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Item No. 12.3.2
Audit and Finance Standing Committee
April 17, 2019

TO: Chair and Members of Audit and Finance Standing Committee

SUBMITTED BY: Original Signed

Jane Fraser, CFO/Director of Finance and Asset Management & ICT

Original Signed

Jacques Dubé, Chief Administrative Officer

DATE: March 11, 2019

SUBJECT: Investment Activities– Quarter ending December 31, 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 December 31, 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 April 17, 2019.

DISCUSSION

Overall Results

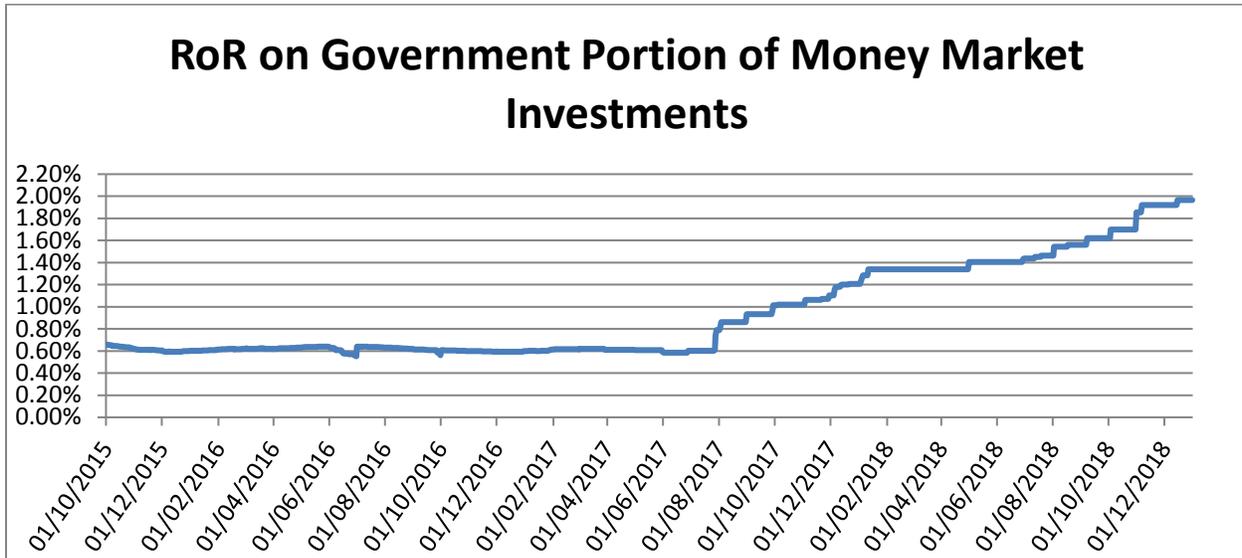
Operating fund investment income for the nine months ending December 31, 2018 was \$2,943,989 versus a projection of \$3,000,000. The actual rate of return was 0.57% for the period.

