



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

Item No. 10
Halifax Regional Council
September 20, 2016

TO: Mayor Savage and Members of Halifax Regional Council

Original Signed

SUBMITTED BY: _____
Councillor Linda Mosher, Chair, Audit & Finance Standing Committee

DATE: September 12, 2016

SUBJECT: Investment Activities– Quarter ending March 31, 2016

INFORMATION REPORT

ORIGIN

September 7, 2016 meeting of the Audit & Finance Standing Committee, Item No. 12.1.7

LEGISLATIVE AUTHORITY

The principle role of the Audit and Finance Standing Committee is to provide advice to Council on matters relating to Audit and Finance. In particular, Section 3.2.6 of the Audit and Finance Standing Committee's Terms of Reference shall 'Review as required, any other policies, procedures, forecasts, reports or process as agreed to mutually by the Municipalities CAO and the Committee

BACKGROUND

A staff report dated August 16, 2016 pertaining to Investment Activities – Quarter March 31, 2015 was before the Audit & Finance Standing Committee at its meeting held on September 7, 2016.

For further information please refer to the attached staff report dated August 16, 2016.

DISCUSSION

The Audit & Finance Standing Committee reviewed the staff report dated August 16, 2016 at its meeting held on September 7, 2016 and forwarded to Regional Council as an information item.

FINANCIAL IMPLICATIONS

As outlined in the attached staff report dated August 16, 2016.

COMMUNITY ENGAGEMENT

The Audit & Finance Standing Committee meetings are open to public attendance, a live webcast is provided of the meeting, and members of the public are invited to address the Committee for up to five minutes at the end of each meeting during the Public Participation portion of the meeting. The agenda, reports, and minutes of the Audit & Finance Standing Committee are posted on Halifax.ca

ATTACHMENTS

1. Staff report dated August 16, 2016.

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Liam MacSween, Legislative Assistant, 902.490.6521.



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

Attachment 1
Audit and Finance Standing Committee
September 7, 2016

TO: Councillor Linda Mosher, Chair and Members of Audit and Finance Standing Committee

Original Signed

SUBMITTED BY: _____
Ed Thornhill, A/Director of Finance & ICT/CFO

DATE: August 16, 2016

SUBJECT: Investment Activities– Quarter ending March 31, 2016

ORIGIN

Quarterly report of investment performance and adherence to approved Investment Policy.

LEGISLATIVE AUTHORITY

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Service Nova Scotia and Municipal Relations 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 March 31, 2016 has been reviewed by the Investment Committee. A report from the Investment Committee on compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of September 7, 2016.

The next Policy review is scheduled for September 2016 and will include an evaluation of best practices implemented at other municipalities for the Committee's consideration. The Policy is reviewed annually by the Investment Committee.

DISCUSSION

Overall Results

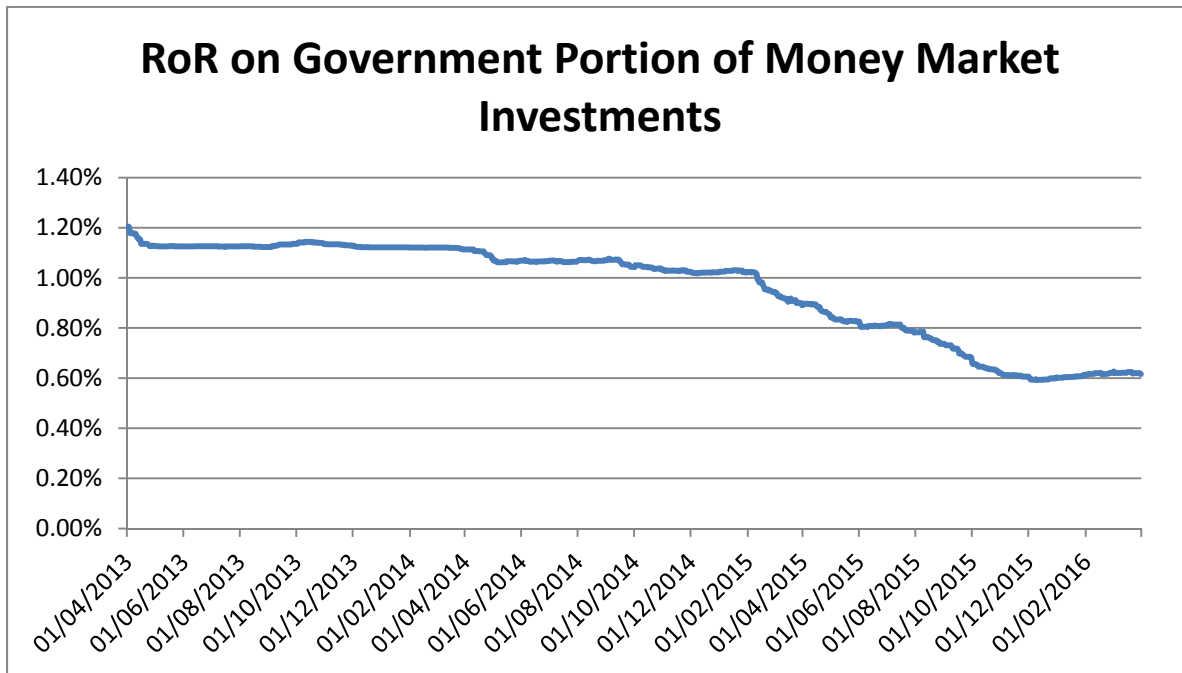
Operating Fund Investment Income for the twelve months ending March 31, 2016 was \$1,578,824 versus a budget of \$1,600,000 for a shortfall of \$21,176. Despite a Bank of Canada rate decrease in July 2015 the Investment Income came in close to budget due to an increase in cash flows. The rate of return for the period was 0.92% which was below the budgeted rate of return of 0.96%.

