



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

**Item No. 9**  
**Halifax Regional Council**  
**October 3, 2017**

**TO:** Mayor Savage and Members of Halifax Regional Council

Original Signed

**SUBMITTED BY:** \_\_\_\_\_  
Councillor Bill Karsten, Chair, Audit & Finance Standing Committee

**DATE:** September 20, 2017

**SUBJECT:** Investment Activities– Quarter ending March 31, 2017

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### **INFORMATION REPORT**

#### **ORIGIN**

Staff report submitted to the September 20, 2017 meeting of the Audit and Finance Standing Committee.

Motion passed by the Audit and Finance Standing Committee to forward the report to Regional Council for information.

#### **LEGISLATIVE AUTHORITY**

Sec. 21 of the Halifax Regional Municipality Charter RE Standing, Special and Advisory Committees.

Terms of Reference of the Audit and Finance Standing Committee:

“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 4 (f) 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 CAO and the Committee.’”

#### **BACKGROUND**

A staff report dated June 28, 2017 pertaining to Investment Activities – Quarter ending March 31, 2017 was before the Audit & Finance Standing Committee at its meeting held on September 20, 2017.

For further information please refer to the attached staff report dated June 28, 2017.

## **DISCUSSION**

The Audit & Finance Standing Committee reviewed the staff report dated June 28, 2017 at its meeting held on September 20, 2017 and passed a motion to forward it to Regional Council as an information item.

## **FINANCIAL IMPLICATIONS**

As outlined in the attached staff report dated June 28, 2017.

## **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**

Attachment 1: Staff report June 28, 2017

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A copy of this report can be obtained online at [www.halifax.ca](http://www.halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210, or Fax 902.490.4208.

Report Prepared by: Sheilagh Edmonds, Legislative Assistant, 902.490.6521.

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PO Box 1749  
Halifax, Nova Scotia  
B3J 3A5 Canada

## Attachment 1

**Item No.**  
**Audit and Finance Standing Committee**  
**July 19, 2017**

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

**SUBMITTED BY:** **Original Signed**  
Amanda Whitewood, Director of Finance and Asset Management/CFO

**DATE:** June 28, 2017

**SUBJECT:** **Investment Activities– Quarter ending March 31, 2017**

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### **ORIGIN**

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

### **LEGISLATIVE AUTHORITY**

Section 121(1) of the HRM Charter requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Municipal Affairs (the Minister) or invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved the Policy investment activities are governed by this Policy.

### **RECOMMENDATION**

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

## BACKGROUND

The HRM Investment Policy calls for quarterly reporting by the Treasurer to Council and the Investment Policy Advisory Committee (the Investment Committee). The report for the quarter ending March 31, 2017 has been reviewed by the Investment Committee. A report from the Investment Committee on compliance with the HRM Investment Policy has also been sent to the Audit and Finance Standing Committee meeting of July 19, 2017.

## DISCUSSION

### Overall Results

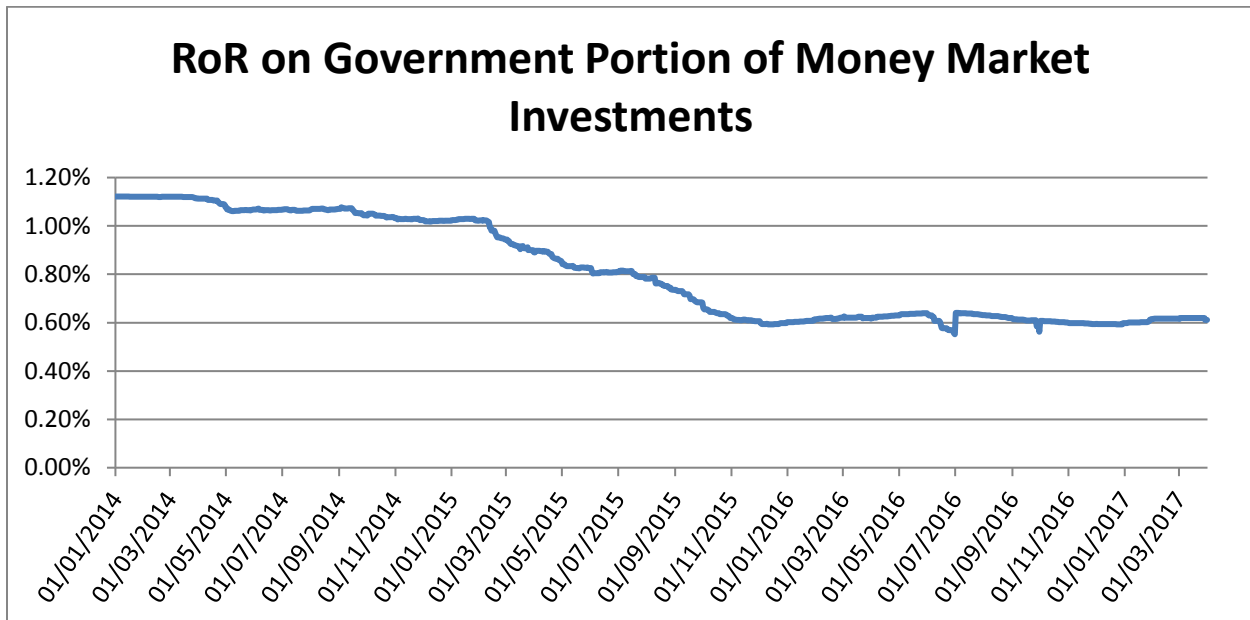
Operating fund investment income for the three months ending March 31, 2017 was \$1,712,184 versus a budget of \$1,600,000 for a surplus of \$112,184 due to an increase in cash flows. The rate of return for the period was 0.22% which was over the budgeted rate of return of 0.21%.