HRM Investment Activities

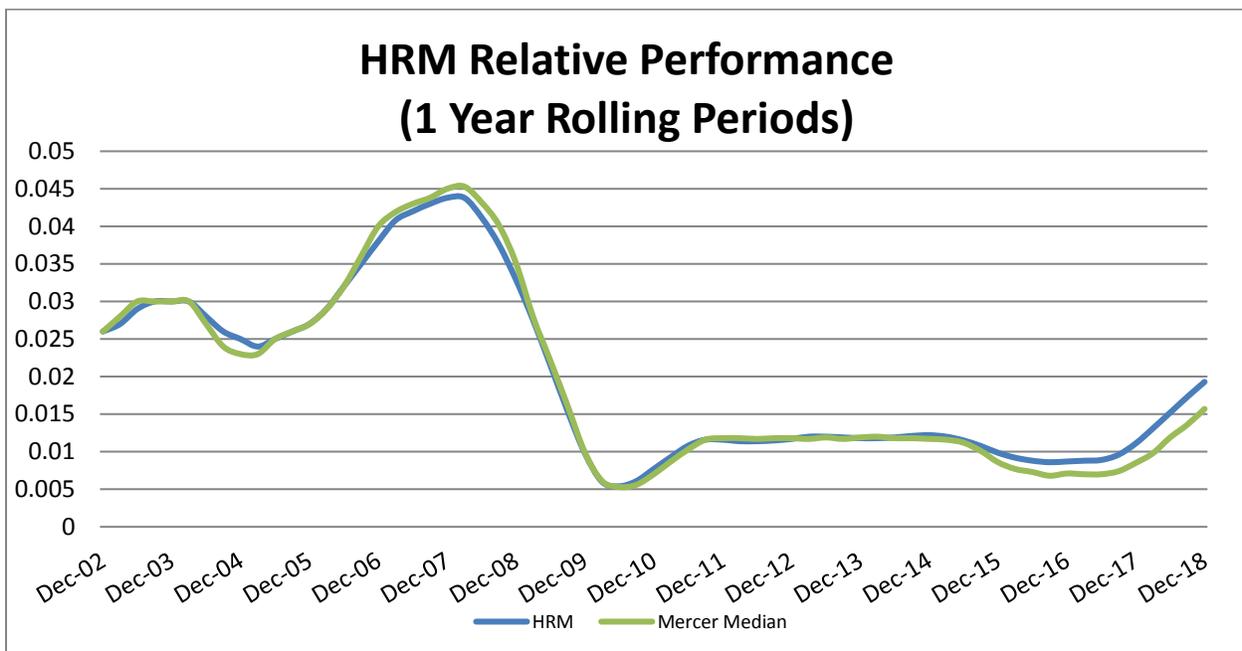
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 Dec 31, 2018)	1 Year (to Dec 31, 2018)
5 th Percentile	0.53%	1.82%
1 st Quartile	0.49%	1.69%
Money Market Median	0.47%	1.57%
3 rd Quartile	0.45%	1.50%
95 th Percentile	0.39%	1.23%
HRM	0.57%	1.93%

Relative performance continues to be positive; the 3 month and one year returns exceed 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.



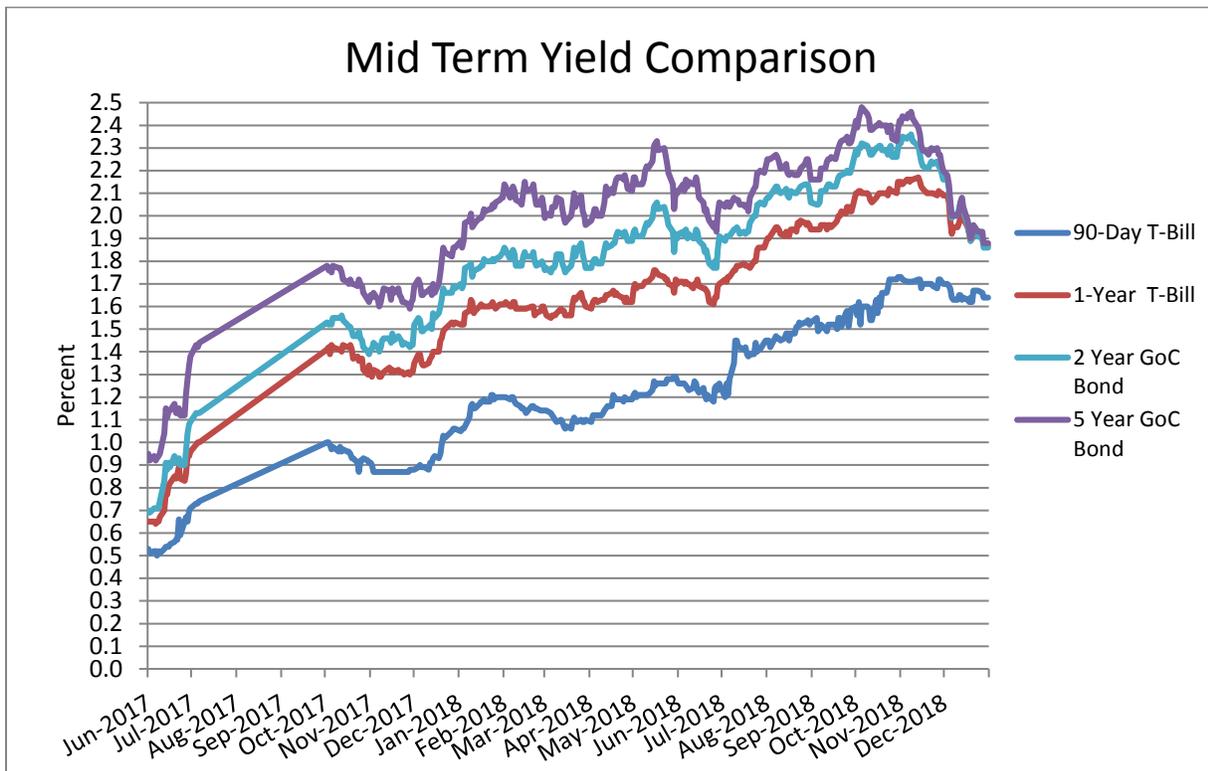
The quarter saw 4 money market investments made at a total cost of \$101,449,461 with an average term to maturity of 153 days and average individual investment cost of \$25,362,365. This compares to last year when 2 investments were made at a total cost of \$51,542,140 with an average term of 245 days and average individual investment cost of \$25,771,070. The predominant strategy is to allocate funds to the investment bank accounts and rebalance the portfolio using government instruments to manage sector weights.