HRM Investment Activities

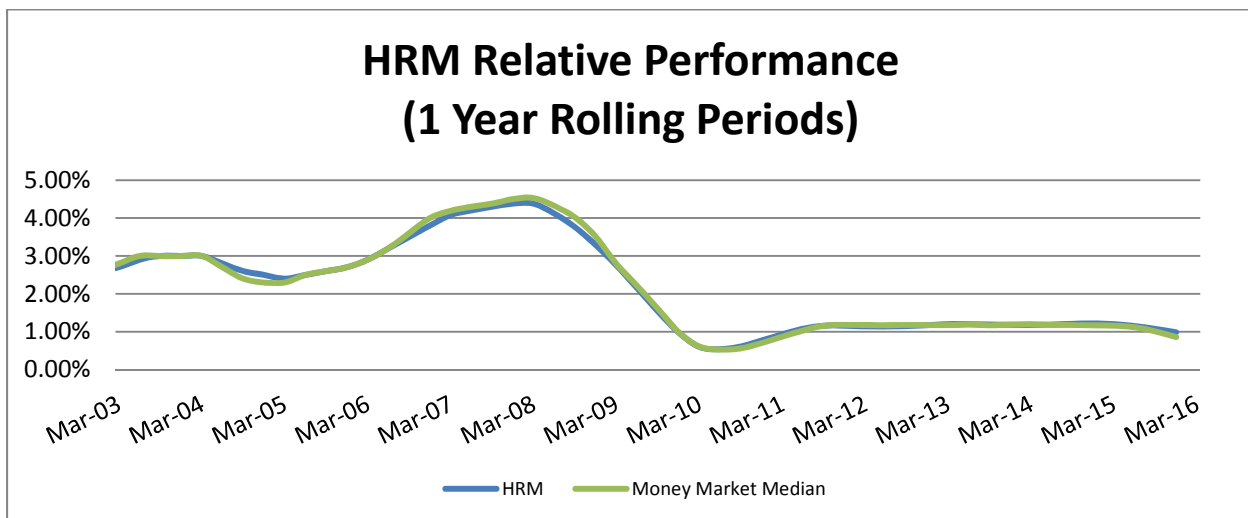
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 March 31, 2016)	1 Year (to March 31, 2016)
5 th Percentile	0.25%	1.00%
1 st Quartile	0.22%	0.88%
Median	0.17%	0.77%
3 rd Quartile	0.15%	0.65%
95 th Percentile	0.10%	0.45%
HRM	0.21%	0.92%

Relative performance was again quite positive, the 3 month rate was just below the 1st quartile, and the one year return was above the 1st quartile. These returns are before any allowance for fees that could be paid for external management. The investment bank accounts continue to be largely responsible for this relative performance. The rate of return from the government half of the portfolio continues to deteriorate as maturities are re-invested in the lower interest rate environment.



As shown in the graph below, over the longer term HRM investment performance closely matches the median with fee savings also accruing to HRM.



