their Guarantees /Corporations		2,282,213	64%	1,787,758	50%	-494,455	-14%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	1,893,161	53%	1,787,758	50%	-105,403	-3%
Bank of Montreal (R-1 High)	Open	384,331	11%	357,552	10%	-26,779	-1%
BMO - Instruments		0					
BMO - Account		384,331					
Bank of Nova Scotia (R-1 High)	Open	-16,786	0%	357,552	10%	374,338	10%
Bank of Nova Scotia Effective Cash		-94,720					
Bank of Nova Scotia - Notice Account		77,934					
Canadian Imperial Bank of Commerce (R-1 High)	Open	568,565	16%	357,552	10%	-211,014	-6%
CIBC - Instruments		0					
CIBC - Account		568,565					
Royal Bank (R-1 High)	Open	582,968	16%	357,552	10%	-225,417	-6%
RBC - Instruments		0					
RBC - Account		582,968					
Toronto Dominion (R-1 High)	Open	374,083	10%	357,552	10%	-16,531	0%
TD - Instruments		0					
TD - Account		374,083					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	389,051	11%	893,879	25%	504,828	14%
National Bank of Canada (R-1 Mid)	Open	389,051	11%	178,776	5%	-210,276	-6%
OMERS Realty Corporation (R-1 High)	Open	0	0%	178,776	5%	178,776	5%
CDP Financial Inc (R-1 High)	Open	0	0%	178,776	5%	178,776	5%
Desjardins Total		0	0%	178,776	5%	178,776	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,569,106	100%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,575,516	100%	3,575,516	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	3,575,516	100%	3,575,516	100%
Money Market		0	100%	3,575,516	100%	3,575,516	100%
Alberta		0	0%	357,552	10%	357,552	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	357,552	10%	357,552	10%
Manitoba		0	0%	357,552	10%	357,552	10%
New Brunswick		0	0%	357,552	10%	357,552	10%
Nova Scotia		0	0%	357,552	10%	357,552	10%
Ontario		0	0%	357,552	10%	357,552	10%
Quebec		0	0%	357,552	10%	357,552	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	357,552	10%	357,552	10%
Bond Pool		0	0%	3,575,516	100%	3,575,516	100%
Alberta		0	0%	357,552	10%	357,552	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	357,552	10%	357,552	10%
Manitoba		0	0%	357,552	10%	357,552	10%
New Brunswick		0	0%	357,552	10%	357,552	10%
Nova Scotia		0	0%	357,552	10%	357,552	10%
Ontario		0	0%	357,552	10%	357,552	10%
Quebec		0	0%	357,552	10%	357,552	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	357,552	10%	357,552	10%
Total Fixed		0					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,575,516					

Appendix A

Economic Statistics	Canada			US		
	Apr	May	Jun	Apr	May	Jun
Unemployment Rate	5.8%	5.8%	6.0%	3.9%	3.8%	4.0%
Jobs Created / (Lost) ('000's)	29	18	32	175	268	248
CPI (year over year)	2.2%	2.2%	2.5%	2.5%	2.8%	2.9%
CPI-X (Core) (year over year)	1.5%	1.3%	1.3%	2.1%	2.2%	2.3%
GDP (annualized)	Q2: 1.3%			Q2: 2.3%		

Date	Central Bank	Central Bank Action
Jan 17, 2018	Bank of Canada	Raised overnight rate to 1.25%.
Jan 31, 2018	U.S. Federal Open Market Committee	Maintain target range of 1.25%-1.50%.
Mar 7, 2018	Bank of Canada	Maintained overnight rate at 1.25%.
Mar 21, 2018	U.S. Federal Open Market Committee	Raised target range to 1.50%-1.75%.
Apr 18, 2018	Bank of Canada	Maintained overnight rate at 1.25%.
May 2, 2018	U.S. Federal Open Market Committee	Maintain target range of 1.50%-1.75%.
<i>May 30, 2018</i>	Bank of Canada	Maintained overnight rate at 1.25%.
<i>Jun 13, 2018</i>	U.S. Federal Open Market Committee	Raised target range to 1.75%-2.00%.
<i>July 11, 2018</i>	Bank of Canada	Raised overnight rate to 1.50%.
<i>Aug 1, 2018</i>	U.S. Federal Open Market Committee	Maintained target range at 1.75%-2.00%.

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.