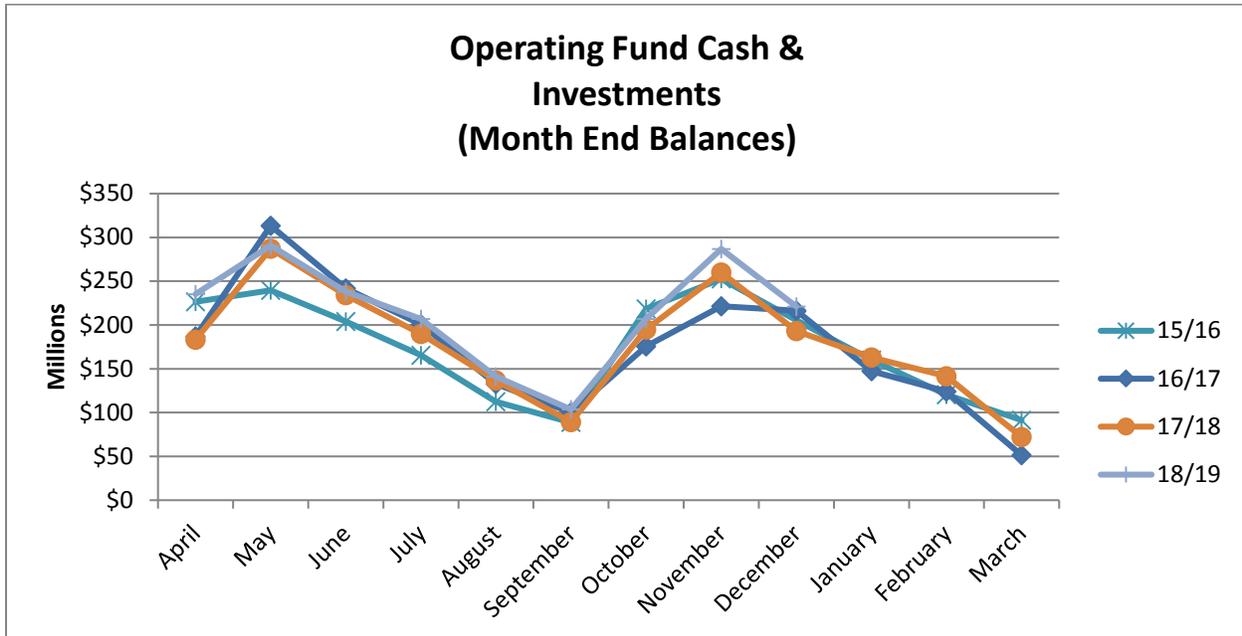
Funds held in the investment bank accounts, including term deposits, totaled \$330,508,525 by the end of the quarter. Incremental income over BA's and BDN's, using a rate of 2.04% as a proxy for the BA and BDN rates, was \$155,971 for the quarter.

The cumulative incremental gross investment income from the 2007 policy change that expanded the non-government sector weight was \$3,435,019 or a \$119,139 increase during the quarter.

HRM Short Term Bond Pool

There were two bond maturities in the bond pool during the quarter and there are no bonds left in the portfolio. Staff will continue to look for opportunities to add to the bond portfolio.