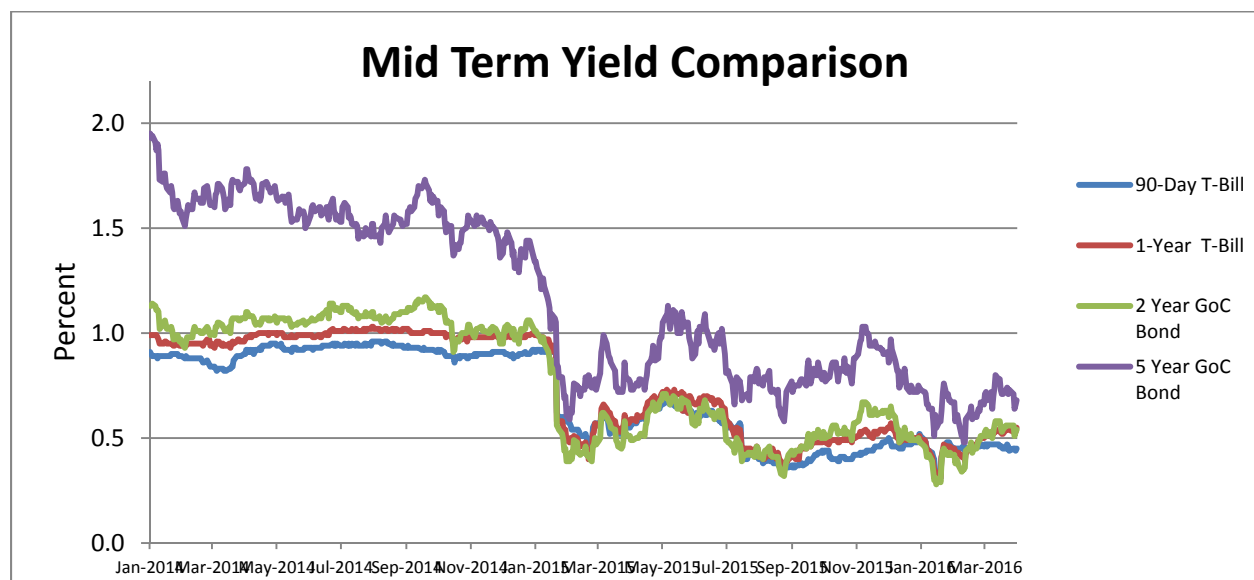
During the quarter HRM made 22 money market investments at a cost of \$67,248,740 with an average term to maturity of 84 days. This compares to last year when 44 investments were made at a cost of \$90,055,750 with an average term of 100 days. Similar to last year our predominant strategy was to allocate funds to the investment bank accounts and when necessary use government instruments to manage sector weights and cover cash needs.

Funds held in the investment bank accounts, including Term Deposits, totaled \$131,973,020 by the end of the quarter. Incremental income over BA's and BDN's, using a rate of 0.80% as a proxy for the BA and BDN rates, was \$91,242 for the quarter.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the non-government sector weight was \$1,760,240 or a \$105,563 increase during the quarter.