### HRM Investment Activities

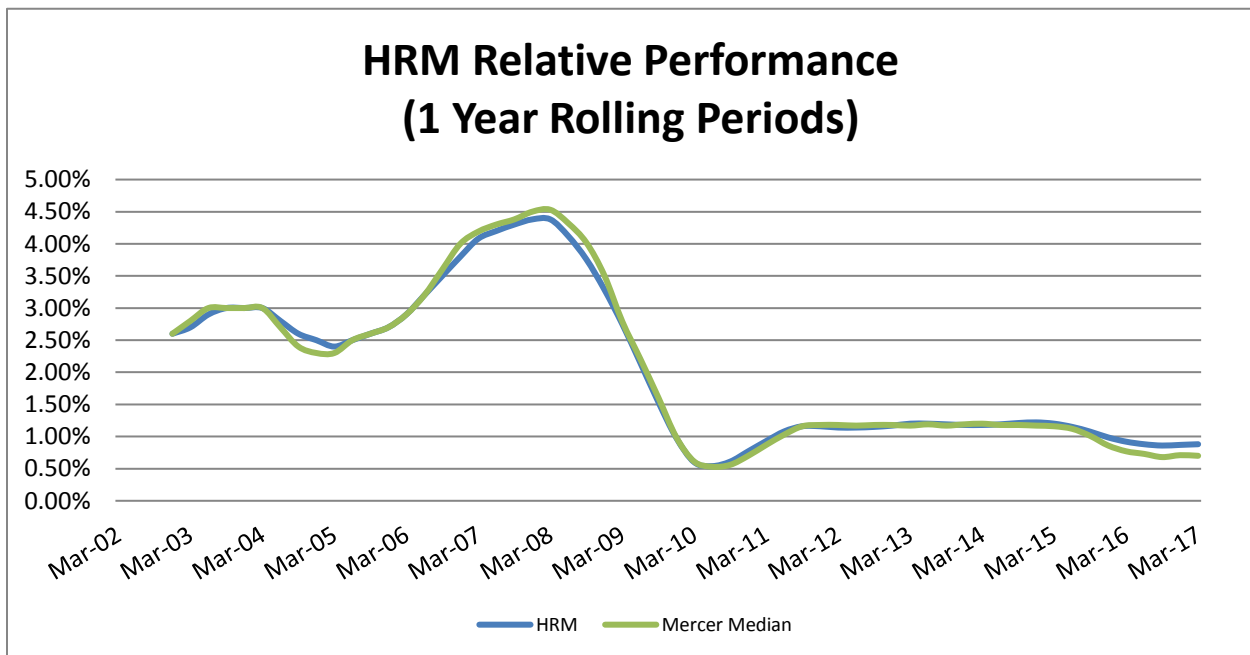
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 Mar 31, 2017)	1 Year (to Mar 31, 2017)
5 <sup>th</sup> Percentile	0.26%	1.03%
1 <sup>st</sup> Quartile	0.24%	0.90%
Money Market Median	0.18%	0.70%
3 <sup>rd</sup> Quartile	0.16%	0.64%
95 <sup>th</sup> Percentile	0.09%	0.38%
<b>HRM</b>	<b>0.22%</b>	<b>0.88%</b>

Relative performance was again quite positive, the 3 month rate was just below the 1<sup>st</sup> quartile, and the one year return was also just below the 1<sup>st</sup> quartile. These returns are before any allowance for fees that could be paid for external management. The investment bank accounts continue to be largely responsible for this relative performance. 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.