Subsequent to End of Reporting Quarter

Both the Bank of Canada and the Federal Reserve have maintained their respective key rates. Current guidance in Canada suggests there will be little variation in the overnight rate for 2019, but leaves room for a small increase in Q3.

Outlook & Strategy

The investment bank accounts continue to provide effective rates of return when compared to instruments with similar risk. Specifically, these accounts 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 - No overdraft charges were incurred, and sufficient cash was available to meet all requirements.
- Competitive Return on Investments - The rate of return was above the 5th percentile for the quarter ending December 31, 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 nine months ending December 31, 2018 was \$2,943,989 versus a projection of \$3,000,000. The actual rate of return was 0.57% for the period

RISK CONSIDERATION

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

Appendix A - Economic Statistics and Central Bank Actions
Appendix B - List of Eligible Investments
Appendix C - DBRS Rating Scale
Sector Weight Schedules @ December 31, 2018 (Schedules A,B,C,D & E)

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: Vicki Robertson, CPA, CGA, Deputy Treasurer, 902-817-1479

Report Approval by: Original Signed

Renée Towns, CPA, CGA, CTP, Manager of Revenue, Treasurer
902-293-7983

Appendix A

Economic Statistics	Canada			US		
	Oct	Nov	Dec	Oct	Nov	Dec
Unemployment Rate	5.7%	5.6%	5.6%	3.8%	3.7%	3.9%
Jobs Created / (Lost) ('000's)	11	94	9	277	196	222
CPI (year over year)	2.4%	1.7%	2.0%	2.5%	2.2%	1.9%
CPI-X (Core) (year over year)	1.6%	1.5%	1.7%	2.1%	2.2%	2.2%
GDP (annualized)	Q3: 1.9%			Q3: 3.0%		

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%.
May 30, 2018	Bank of Canada	Maintained overnight rate at 1.25%.
Jun 13, 2018	U.S. Federal Open Market Committee	Raised target range to 1.75%-2.00%.
July 11, 2018	Bank of Canada	Raised overnight rate to 1.50%.
Aug 1, 2018	U.S. Federal Open Market Committee	Maintained target range at 1.75%-2.00%.
Sept 5, 2018	Bank of Canada	Maintained overnight rate at 1.50%.
Sept 26, 2018	U.S. Federal Open Market Committee	Raised target range to 2.00%-2.25%.
Oct 24, 2018	Bank of Canada	Raised overnight rate to 1.75%.
Nov 8, 2018	U.S. Federal Open Market Committee	Maintained target range of 2.00%-2.25%.
Dec 5, 2018	Bank of Canada	Maintained overnight rate at 1.75%.
Dec 19, 2018	U.S. Federal Open Market Committee	Raised target range to 2.25% - 2.5%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government
Business Development Bank
Canada Mortgage & Housing Corporation
Canadian Wheat Board
Export Development Canada
Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees
The Province of British Columbia & Its Guarantees
The Province of Manitoba & Its Guarantees
The Province of New Brunswick & Its Guarantees
The Province of Ontario & Its Guarantees
The Province of Quebec & Its Guarantees
The Province of Saskatchewan & Its Guarantees
The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees
The Bank of Nova Scotia & Its Guarantees
Canadian Imperial Bank of Commerce & Its Guarantees
Royal Bank of Canada & Its Guarantees
Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group
Caisse Centrale Desjardins
CDP Financial Inc.
National Bank of Canada
OMERS Finance Trust

Appendix C

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.