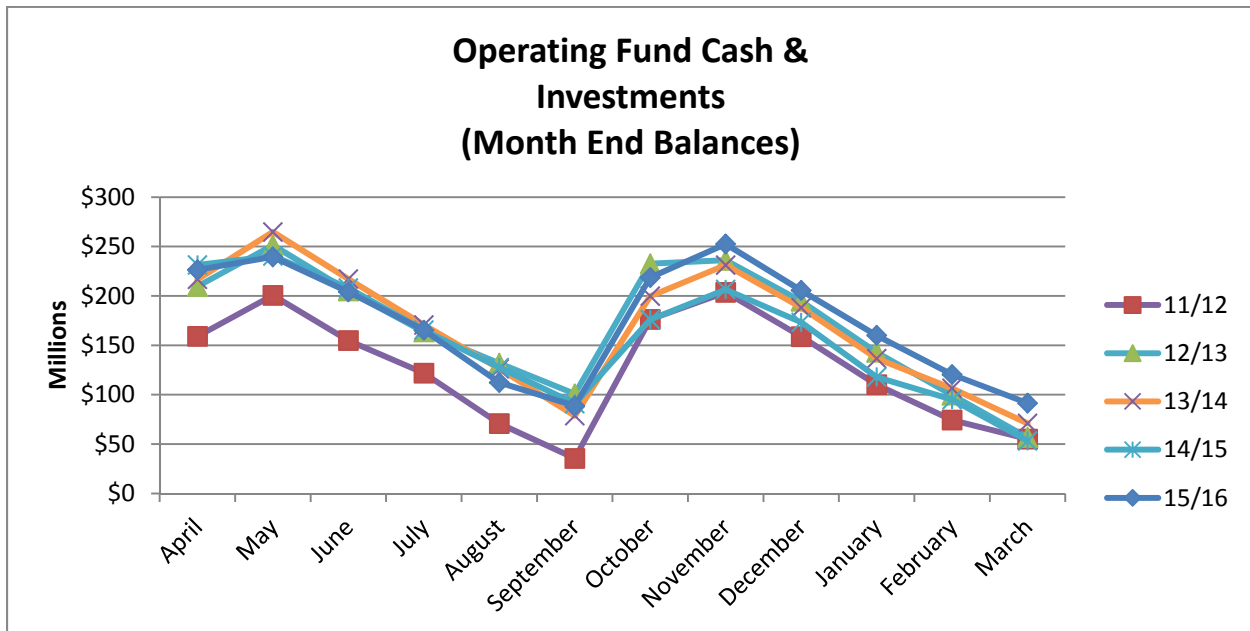
HRM Short Term Bond Pool

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



Cash Flows

Operating fund cash and investment balances are running higher than the previous year. At the end of the quarter these balances were some \$37,000,000 above the previous year's level due to a 16 million increase in PILT revenue collected and a 21 million increase in tax revenue collect over the previous period.



There were nine days when amounts exceeded the sector weight guidelines. Each of these instances was discussed with the Investment Committee and they agreed with staff that these minor temporary variances did not create any material increase in risk to the portfolio.

Subsequent to End of Reporting Quarter

On July 13, 2016 the Bank of Canada maintained interest rates after weaker than expected economic growth. The Brexit leave result announced on June 24, 2016 is widely expected to be a net negative for global growth outlook, although the immediate impact on Canadian markets was negligible. The investment bank accounts, which are for the most part linked to the commercial bank prime rates, are continuing to provide significantly better returns than are available from BA's and government instruments.

Outlook & Strategy

The dominant strategy will again be to maximize returns from the investment bank accounts, keeping in mind that their liquidity adds a safety factor, while looking for opportunities in the government half of the portfolio.

Policy Compliance

Objectives:

Preservation of Capital - There was no loss of capital during the quarter.

Liquidity – Overdraft charges were not incurred and sufficient cash was available to meet all requirements. The funded ratio of the reserves at quarter end was 100%.

Competitive Return on Investments - The rate of return was above median for the year ending March 31, 2016 before allowing for fees that could have been paid to an external management firm. Staff maintain that the Policy benchmark was met.

Strategies:

Diversification of Investment Portfolio - Staff believe that diversification has been adequately maintained under the constraints of the Policy.

Regular Review of Performance - Performance data continues to be reported to the Investment Policy Advisory Committee.

Risk Management Approach – In implementing investment decisions staff seek a balance between the objectives of the Investment 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 twelve months to March 31, 2016 was \$1,578,824 versus a budget of \$1,600,000 for a shortfall of \$21,176. Despite a Bank of Canada rate decrease in July 2015 the investment income came in close to budget due to an increase in cash flows. The shortfall has been absorbed in the year-end financial results for 2015/16.

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 @ March 31, 2016 (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 <http://www.halifax.ca/commcoun/index.php> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 902-490-4210 or Fax 902-490-4208.

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

Original Signed

Report Approved by: _____
Jerry Blackwood, CPA, CGA, Manager of Revenue, Treasurer, 902-490-6470

Original Signed

Financial Approval by: _____
Ed Thornhill, A/Director of Finance & ICT/CFO, 902-490-4480