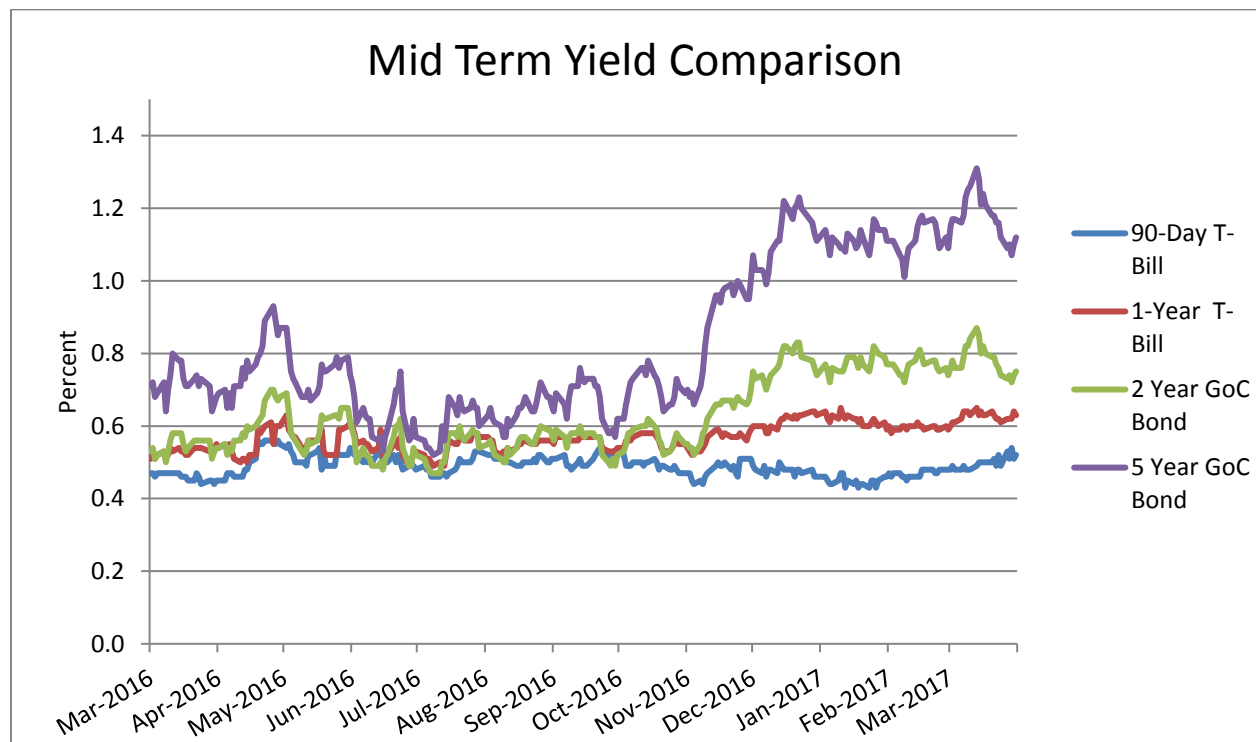
During the quarter HRM made 16 money market investments at a cost of \$207,687,960 with an average term to maturity of 99 days. This compares to last year when 22 investments were made at a cost of \$67,248,740 with an average term of 84 days. Similar to last year our predominant strategy was to allocate 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 \$163,236,426 by the end of the quarter. Incremental income over Bankers' Acceptances (BA's) and Bearer Deposit Notes (BDN's), using a rate of 0.86% as a proxy for the BA and BDN rates, was \$100,878 for the quarter.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the non-government sector weight was \$2,319,868 or a \$139,935 increase during the quarter.

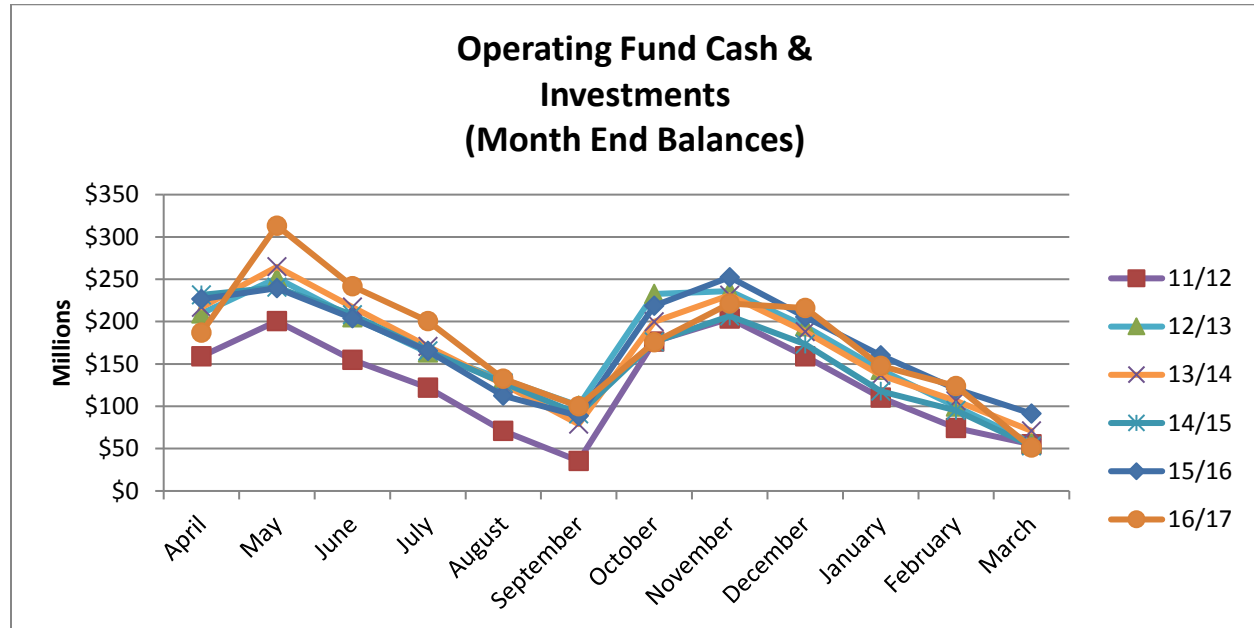
HRM Short Term Bond Pool

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 \$550,000 lower than the previous year due to the timing of operating expenditures.