**Total Portfolio
Sector Weights @ December 31, 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%			443,711,932	100%	443,711,932	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	121,658,720	27%			443,711,932	100%	322,053,212	73%
Total Alberta (R-1 High)	Open	69,829,759	16%	100,000,000	30,170,241				
Alberta (R-1 High)	Open	69,829,759							
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	38,958,051	9%	100,000,000	61,041,949				
Nova Scotia (R-1 Mid)	Open	0	0%	100,000,000	100,000,000				
Ontario (R-1 Mid)	Open	0	0%	100,000,000	100,000,000				
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	12,870,910	3%	100,000,000	87,129,090				
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%			110,927,983	25%	110,927,983	25%
Calgary (R-1 High)	Open	0				44,371,193	10%	44,371,193	10%
Financial Institutions & their Guarantees /Corporations		322,046,802	73%			221,855,966	50%	-100,190,836	-23%
	BA's Schedule A								
	Canadian Banks R-1								
Tier 1 - Financial Institutions & their Guarantees	Mid	272,688,691	61%			221,855,966	50%	-50,832,725	-11%
Bank of Montreal (R-1 High)	Open	49,776,916	11%	75,000,000	25,223,084				
BMO - Instruments	Open	0							
BMO - Account	Open	49,776,916							
Bank of Nova Scotia (R-1 High)	Open	1,538,277	0%	75,000,000	73,461,723				
Bank of Nova Scotia Effective Cash	Open	-8,461,723							
Bank of Nova Scotia - Notice Account	Open	10,000,000							
Canadian Imperial Bank of Commerce (R-1 High)	Open	73,671,082	17%	75,000,000	1,328,918				
CIBC - Instruments	Open	0							
CIBC - Account	Open	73,671,082							
Royal Bank (R-1 High)	Open	74,460,417	17%	75,000,000	539,583				
RBC - Instruments	Open	0							
RBC - Account	Open	74,460,417							
Toronto Dominion (R-1 High)	Open	73,242,000	17%	75,000,000	1,758,000				
TD - Instruments	Open	0							
TD - Account	Open	73,242,000							
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	49,358,111	11%			110,927,983	25%	61,569,872	14%
National Bank of Canada (R-1 Mid)	Open	49,358,111	11%	50,000,000	641,889				
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		443,705,522	100%						
Federal Government & its Guarantees									
Money Market		0	0%			55,278,729	20%	55,278,729	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		0	0%			55,278,729	20%	55,278,729	20%
Money Market		0	0%			55,278,729	20%	22,489,890	8%
Alberta		0	0%			27,639,365	10%	27,639,365	10%
Alberta		0							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		0	0%			27,639,365	10%	27,639,365	10%
Manitoba		0	0%			27,639,365	10%	27,639,365	10%
New Brunswick		0	0%			27,639,365	10%	27,639,365	10%
Nova Scotia		0	0%			27,639,365	10%	27,639,365	10%
Ontario		0	0%			27,639,365	10%	27,639,365	10%
Quebec		0	0%			27,639,365	10%	27,639,365	10%
Quebec		0							
Financement Quebec		0							
Hydro Quebec		0							
Saskatchewan		0	0%			27,639,365	10%	27,639,365	10%
Bond Pool		0	0%			32,788,839	20%	32,788,839	20%
Alberta		0	0%			16,394,420	10%	16,394,420	10%
Alberta		0							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		0	0%			16,394,420	10%	16,394,420	10%
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		0	0%			32,788,839	20%	32,788,839	20%
Equities									
Bank of Montreal		6,410							
Total Equities		6,410							
Total Investments		443,711,932							
Interest Bearing Bank Accounts - O/S Cheque Coverage		38,000,000	*						
Total Investments and O/S Cheques Coverage		481,711,932							