**Total Portfolio
Sector Weights @ March 31, 2016**

SCHEDULE A

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	329,813,738	100%	328,811,695	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	148,078,009	45%	329,813,738	100%	181,735,729	55%
Total Alberta (R-1 High)	Open	12,859,556	4%	82,453,434	25%	58,670,332	18%
Alberta (R-1 High)	Open	11,983,340					
Alberta Capital Finance Authority (R-1 High)	Open	876,216					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	20,944,560	6%	82,453,434	25%	59,393,360	18%
Manitoba (R-1 Mid)	Open	5,385,439	2%	82,453,434	25%	77,067,996	23%
New Brunswick (R-1 Mid)	Open	11,981,280	4%	82,453,434	25%	70,472,154	21%
Nova Scotia (R-1 Mid)	Open	0	0%	82,453,434	25%	82,453,434	25%
Ontario (R-1 Mid)	Open	57,850,100	18%	82,453,434	25%	24,603,334	7%
Quebec (R-1 Mid)	Open	27,088,714	8%	82,453,434	25%	55,364,720	17%
Quebec		22,112,084					
Financement Quebec		0					
Hydro Quebec		4,976,630					
Saskatchewan (R-1 High)	Open	11,968,360	4%	82,453,434	25%	70,485,074	21%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	0%	82,453,434	25%	82,453,434	25%
Calgary (R-1 High)	Open	0	0%	32,981,374	10%	32,981,374	10%
Financial Institutions & their Guarantees /Corporations		167,688,215	51%	164,906,869	50%	-2,781,346	-1%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	151,870,465	46%	164,906,869	50%	13,036,404	4%
Bank of Montreal (R-1 High)	Open	31,644,398	10%	32,981,374	10%	1,336,976	0%
BMO - Instruments		0					
BMO - Account		31,644,398					
Bank of Nova Scotia (R-1 High)	Open	35,715,164	11%	32,981,374	10%	-2,733,791	-1%
Bank of Nova Scotia Effective Cash		15,715,164					
Bank of Nova Scotia - Notice Account		20,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	31,645,945	10%	32,981,374	10%	1,335,429	0%
CIBC - Instruments		0					
CIBC - Account		31,645,945					
Royal Bank (R-1 High)	Open	26,864,958	8%	32,981,374	10%	6,116,416	2%
RBC - Instruments		0					
RBC - Account		26,864,958					
Toronto Dominion (R-1 High)	Open	26,000,000	8%	32,981,374	10%	6,981,374	2%
TD - Instruments		0					
TD - Account		26,000,000					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	15,817,750	5%	82,453,434	25%	66,635,685	20%
National Bank of Canada (R-1 Mid)	Open	15,817,750	5%	16,490,687	5%	672,937	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	16,490,687	5%	16,490,687	5%
CDP Financial Inc (R-1 High)	Open	0	0%	16,490,687	5%	16,490,687	5%
Desjardins Total		0	0%	16,490,687	5%	16,490,687	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		315,766,223	96%				
Federal Government & its Guarantees							
Money Market		0	0%	32,499,090	20%	32,499,090	20%
Reserves - Bond Pool		1,002,043	0%	163,944,195	100%	162,942,152	99%
Canada Mortgage & Housing Corp.		1,002,043	0%	163,944,195	100%	162,942,152	99%
Provincial Government & their Guarantees		13,039,061	4%	32,499,090	20%	19,460,029	12%
Money Market		1,999,338	4%	32,499,090	20%	10,749,974	7%
Alberta		1,999,338	3%	16,249,545	10%	5,325,999	3%
Alberta		1,999,338					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	16,249,545	10%	14,134,031	9%
Manitoba		0	0%	16,249,545	10%	16,249,545	10%
New Brunswick		0	0%	16,249,545	10%	16,249,545	10%
Nova Scotia		0	0%	16,249,545	10%	16,249,545	10%
Ontario		0	0%	16,249,545	10%	16,249,545	10%
Quebec		0	0%	16,249,545	10%	16,249,545	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	16,249,545	10%	16,249,545	10%
Bond Pool		11,039,723	4%	32,788,839	20%	19,749,778	12%
Alberta		8,924,208	3%	16,394,420	10%	5,470,873	3%
Alberta		7,887,659					
Alberta Capital Finance Authority		1,036,549					
Alberta Treasury Branches		0					
British Columbia		2,115,514	1%	16,394,420	10%	14,278,905	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		14,041,104	4%	32,788,839	20%	18,747,735	11%
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		329,813,738					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13,540,546	*				
Total Investments and O/S Cheques Coverage		343,354,284					