### Subsequent to End of Reporting Quarter

On April 12, 2017 and May 24, 2017 the Bank of Canada maintained interest rates (target for the overnight rate is 0.50%) amid ongoing excess capacity in the Canadian economy.

On May 3, 2017 the FOMC also maintained rates (0.75%-1.00% federal funds target range) and indicated the labour market showed signs of strength.

On June 14, 2017 the FOMC raised their target range to 1.00%-1.25% in light of a strengthening labour market and moderately rising economic activity.

### Outlook & Strategy

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.

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 just below the first quartile of the comparable benchmark for the year ending March 31, 2017 before allowing for fees that could have been paid to an external management firm. Accordingly, staff maintain that the rate of return objective of the Policy was met.

### Strategies:

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

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

Risk Management Approach – In implementing investment decisions staff seek a balance between the objectives of the Policy and the risks inherent in markets to look to achieve an optimal rate of return.

## **FINANCIAL IMPLICATIONS**

As discussed above, operating fund investment income for the nine months ending March 31, 2017 was \$1,712,184 versus a budget of \$1,600,000 for a surplus of \$112,184 due to higher cashflows.

## **RISK CONSIDERATIONS**

There are no significant risks associated with the recommendations in this report.

## **COMMUNITY ENGAGEMENT**

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (4 of 6) are volunteers from the general public. The Committee reports to the Audit and Finance Committee of Council quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations for any changes considered appropriate.

## **ENVIRONMENTAL IMPLICATIONS**

N/A

## **ALTERNATIVES**

N/A



**ATTACHMENTS**

Sector Weight Schedules @ March 31, 2017 (Schedules A,B,C,D & E)

Appendix A - Economic Statistics and Central Bank Actions

Appendix B - List of Eligible Investments

Appendix C - DBRS Rating Scale

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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: \_\_\_\_\_  
Amanda Whitewood, Director of Finance & Asset Management/CFO  
902-490-6308