**Operating Funds
Sector Weights @ December 31, 2018**

SCHEDULE B

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit (%)	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	244,239,637	100%	244,239,637	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	66,967,572	27%	244,239,637	100%	177,272,065	73%
Total Alberta (R-1 High)	Open	38,438,095	16%	61,059,909	25%	22,621,814	9%
Alberta (R-1 High)	Open	38,438,095					
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%	61,059,909	25%	61,059,909	25%
Manitoba (R-1 Mid)	Open	0	0%	61,059,909	25%	61,059,909	25%
New Brunswick (R-1 Mid)	Open	21,444,629	9%	61,059,909	25%	39,615,281	16%
Nova Scotia (R-1 Mid)	Open	0	0%	61,059,909	25%	61,059,909	25%
Ontario (R-1 Mid)	Open	0	0%	61,059,909	25%	61,059,909	25%
Quebec (R-1 Mid)	Open	0	0%	61,059,909	25%	61,059,909	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	7,084,848	3%	61,059,909	25%	53,975,061	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		61,059,909	25%	61,059,909	25%
Calgary (R-1 High)	Open			24,423,964	10%	24,423,964	10%
Financial Institutions & their Guarantees /Corporations		177,272,065	73%	122,119,819	50%	-55,152,246	-23%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	150,102,678	61%	122,119,819	50%	-27,982,859	-11%
Bank of Montreal (R-1 High)	Open	27,399,920	11%	24,423,964	10%	-2,975,956	-1%
BMO - Instruments		0					
BMO - Account		27,399,920					
Bank of Nova Scotia (R-1 High)	Open	846,751	0%	24,423,964	10%	23,577,213	10%
Bank of Nova Scotia Effective Cash		-4,657,792					
Bank of Nova Scotia - Notice Account		5,504,544					
Canadian Imperial Bank of Commerce (R-1 High)	Open	40,552,568	17%	24,423,964	10%	-16,128,604	-7%
CIBC - Instruments		0					
CIBC - Account		40,552,568					
Royal Bank (R-1 High)	Open	40,987,061	17%	24,423,964	10%	-16,563,097	-7%
RBC - Instruments		0					
RBC - Account		40,987,061					
Toronto Dominion (R-1 High)	Open	40,316,378	17%	24,423,964	10%	-15,892,414	-7%
TD - Instruments		0					
TD - Account		40,316,378					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	27,169,387	11%	61,059,909	25%	33,890,522	14%
National Bank of Canada (R-1 Mid)	Open	27,169,387	11%	12,211,982	5%	-14,957,405	-6%
OMERS Realty Corporation (R-1 High)	Open	0	0%	12,211,982	5%	12,211,982	5%
CDP Financial Inc (R-1 High)	Open	0	0%	12,211,982	5%	12,211,982	5%
Desjardins Total		0	0%	12,211,982	5%	12,211,982	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		244,239,637	100%				
Federal Government & its Guarantees							
Money Market		0	0%	48,847,927	20%	48,847,927	20%
Reserves - Bond Pool		0	0%	48,847,927	100%	48,847,927	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	48,847,927	20%	48,847,927	20%
Money Market		0	0%	48,847,927	20%	48,847,927	20%
Alberta		0	0%	24,423,964	10%	24,423,964	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	24,423,964	10%	24,423,964	10%
Manitoba		0	0%	24,423,964	10%	24,423,964	10%
New Brunswick		0	0%	24,423,964	10%	24,423,964	10%
Nova Scotia		0	0%	24,423,964	10%	24,423,964	10%
Ontario		0	0%	24,423,964	10%	24,423,964	10%
Quebec		0	0%	24,423,964	10%	24,423,964	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	24,423,964	10%	24,423,964	10%
Bond Pool		0	0%	48,847,927	20%	48,847,927	20%
Alberta		0	0%	24,423,964	10%	24,423,964	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	24,423,964	10%	24,423,964	10%
Manitoba		0	0%	24,423,964	10%	24,423,964	10%
New Brunswick		0	0%	24,423,964	10%	24,423,964	10%
Nova Scotia		0	0%	24,423,964	10%	24,423,964	10%
Ontario		0	0%	24,423,964	10%	24,423,964	10%
Quebec		0	0%	24,423,964	10%	24,423,964	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	24,423,964	10%	24,423,964	10%
Total Fixed		0	0%	48,847,927	20%	48,847,927	20%
Total Investments		244,239,637					
Interest Bearing Bank Accounts - O/S Cheque Coverage		38,000,000	*				
Total Investments and O/S Cheques Coverage		282,239,637					

**Capital Funds
Sector Weights @ December 31, 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%				
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 @ December 31, 2018**