**Operating Funds
Sector Weights @ March 31, 2016**

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	130,114,648	100%	130,114,648	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	60,633,122	47%	130,114,648	100%	69,481,526	53%
Total Alberta (R-1 High)	Open	5,265,569	4%	32,528,662	25%	26,444,429	20%
Alberta (R-1 High)	Open	4,906,787					
Alberta Capital Finance Authority (R-1 High)	Open	358,782	0%				
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	8,576,115	7%	32,528,662	25%	23,952,547	18%
Manitoba (R-1 Mid)	Open	2,205,162	2%	32,528,662	25%	30,323,500	23%
New Brunswick (R-1 Mid)	Open	4,905,944	4%	32,528,662	25%	27,622,718	21%
Nova Scotia (R-1 Mid)	Open	0	0%	32,528,662	25%	32,528,662	25%
Ontario (R-1 Mid)	Open	23,687,732	18%	32,528,662	25%	8,840,930	7%
Quebec (R-1 Mid)	Open	11,091,946	9%	32,528,662	25%	21,436,716	16%
Quebec		9,054,178					
Financement Quebec		0					
Hydro Quebec		2,037,768					
Saskatchewan (R-1 High)	Open	4,900,654	4%	32,528,662	25%	27,628,008	21%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		32,528,662	25%	32,528,662	25%
Calgary (R-1 High)	Open			13,011,465	10%	13,011,465	10%
Financial Institutions & their Guarantees /Corporations		68,662,862	53%	65,057,324	50%	-3,605,538	-3%
	BA's Schedule A Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	62,186,009	48%	65,057,324	50%	2,871,315	2%
Bank of Montreal (R-1 High)	Open	12,957,350	10%	13,011,465	10%	54,115	0%
BMO - Instruments		0					
BMO - Account		12,957,350					
Bank of Nova Scotia (R-1 High)	Open	14,624,197	11%	13,011,465	10%	-1,612,732	-1%
Bank of Nova Scotia Effective Cash		6,434,848					
Bank of Nova Scotia - Notice Account		8,189,349					
Canadian Imperial Bank of Commerce (R-1 High)	Open	12,957,984	10%	13,011,465	10%	53,481	0%
CIBC - Instruments		0					
CIBC - Account		12,957,984					
Royal Bank (R-1 High)	Open	11,000,325	8%	13,011,465	10%	2,011,139	2%
RBC - Instruments		0					
RBC - Account		11,000,325					
Toronto Dominion (R-1 High)	Open	10,646,153	8%	13,011,465	10%	2,365,312	2%
TD - Instruments		0					
TD - Account		10,646,153					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	6,476,853	5%	32,528,662	25%	26,051,809	20%
National Bank of Canada (R-1 Mid)	Open	6,476,853	5%	6,505,732	5%	28,879	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	6,505,732	5%	6,505,732	5%
CDP Financial Inc (R-1 High)	Open	0	0%	6,505,732	5%	6,505,732	5%
Desjardins Total		0	0%	6,505,732	5%	6,505,732	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Investments		129,295,984	99%				
Federal Government & its Guarantees							
Money Market		0	0%	26,022,930	20%	26,022,930	20%
Reserves - Bond Pool		0	0%	26,022,930	100%	26,022,930	20%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		818,664	1%	26,022,930	20%	25,204,266	19%
Money Market		818,664	1%	26,022,930	20%	25,204,266	19%
Alberta		818,664	1%	13,011,465	10%	12,192,801	9%
Alberta		818,664					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	13,011,465	10%	13,011,465	10%
Manitoba		0	0%	13,011,465	10%	13,011,465	10%
New Brunswick		0	0%	13,011,465	10%	13,011,465	10%
Nova Scotia		0	0%	13,011,465	10%	13,011,465	10%
Ontario		0	0%	13,011,465	10%	13,011,465	10%
Quebec		0	0%	13,011,465	10%	13,011,465	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	13,011,465	10%	13,011,465	10%
Bond Pool		0	1%	26,022,930	20%	25,204,266	19%
Alberta		0	1%	13,011,465	10%	12,192,801	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	13,011,465	10%	13,011,465	10%
Manitoba		0	0%	13,011,465	10%	13,011,465	10%
New Brunswick		0	0%	13,011,465	10%	13,011,465	10%
Nova Scotia		0	0%	13,011,465	10%	13,011,465	10%
Ontario		0	0%	13,011,465	10%	13,011,465	10%
Quebec		0	0%	13,011,465	10%	13,011,465	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	13,011,465	10%	13,011,465	10%
Total Fixed		818,664	1%	26,022,930	20%	25,204,266	19%
Total Investments		130,114,648					
Interest Bearing Bank Accounts - O/S Cheque Coverage		13,540,546	*				
Total Investments and O/S Cheques Coverage		143,655,194					