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

SCHEDULE A

Category	Status	Cumulative Amount Invested @ Book Value	% of Portfolio	Guideline Limit \$	Limit \$ Available	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>									
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>			<b>314,737,754</b>	<b>100%</b>	<b>313,736,733</b>	<b>100%</b>
Federal Government	Open	0	0%						
Business Development Bank	Open	0	0%						
Canada Mortgage & Housing Corp.	Open	0	0%						
Canadian Wheat Board	Open	0	0%						
Export Development Canada	Open	0	0%						
Farm Credit Corp	Open	0	0%						
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>145,750,699</b>	<b>46%</b>			<b>314,737,754</b>	<b>100%</b>	<b>168,987,055</b>	<b>54%</b>
Total Alberta (R-1 High)	Open	24,962,800	8%	100,000,000	75,037,200				
Alberta (R-1 High)	Open	24,962,800							
Alberta Capital Finance Authority (R-1 High)	Open	0							
Alberta Treasury Branches (R-1 High)	Open	0							
British Columbia (R-1 High)	Open	31,952,000	10%	100,000,000	68,048,000				
Manitoba (R-1 Mid)	Open	0	0%	100,000,000	100,000,000				
New Brunswick (R-1 Mid)	Open	0	0%	100,000,000	100,000,000				
Nova Scotia (R-1 Mid)	Open	0	0%	100,000,000	100,000,000				
Ontario (R-1 Mid)	Open	53,892,249	17%	100,000,000	46,107,751				
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	34,943,650	11%	100,000,000	65,056,350				
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>	<b>0%</b>			<b>78,684,438</b>	<b>25%</b>	<b>78,684,438</b>	<b>25%</b>
Calgary (R-1 High)	Open	0	0%			31,473,775	10%	31,473,775	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>	<b>BA's Schedule A Canadian Banks R-1</b>	<b>156,957,862</b>	<b>50%</b>			<b>157,368,877</b>	<b>50%</b>	<b>411,015</b>	<b>0%</b>
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>139,480,174</b>	<b>44%</b>			<b>157,368,877</b>	<b>50%</b>	<b>17,888,703</b>	<b>6%</b>
Bank of Montreal (R-1 High)	Open	34,884,868	11%	75,000,000	40,115,132				
BMO - Instruments	Open	0							
BMO - Account	Open	34,884,868							
Bank of Nova Scotia (R-1 High)	Open	3,721,435	1%	75,000,000	71,278,565				
Bank of Nova Scotia Effective Cash	Open	-6,278,565							
Bank of Nova Scotia - Notice Account	Open	10,000,000							
Canadian Imperial Bank of Commerce (R-1 High)	Open	34,945,368	11%	75,000,000	40,054,632				
CIBC - Instruments	Open	0							
CIBC - Account	Open	34,945,368							
Royal Bank (R-1 High)	Open	34,928,503	11%	75,000,000	40,071,497				
RBC - Instruments	Open	0							
RBC - Account	Open	34,928,503							
Toronto Dominion (R-1 High)	Open	31,000,000	10%	75,000,000	44,000,000				
TD - Instruments	Open	0							
TD - Account	Open	31,000,000							
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>17,477,687</b>	<b>6%</b>			<b>78,684,438</b>	<b>25%</b>	<b>61,206,751</b>	<b>19%</b>
National Bank of Canada (R-1 Mid)	Open	17,477,687	6%	50,000,000	32,522,313				
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							
<b>Total Cash and Equivalents</b>		<b>302,708,561</b>	<b>96%</b>						
<b>Federal Government &amp; its Guarantees</b>									
<b>Money Market</b>		<b>0</b>	<b>0%</b>			<b>29,483,893</b>	<b>20%</b>	<b>29,483,893</b>	<b>20%</b>
<b>Reserves - Bond Pool</b>		<b>1,001,021</b>	<b>0%</b>			<b>163,944,195</b>	<b>100%</b>	<b>162,943,174</b>	<b>99%</b>
Canada Mortgage & Housing Corp.		1,001,021	0%			163,944,195	100%	162,943,174	99%
<b>Provincial Government &amp; their Guarantees</b>		<b>11,021,762</b>	<b>4%</b>			<b>29,483,893</b>	<b>20%</b>	<b>18,462,131</b>	<b>13%</b>
<b>Money Market</b>		<b>0</b>	<b>4%</b>			<b>29,483,893</b>	<b>20%</b>	<b>7,716,816</b>	<b>5%</b>
Alberta		<b>0</b>	<b>3%</b>			<b>14,741,947</b>	<b>10%</b>	<b>5,797,228</b>	<b>4%</b>
Alberta		0							
Alberta Capital Finance Authority		0							
Alberta Treasury Branches		0							
British Columbia		0	1%			14,741,947	10%	12,664,904	9%
Manitoba		0	0%			14,741,947	10%	14,741,947	10%
New Brunswick		0	0%			14,741,947	10%	14,741,947	10%
Nova Scotia		0	0%			14,741,947	10%	14,741,947	10%
Ontario		0	0%			14,741,947	10%	14,741,947	10%
Quebec		0	0%			14,741,947	10%	14,741,947	10%
Quebec		0							
Financement Quebec		0							
Hydro Quebec		0							
Saskatchewan		0	0%			14,741,947	10%	14,741,947	10%
<b>Bond Pool</b>		<b>11,021,762</b>	<b>4%</b>			<b>32,788,839</b>	<b>20%</b>	<b>21,767,077</b>	<b>13%</b>
Alberta		8,944,719	3%			16,394,420	10%	7,449,701	5%
Alberta		7,932,578							
Alberta Capital Finance Authority		1,012,141							
Alberta Treasury Branches		0							
British Columbia		2,077,043	1%			16,394,420	10%	14,317,376	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%
<b>Total Fixed</b>		<b>12,022,783</b>	<b>4%</b>			<b>32,788,839</b>	<b>20%</b>	<b>20,766,056</b>	<b>13%</b>
Equities									
Bank of Montreal		6,410							
Total Equities		<b>6,410</b>							
Total Investments		314,737,754							
Interest Bearing Bank Accounts - O/S Cheque Coverage		53,000,000	*						
<b>Total Investments and O/S Cheques Coverage</b>		<b>367,737,754</b>							