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	195,876,728	100%	195,876,728	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	53,707,044	27%	195,876,728	100%	142,169,683	73%
Total Alberta (R-1 High)	Open	30,826,808	16%	48,969,182	25%	18,142,374	9%
Alberta (R-1 High)	Open	30,826,808					
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%	48,969,182	25%	48,969,182	25%
Manitoba (R-1 Mid)	Open	0	0%	48,969,182	25%	48,969,182	25%
New Brunswick (R-1 Mid)	Open	17,198,288	9%	48,969,182	25%	31,770,894	16%
Nova Scotia (R-1 Mid)	Open	0		48,969,182	25%	48,969,182	25%
Ontario (R-1 Mid)	Open	0	0%	48,969,182	25%	48,969,182	25%
Quebec (R-1 Mid)	Open	0	0%	48,969,182	25%	48,969,182	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	5,681,948	3%	48,969,182	25%	43,287,234	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		48,969,182	25%	48,969,182	25%
Calgary (R-1 High)	Open			19,587,673	10%	19,587,673	10%
Financial Institutions & their Guarantees /Corporations		142,169,684	73%	97,938,364	50%	-44,231,320	-23%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	120,380,220	61%	97,938,364	50%	-22,441,857	-11%
Bank of Montreal (R-1 High)	Open	21,974,348	11%	19,587,673	10%	-2,386,675	-1%
BMO - Instruments		0					
BMO - Account		21,974,348					
Bank of Nova Scotia (R-1 High)	Open	679,082	0%	19,587,673	10%	18,908,590	10%
Bank of Nova Scotia Effective Cash		-3,735,484					
Bank of Nova Scotia - Notice Account		4,414,566					
Canadian Imperial Bank of Commerce (R-1 High)	Open	32,522,585	17%	19,587,673	10%	-12,934,912	-7%
CIBC - Instruments		0					
CIBC - Account		32,522,585					
Royal Bank (R-1 High)	Open	32,871,042	17%	19,587,673	10%	-13,283,369	-7%
RBC - Instruments		0					
RBC - Account		32,871,042					
Toronto Dominion (R-1 High)	Open	32,333,164	17%	19,587,673	10%	-12,745,491	-7%
TD - Instruments		0					
TD - Account		32,333,164					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	21,789,463	11%	48,969,182	25%	27,179,719	14%
National Bank of Canada (R-1 Mid)	Open	21,789,463	11%	9,793,836	5%	-11,995,627	-6%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,793,836	5%	9,793,836	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,793,836	5%	9,793,836	5%
Desjardins Total		0	0%	9,793,836	5%	9,793,836	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		195,876,728	100%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	195,876,728	100%	195,876,728	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	97,938,364	50%	97,938,364	50%
Money Market		0	0%	97,938,364	50%	97,938,364	50%
Alberta		0	0%	19,587,673	10%	19,587,673	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	19,587,673	10%	19,587,673	10%
Manitoba		0	0%	19,587,673	10%	19,587,673	10%
New Brunswick		0	0%	19,587,673	10%	19,587,673	10%
Nova Scotia		0	0%	19,587,673	10%	19,587,673	10%
Ontario		0	0%	19,587,673	10%	19,587,673	10%
Quebec		0	0%	19,587,673	10%	19,587,673	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,587,673	10%	19,587,673	10%
Bond Pool		0	0%	97,938,364	50%	97,938,364	50%
Alberta		0	0%	19,587,673	10%	19,587,673	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	19,587,673	10%	19,587,673	10%
Manitoba		0	0%	19,587,673	10%	19,587,673	10%
New Brunswick		0	0%	19,587,673	10%	19,587,673	10%
Nova Scotia		0	0%	19,587,673	10%	19,587,673	10%
Ontario		0	0%	19,587,673	10%	19,587,673	10%
Quebec		0	0%	19,587,673	10%	19,587,673	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,587,673	10%	19,587,673	10%
Total Fixed		0	0%	195,876,728	100%	195,876,728	100%
Total Investments		195,876,728					