**Capital Funds
Sector Weights @ March 31, 2016**

SCHEDULE C

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

**Reserve Funds
Sector Weights @ March 31, 2016**

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	196,295,417	100%	195,293,374	99%
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0					
Farm Credit Corp	Open	0	0%				
Provincial Governments & their Guarantees	R-1 Mid or Greater	85,861,771	44%	196,295,417	100%	110,433,646	56%
Total Alberta (R-1 High)	Open	7,456,504	4%	49,073,854	25%	31,533,843	16%
Alberta (R-1 High)	Open	6,948,438					
Alberta Capital Finance Authority (R-1 High)	Open	508,066					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	12,144,525	6%	49,073,854	25%	34,813,816	18%
Manitoba (R-1 Mid)	Open	3,122,701	2%	49,073,854	25%	45,951,153	23%
New Brunswick (R-1 Mid)	Open	6,947,243	4%	49,073,854	25%	42,126,611	21%
Nova Scotia (R-1 Mid)	Open	0		49,073,854	25%	49,073,854	25%
Ontario (R-1 Mid)	Open	33,543,887	17%	49,073,854	25%	15,529,967	8%
Quebec (R-1 Mid)	Open	15,707,160	8%	49,073,854	25%	33,366,694	17%
Quebec		12,821,503					
Financement Quebec		0					
Hydro Quebec		2,885,656					
Saskatchewan (R-1 High)	Open	6,939,752	4%	49,073,854	25%	42,134,103	21%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		49,073,854	25%	49,073,854	25%
Calgary (R-1 High)	Open			19,629,542	10%	19,629,542	10%
Financial Institutions & their Guarantees /Corporations		97,232,582	50%	98,147,709	50%	915,127	0%
	BA's Schedule A						
Tier 1 - Financial Institutions & their Guarantees	Canadian Banks R-1 Mid	88,060,794	45%	98,147,709	50%	10,086,914	5%
Bank of Montreal (R-1 High)	Open	18,348,734	9%	19,629,542	10%	1,280,807	1%
BMO - Instruments		0					
BMO - Account		18,348,734					
Bank of Nova Scotia (R-1 High)	Open	20,709,134	11%	19,629,542	10%	-1,079,592	-1%
Bank of Nova Scotia Effective Cash		9,112,304					
Bank of Nova Scotia - Notice Account		11,596,830					
Canadian Imperial Bank of Commerce (R-1 High)	Open	18,349,631	9%	19,629,542	10%	1,279,911	1%
CIBC - Instruments		0					
CIBC - Account		18,349,631					
Royal Bank (R-1 High)	Open	15,577,417	8%	19,629,542	10%	4,052,125	2%
RBC - Instruments		0					
RBC - Account		15,577,417					
Toronto Dominion (R-1 High)	Open	15,075,878	8%	19,629,542	10%	4,553,663	2%
TD - Instruments		0					
TD - Account		15,075,878					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	9,171,787	5%	49,073,854	25%	39,902,067	20%
National Bank of Canada (R-1 Mid)	Open	9,171,787	5%	9,814,771	5%	642,984	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,814,771	5%	9,814,771	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,814,771	5%	9,814,771	5%
Desjardins Total		0	0%	9,814,771	5%	9,814,771	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		183,094,353	93%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		1,002,043	1%	196,295,417	100%	195,293,374	99%
Canada Mortgage & Housing Corp.		1,002,043					
Provincial Government & their Guarantees		12,199,021	6%	98,147,709	50%	85,948,687	44%
Money Market		1,159,299	6%	98,147,709	50%	85,948,687	44%
Alberta		1,159,299	5%	19,629,542	10%	9,546,034	5%
Alberta		1,159,299					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	19,629,542	10%	17,514,028	9%
Manitoba		0	0%	19,629,542	10%	19,629,542	10%
New Brunswick		0	0%	19,629,542	10%	19,629,542	10%
Nova Scotia		0	0%	19,629,542	10%	19,629,542	10%
Ontario		0	0%	19,629,542	10%	19,629,542	10%
Quebec		0	0%	19,629,542	10%	19,629,542	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,629,542	10%	19,629,542	10%
Bond Pool		11,039,722	6%	98,147,709	50%	85,948,687	44%
Alberta		8,924,208	5%	19,629,542	10%	9,546,034	5%
Alberta		7,887,659					
Alberta Capital Finance Authority		1,036,549					
Alberta Treasury Branches		0					
British Columbia		2,115,514	1%	19,629,542	10%	17,514,028	9%
Manitoba		0	0%	19,629,542	10%	19,629,542	10%
New Brunswick		0	0%	19,629,542	10%	19,629,542	10%
Nova Scotia		0	0%	19,629,542	10%	19,629,542	10%
Ontario		0	0%	19,629,542	10%	19,629,542	10%
Quebec		0	0%	19,629,542	10%	19,629,542	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	19,629,542	10%	19,629,542	10%
Total Fixed		13,201,064	7%	196,295,417	100%	183,094,353	93%
Total Investments		196,295,417					