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

SCHEDULE B

	Category Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit (%)	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>98,147,654</b>	<b>100%</b>	<b>98,147,654</b>	<b>100%</b>
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>47,256,969</b>	<b>48%</b>	<b>98,147,654</b>	<b>100%</b>	<b>50,890,685</b>	<b>52%</b>
Total Alberta (R-1 High)	Open	8,093,726	8%	24,536,914	25%	16,443,187	17%
Alberta (R-1 High)	Open	8,093,726					
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	10,359,845	11%	24,536,914	25%	14,177,068	14%
Manitoba (R-1 Mid)	Open	0	0%	24,536,914	25%	24,536,914	25%
New Brunswick (R-1 Mid)	Open	0	0%	24,536,914	25%	24,536,914	25%
Nova Scotia (R-1 Mid)	Open	0	0%	24,536,914	25%	24,536,914	25%
Ontario (R-1 Mid)	Open	17,473,565	18%	24,536,914	25%	7,063,348	7%
Quebec (R-1 Mid)	Open	0	0%	24,536,914	25%	24,536,914	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	11,329,832	12%	24,536,914	25%	13,207,081	13%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>24,536,914</b>	<b>25%</b>	<b>24,536,914</b>	<b>25%</b>
Calgary (R-1 High)	Open			9,814,765	10%	9,814,765	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>50,890,685</b>	<b>52%</b>	<b>49,073,827</b>	<b>50%</b>	<b>-1,816,858</b>	<b>-2%</b>
	<b>BA's Schedule A</b>						
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>45,223,868</b>	<b>46%</b>	<b>49,073,827</b>	<b>50%</b>	<b>3,849,959</b>	<b>4%</b>
Bank of Montreal (R-1 High)	Open	11,310,773	12%	9,814,765	10%	-1,496,008	-2%
BMO - Instruments		0					
BMO - Account		11,310,773					
Bank of Nova Scotia (R-1 High)	Open	1,206,607	1%	9,814,765	10%	8,608,159	9%
Bank of Nova Scotia Effective Cash		-2,035,708					
Bank of Nova Scotia - Notice Account		3,242,315					
Canadian Imperial Bank of Commerce (R-1 High)	Open	11,330,389	12%	9,814,765	10%	-1,515,624	-2%
CIBC - Instruments		0					
CIBC - Account		11,330,389					
Royal Bank (R-1 High)	Open	11,324,921	12%	9,814,765	10%	-1,510,156	-2%
RBC - Instruments		0					
RBC - Account		11,324,921					
Toronto Dominion (R-1 High)	Open	10,051,177	10%	9,814,765	10%	-236,411	0%
TD - Instruments		0					
TD - Account		10,051,177					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>5,666,817</b>	<b>6%</b>	<b>24,536,914</b>	<b>25%</b>	<b>18,870,097</b>	<b>19%</b>
National Bank of Canada (R-1 Mid)	Open	5,666,817	6%	4,907,383	5%	-759,434	-1%
OMERS Realty Corporation (R-1 High)	Open	0	0%	4,907,383	5%	4,907,383	5%
CDP Financial Inc (R-1 High)	Open	0	0%	4,907,383	5%	4,907,383	5%
Desjardins Total		0	0%	4,907,383	5%	4,907,383	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Investments</b>		<b>98,147,654</b>	<b>100%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	19,629,531	20%	19,629,531	20%
<b>Reserves - Bond Pool</b>		0	0%	19,629,531	100%	19,629,531	20%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>19,629,531</b>	<b>20%</b>	<b>19,629,531</b>	<b>20%</b>
<b>Money Market</b>		0	0%	19,629,531	20%	19,629,531	20%
Alberta		0	0%	9,814,765	10%	9,814,765	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	9,814,765	10%	9,814,765	10%
Manitoba		0	0%	9,814,765	10%	9,814,765	10%
New Brunswick		0	0%	9,814,765	10%	9,814,765	10%
Nova Scotia		0	0%	9,814,765	10%	9,814,765	10%
Ontario		0	0%	9,814,765	10%	9,814,765	10%
Quebec		0	0%	9,814,765	10%	9,814,765	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	9,814,765	10%	9,814,765	10%
<b>Bond Pool</b>		0	0%	19,629,531	20%	19,629,531	20%
Alberta		0	0%	9,814,765	10%	9,814,765	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	9,814,765	10%	9,814,765	10%
Manitoba		0	0%	9,814,765	10%	9,814,765	10%
New Brunswick		0	0%	9,814,765	10%	9,814,765	10%
Nova Scotia		0	0%	9,814,765	10%	9,814,765	10%
Ontario		0	0%	9,814,765	10%	9,814,765	10%
Quebec		0	0%	9,814,765	10%	9,814,765	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	9,814,765	10%	9,814,765	10%
<b>Total Fixed</b>		<b>0</b>	<b>0%</b>	<b>19,629,531</b>	<b>20%</b>	<b>19,629,531</b>	<b>20%</b>
<b>Total Investments</b>		<b>98,147,654</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		53,000,000	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>151,147,654</b>					