Trust Funds
Sector Weights @ December 31, 2018

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,595,568	100%	3,595,568	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	984,104	27%	3,595,568	100%	2,611,464	73%
Total Alberta (R-1 High)	Open	564,857	16%	898,892	25%	334,035	9%
Alberta (R-1 High)	Open	564,857					
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%	898,892	25%	898,892	25%
Manitoba (R-1 Mid)	Open	0	0%	898,892	25%	898,892	25%
New Brunswick (R-1 Mid)	Open	315,134	9%	898,892	25%	583,758	16%
Nova Scotia (R-1 Mid)	Open	0	0%	898,892	25%	898,892	25%
Ontario (R-1 Mid)	Open	0	0%	898,892	25%	898,892	25%
Quebec (R-1 Mid)	Open	0	0%	898,892	25%	898,892	25%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	104,113	3%	898,892	25%	794,778	22%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		898,892	25%	898,892	25%
Calgary (R-1 High)	Open			359,557	10%	359,557	10%
Financial Institutions & their Guarantees /Corporations		2,605,054	72%	1,797,784	50%	-807,270	-22%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	2,205,793	61%	1,797,784	50%	-408,010	-11%
Bank of Montreal (R-1 High)	Open	402,648	11%	359,557	10%	-43,091	-1%
BMO - Instruments		0					
BMO - Account		402,648					
Bank of Nova Scotia (R-1 High)	Open	12,443	0%	359,557	10%	347,114	10%
Bank of Nova Scotia Effective Cash		-68,447					
Bank of Nova Scotia - Notice Account		80,891					
Canadian Imperial Bank of Commerce (R-1 High)	Open	595,929	17%	359,557	10%	-236,373	-7%
CIBC - Instruments		0					
CIBC - Account		595,929					
Royal Bank (R-1 High)	Open	602,314	17%	359,557	10%	-242,758	-7%
RBC - Instruments		0					
RBC - Account		602,314					
Toronto Dominion (R-1 High)	Open	592,458	16%	359,557	10%	-232,902	-6%
TD - Instruments		0					
TD - Account		592,458					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	399,260	11%	898,892	25%	499,632	14%
National Bank of Canada (R-1 Mid)	Open	399,260	11%	179,778	5%	-219,482	-6%
OMERS Realty Corporation (R-1 High)	Open	0	0%	179,778	5%	179,778	5%
CDP Financial Inc (R-1 High)	Open	0	0%	179,778	5%	179,778	5%
Desjardins Total		0	0%	179,778	5%	179,778	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,589,158	100%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,595,568	100%	3,595,568	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		0	0%	3,595,568	100%	3,595,568	100%
Money Market		0	100%	3,595,568	100%	3,595,568	100%
Alberta		0	0%	359,557	10%	359,557	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	359,557	10%	359,557	10%
Manitoba		0	0%	359,557	10%	359,557	10%
New Brunswick		0	0%	359,557	10%	359,557	10%
Nova Scotia		0	0%	359,557	10%	359,557	10%
Ontario		0	0%	359,557	10%	359,557	10%
Quebec		0	0%	359,557	10%	359,557	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	359,557	10%	359,557	10%
Bond Pool		0	0%	3,595,568	100%	3,595,568	100%
Alberta		0	0%	359,557	10%	359,557	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	359,557	10%	359,557	10%
Manitoba		0	0%	359,557	10%	359,557	10%
New Brunswick		0	0%	359,557	10%	359,557	10%
Nova Scotia		0	0%	359,557	10%	359,557	10%
Ontario		0	0%	359,557	10%	359,557	10%
Quebec		0	0%	359,557	10%	359,557	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	359,557	10%	359,557	10%
Total Fixed		0					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,595,568					

Appendix A

Economic Statistics	Canada			US		
	Oct	Nov	Dec	Oct	Nov	Dec
Unemployment Rate	5.7%	5.6%	5.6%	3.8%	3.7%	3.9%
Jobs Created / (Lost) ('000's)	11	94	9	277	196	222
CPI (year over year)	2.4%	1.7%	2.0%	2.5%	2.2%	1.9%
CPI-X (Core) (year over year)	1.6%	1.5%	1.7%	2.1%	2.2%	2.2%
GDP (annualized)	Q3: 1.9%			Q3: 3.0%		

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%.
May 30, 2018	Bank of Canada	Maintained overnight rate at 1.25%.
Jun 13, 2018	U.S. Federal Open Market Committee	Raised target range to 1.75%-2.00%.
July 11, 2018	Bank of Canada	Raised overnight rate to 1.50%.
Aug 1, 2018	U.S. Federal Open Market Committee	Maintained target range at 1.75%-2.00%.
Sept 5, 2018	Bank of Canada	Maintained overnight rate at 1.50%.
Sept 26, 2018	U.S. Federal Open Market Committee	Raised target range to 2.00%-2.25%.
Oct 24, 2018	Bank of Canada	Raised overnight rate to 1.75%.
Nov 8, 2018	U.S. Federal Open Market Committee	Maintained target range of 2.00%-2.25%.
Dec 5, 2018	Bank of Canada	Maintained overnight rate at 1.75%.
Dec 19, 2018	U.S. Federal Open Market Committee	Raised target range to 2.25% - 2.5%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees

The Bank of Nova Scotia & Its Guarantees

Canadian Imperial Bank of Commerce & Its Guarantees

Royal Bank of Canada & Its Guarantees

Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group

Caisse Centrale Desjardins

CDP Financial Inc.

National Bank of Canada

OMERS Finance Trust

Appendix C

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality, and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.