**Trust Funds
Sector Weights @ March 31, 2016**

SCHEDULE E

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
CASH & EQUIVALENTS							
Federal Government & its Guarantees	Open	0	0%	3,403,672	100%	3,403,672	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	1,583,116	47%	3,403,672	100%	1,820,556	53%
Total Alberta (R-1 High)	Open	137,483	4%	850,918	25%	692,060	20%
Alberta (R-1 High)	Open	128,115					
Alberta Capital Finance Authority (R-1 High)	Open	9,368					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	223,920	7%	850,918	25%	626,998	18%
Manitoba (R-1 Mid)	Open	57,576	2%	850,918	25%	793,342	23%
New Brunswick (R-1 Mid)	Open	128,093	4%	850,918	25%	722,825	21%
Nova Scotia (R-1 Mid)	Open	0	0%	850,918	25%	850,918	25%
Ontario (R-1 Mid)	Open	618,481	18%	850,918	25%	232,437	7%
Quebec (R-1 Mid)	Open	289,608	9%	850,918	25%	561,310	16%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	127,955	4%	850,918	25%	722,963	21%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0		850,918	25%	850,918	25%
Calgary (R-1 High)	Open			340,367	10%	340,367	10%
Financial Institutions & their Guarantees /Corporations		1,792,771	53%	1,701,836	50%	-90,935	-3%
	BA's Schedule A						
	Canadian Banks R-1						
Tier 1 - Financial Institutions & their Guarantees	Mid	1,623,662	48%	1,701,836	50%	78,174	2%
Bank of Montreal (R-1 High)	Open	338,313	10%	340,367	10%	2,054	0%
BMO - Instruments		0					
BMO - Account		338,313					
Bank of Nova Scotia (R-1 High)	Open	381,834	11%	340,367	10%	-41,467	-1%
Bank of Nova Scotia Effective Cash		168,012					
Bank of Nova Scotia - Notice Account		213,822					
Canadian Imperial Bank of Commerce (R-1 High)	Open	338,330	10%	340,367	10%	2,037	0%
CIBC - Instruments		0					
CIBC - Account		338,330					
Royal Bank (R-1 High)	Open	287,216	8%	340,367	10%	53,151	2%
RBC - Instruments		0					
RBC - Account		287,216					
Toronto Dominion (R-1 High)	Open	277,968	8%	340,367	10%	62,399	2%
TD - Instruments		0					
TD - Account		277,968					
Tier 2 - Financial Institutions & Corporations	R-1 Mid/High***	169,109	5%	850,918	25%	681,809	20%
National Bank of Canada (R-1 Mid)	Open	169,109	5%	170,184	5%	1,075	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	170,184	5%	170,184	5%
CDP Financial Inc (R-1 High)	Open	0	0%	170,184	5%	170,184	5%
Desjardins Total		0	0%	170,184	5%	170,184	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
Total Cash and Equivalents		3,375,887	99%				
Federal Government & its Guarantees							
Money Market		0	0%	0	20%	0	0%
Reserves - Bond Pool		0	0%	3,403,672	100%	3,403,672	100%
Canada Mortgage & Housing Corp.		0					
Provincial Government & their Guarantees		21,375	1%	3,403,672	100%	3,382,297	99%
Money Market		21,375	100%	3,403,672	100%	3,382,297	99%
Alberta		21,375	1%	340,367	10%	318,992	9%
Alberta		21,375					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	340,367	10%	340,367	10%
Manitoba		0	0%	340,367	10%	340,367	10%
New Brunswick		0	0%	340,367	10%	340,367	10%
Nova Scotia		0	0%	340,367	10%	340,367	10%
Ontario		0	0%	340,367	10%	340,367	10%
Quebec		0	0%	340,367	10%	340,367	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	340,367	10%	340,367	10%
Bond Pool		0	1%	3,403,672	100%	3,382,297	99%
Alberta		0	1%	340,367	10%	318,992	9%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	340,367	10%	340,367	10%
Manitoba		0	0%	340,367	10%	340,367	10%
New Brunswick		0	0%	340,367	10%	340,367	10%
Nova Scotia		0	0%	340,367	10%	340,367	10%
Ontario		0	0%	340,367	10%	340,367	10%
Quebec		0	0%	340,367	10%	340,367	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	340,367	10%	340,367	10%
Total Fixed		21,375					
Equities							
Bank of Montreal		6,410					
Total Equities		6,410					
Total Investments		3,403,672					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jan 7.2% Feb 7.3% Mar 7.1%	Jan 4.9% Feb 4.9% Mar 5.0%
Jobs Created / (Lost) ('000's)	Jan (5) Feb (2) Mar 41	Jan 168 Feb 233 Mar 208
CPI (year over year)	Jan 2.0% Feb 1.4% Mar 1.3%	Jan 1.4% Feb 1.0% Mar 0.9%
CPI-X (Core) (year over year)	Jan 2.0% Feb 1.9% Mar 2.1%	Jan 2.2% Feb 2.3% Mar 2.2%
GDP	Q1: 0.1%	Q1: 0.8%

Central Bank Activities

- January 27, 2016: U.S. Federal Open Market Committee maintains Target Range at .25% to .5%
- March 9, 2016: Bank of Canada Maintains overnight rate at .50%
- April 13, 2016: Bank of Canada Maintains overnight rate at .50%
- July 13, 2016: Bank of Canada Maintains overnight rate at .50%

Appendix B

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees

The Bank of Nova Scotia & Its Guarantees

Canadian Imperial Bank of Commerce & Its Guarantees

Royal Bank of Canada & Its Guarantees

Toronto Dominion Bank & Its Guarantees

Financial Institutions & Corporations (Tier 2):

Desjardins Group

Caisse Centrale Desjardins

CDP Financial Inc.

National Bank of Canada

OMERS Finance Trust

Appendix C

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

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

R-1 (middle)

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

R-1 (low)

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