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

SCHEDULE C

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

**Reserve Funds  
Sector Weights @ March 31, 2017**

SCHEDULE D

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>213,031,650</b>	<b>100%</b>	<b>212,030,629</b>	<b>100%</b>
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0					
Farm Credit Corp	Open	0	0%				
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>96,783,463</b>	<b>45%</b>	<b>213,031,650</b>	<b>100%</b>	<b>116,248,186</b>	<b>55%</b>
Total Alberta (R-1 High)	Open	16,576,155	8%	53,257,912	25%	27,737,038	13%
Alberta (R-1 High)	Open	16,576,155					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0					
British Columbia (R-1 High)	Open	21,217,224	10%	53,257,912	25%	29,963,645	14%
Manitoba (R-1 Mid)	Open	0	0%	53,257,912	25%	53,257,912	25%
New Brunswick (R-1 Mid)	Open	0	0%	53,257,912	25%	53,257,912	25%
Nova Scotia (R-1 Mid)	Open	0		53,257,912	25%	53,257,912	25%
Ontario (R-1 Mid)	Open	35,786,302	17%	53,257,912	25%	17,471,611	8%
Quebec (R-1 Mid)	Open	0	0%	53,257,912	25%	53,257,912	25%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	23,203,782	11%	53,257,912	25%	30,054,130	14%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>53,257,912</b>	<b>25%</b>	<b>53,257,912</b>	<b>25%</b>
Calgary (R-1 High)	Open			21,303,165	10%	21,303,165	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>104,225,404</b>	<b>49%</b>	<b>106,515,825</b>	<b>50%</b>	<b>2,290,421</b>	<b>1%</b>
	<b>BA's Schedule A</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Canadian Banks R-1 Mid</b>	<b>92,619,620</b>	<b>43%</b>	<b>106,515,825</b>	<b>50%</b>	<b>13,896,205</b>	<b>7%</b>
Bank of Montreal (R-1 High)	Open	23,164,749	11%	21,303,165	10%	-1,861,584	-1%
BMO - Instruments		0					
BMO - Account		23,164,749					
Bank of Nova Scotia (R-1 High)	Open	2,471,161	1%	21,303,165	10%	18,832,004	9%
Bank of Nova Scotia Effective Cash		-4,169,182					
Bank of Nova Scotia - Notice Account		6,640,343					
Canadian Imperial Bank of Commerce (R-1 High)	Open	23,204,923	11%	21,303,165	10%	-1,901,758	-1%
CIBC - Instruments		0					
CIBC - Account		23,204,923					
Royal Bank (R-1 High)	Open	23,193,724	11%	21,303,165	10%	-1,890,559	-1%
RBC - Instruments		0					
RBC - Account		23,193,724					
Toronto Dominion (R-1 High)	Open	20,585,063	10%	21,303,165	10%	718,102	0%
TD - Instruments		0					
TD - Account		20,585,063					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>11,605,784</b>	<b>5%</b>	<b>53,257,912</b>	<b>25%</b>	<b>41,652,128</b>	<b>20%</b>
National Bank of Canada (R-1 Mid)	Open	11,605,784	5%	10,651,582	5%	-954,201	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	10,651,582	5%	10,651,582	5%
CDP Financial Inc (R-1 High)	Open	0	0%	10,651,582	5%	10,651,582	5%
Desjardins Total		0	0%	10,651,582	5%	10,651,582	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>201,008,867</b>	<b>94%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	0	20%	0	0%
<b>Reserves - Bond Pool</b>		1,001,021	0%	213,031,650	100%	212,030,629	100%
Canada Mortgage & Housing Corp.		1,001,021					
<b>Provincial Government &amp; their Guarantees</b>		<b>11,021,762</b>	<b>5%</b>	<b>106,515,825</b>	<b>50%</b>	<b>95,494,063</b>	<b>45%</b>
<b>Money Market</b>		0	<b>5%</b>	<b>106,515,825</b>	<b>50%</b>	<b>95,494,063</b>	<b>45%</b>
Alberta		0	4%	21,303,165	10%	12,358,446	6%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	21,303,165	10%	19,226,122	9%
Manitoba		0	0%	21,303,165	10%	21,303,165	10%
New Brunswick		0	0%	21,303,165	10%	21,303,165	10%
Nova Scotia		0	0%	21,303,165	10%	21,303,165	10%
Ontario		0	0%	21,303,165	10%	21,303,165	10%
Quebec		0	0%	21,303,165	10%	21,303,165	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	21,303,165	10%	21,303,165	10%
<b>Bond Pool</b>		<b>11,021,762</b>	<b>5%</b>	<b>106,515,825</b>	<b>50%</b>	<b>95,494,063</b>	<b>45%</b>
Alberta		8,944,719	4%	21,303,165	10%	12,358,446	6%
Alberta		7,932,578					
Alberta Capital Finance Authority		1,012,141					
Alberta Treasury Branches		0					
British Columbia		2,077,043	1%	21,303,165	10%	19,226,122	9%
Manitoba		0	0%	21,303,165	10%	21,303,165	10%
New Brunswick		0	0%	21,303,165	10%	21,303,165	10%
Nova Scotia		0	0%	21,303,165	10%	21,303,165	10%
Ontario		0	0%	21,303,165	10%	21,303,165	10%
Quebec		0	0%	21,303,165	10%	21,303,165	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	21,303,165	10%	21,303,165	10%
<b>Total Fixed</b>		<b>12,022,783</b>	<b>6%</b>	<b>213,031,650</b>	<b>100%</b>	<b>201,008,867</b>	<b>94%</b>
<b>Total Investments</b>		<b>213,031,650</b>					

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

SCHEDULE E

Category	Status	Cumulative Amount Invested @ Book Value	%	Guideline Limit	%	Limit Available	%
<b>CASH &amp; EQUIVALENTS</b>							
<b>Federal Government &amp; its Guarantees</b>	<b>Open</b>	<b>0</b>	<b>0%</b>	<b>3,558,450</b>	<b>100%</b>	<b>3,558,450</b>	<b>100%</b>
Federal Government	Open	0	0%				
Business Development Bank	Open	0	0%				
Canada Mortgage & Housing Corp.	Open	0	0%				
Canadian Wheat Board	Open	0	0%				
Export Development Canada	Open	0	0%				
Farm Credit Corp	Open	0	0%				
		0					
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>1,710,267</b>	<b>48%</b>	<b>3,558,450</b>	<b>100%</b>	<b>1,848,183</b>	<b>52%</b>
Total Alberta (R-1 High)	Open	292,918	8%	889,612	25%	596,694	17%
Alberta (R-1 High)	Open	292,918					
Alberta Capital Finance Authority (R-1 High)	Open	0					
Alberta Treasury Branches (R-1 High)	Open	0	0%				
British Columbia (R-1 High)	Open	374,931	11%	889,612	25%	514,682	14%
Manitoba (R-1 Mid)	Open	0	0%	889,612	25%	889,612	25%
New Brunswick (R-1 Mid)	Open	0	0%	889,612	25%	889,612	25%
Nova Scotia (R-1 Mid)	Open	0	0%	889,612	25%	889,612	25%
Ontario (R-1 Mid)	Open	632,382	18%	889,612	25%	257,231	7%
Quebec (R-1 Mid)	Open	0	0%	889,612	25%	889,612	25%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	410,035	12%	889,612	25%	479,577	13%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>889,612</b>	<b>25%</b>	<b>889,612</b>	<b>25%</b>
Calgary (R-1 High)	Open	0		355,845	10%	355,845	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>1,841,773</b>	<b>52%</b>	<b>1,779,225</b>	<b>50%</b>	<b>-62,548</b>	<b>-2%</b>
	<b>BA's Schedule A</b>						
	<b>Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>1,636,687</b>	<b>46%</b>	<b>1,779,225</b>	<b>50%</b>	<b>142,538</b>	<b>4%</b>
Bank of Montreal (R-1 High)	Open	409,346	12%	355,845	10%	-53,501	-2%
BMO - Instruments		0					
BMO - Account		409,346					
Bank of Nova Scotia (R-1 High)	Open	43,668	1%	355,845	10%	312,177	9%
Bank of Nova Scotia Effective Cash		-73,674					
Bank of Nova Scotia - Notice Account		117,342					
Canadian Imperial Bank of Commerce (R-1 High)	Open	410,056	12%	355,845	10%	-54,211	-2%
CIBC - Instruments		0					
CIBC - Account		410,056					
Royal Bank (R-1 High)	Open	409,858	12%	355,845	10%	-54,013	-2%
RBC - Instruments		0					
RBC - Account		409,858					
Toronto Dominion (R-1 High)	Open	363,760	10%	355,845	10%	-7,915	0%
TD - Instruments		0					
TD - Account		363,760					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>205,087</b>	<b>6%</b>	<b>889,612</b>	<b>25%</b>	<b>684,526</b>	<b>19%</b>
National Bank of Canada (R-1 Mid)	Open	205,087	6%	177,922	5%	-27,164	-1%
OMERS Realty Corporation (R-1 High)	Open	0	0%	177,922	5%	177,922	5%
CDP Financial Inc (R-1 High)	Open	0	0%	177,922	5%	177,922	5%
Desjardins Total	Open	0	0%	177,922	5%	177,922	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>3,552,040</b>	<b>100%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	0	20%	0	0%
<b>Reserves - Bond Pool</b>		0	0%	3,558,450	100%	3,558,450	100%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>3,558,450</b>	<b>100%</b>	<b>3,558,450</b>	<b>100%</b>
<b>Money Market</b>		0	100%	3,558,450	100%	3,558,450	100%
Alberta		0	0%	355,845	10%	355,845	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	355,845	10%	355,845	10%
Manitoba		0	0%	355,845	10%	355,845	10%
New Brunswick		0	0%	355,845	10%	355,845	10%
Nova Scotia		0	0%	355,845	10%	355,845	10%
Ontario		0	0%	355,845	10%	355,845	10%
Quebec		0	0%	355,845	10%	355,845	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	355,845	10%	355,845	10%
<b>Bond Pool</b>		0	0%	3,558,450	100%	3,558,450	100%
Alberta		0	0%	355,845	10%	355,845	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	355,845	10%	355,845	10%
Manitoba		0	0%	355,845	10%	355,845	10%
New Brunswick		0	0%	355,845	10%	355,845	10%
Nova Scotia		0	0%	355,845	10%	355,845	10%
Ontario		0	0%	355,845	10%	355,845	10%
Quebec		0	0%	355,845	10%	355,845	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	355,845	10%	355,845	10%
<b>Total Fixed</b>		<b>0</b>					
<b>Equities</b>							
Bank of Montreal		6,410					
<b>Total Equities</b>		<b>6,410</b>					
<b>Total Investments</b>		<b>3,558,450</b>					

Appendix A

Economic Statistics

	Canada	US
Unemployment Rate	Jan 6.8% Feb 6.6% Mar 6.7%	Jan 4.8% Feb 4.7% Mar 4.5%
Jobs Created / (Lost) ('000's)	Jan 48 Feb 15 Mar 83	Jan 216 Feb 232 Mar 50
CPI (year over year)	Jan 2.1% Feb 2.0% Mar 1.6%	Jan 2.5% Feb 2.7% Mar 2.4%
CPI-X (Core) (year over year)	Jan 1.7% Feb 1.7% Mar 1.3%	Jan 2.3% Feb 2.2% Mar 2.0%
GDP	Q1: 0.9%	Q1: 1.2%

Central Bank Activities

- April 12, 2017: Bank of Canada Maintains overnight rate at 0.50%.
- May 3, 2017: U.S. Federal Open Market Committee maintains target range of 0.75%-1.00%.
- May 24, 2017: Bank of Canada Maintains overnight rate at 0.50%.
- June 14, 2017: U.S. Federal Open Market Committee raises target range to 1.00%-1.25%.

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.