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**Item No.**  
**Audit and Finance Standing Committee**  
**May 17, 2017**

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

Original Signed

**SUBMITTED BY:**

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Amanda Whitewood, Director of Finance and Asset Management/CFO

**DATE:** April 20, 2017

**SUBJECT:** Investment Activities– Quarter ending Dec 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 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, 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 May 17, 2017.

## DISCUSSION

### Overall Results

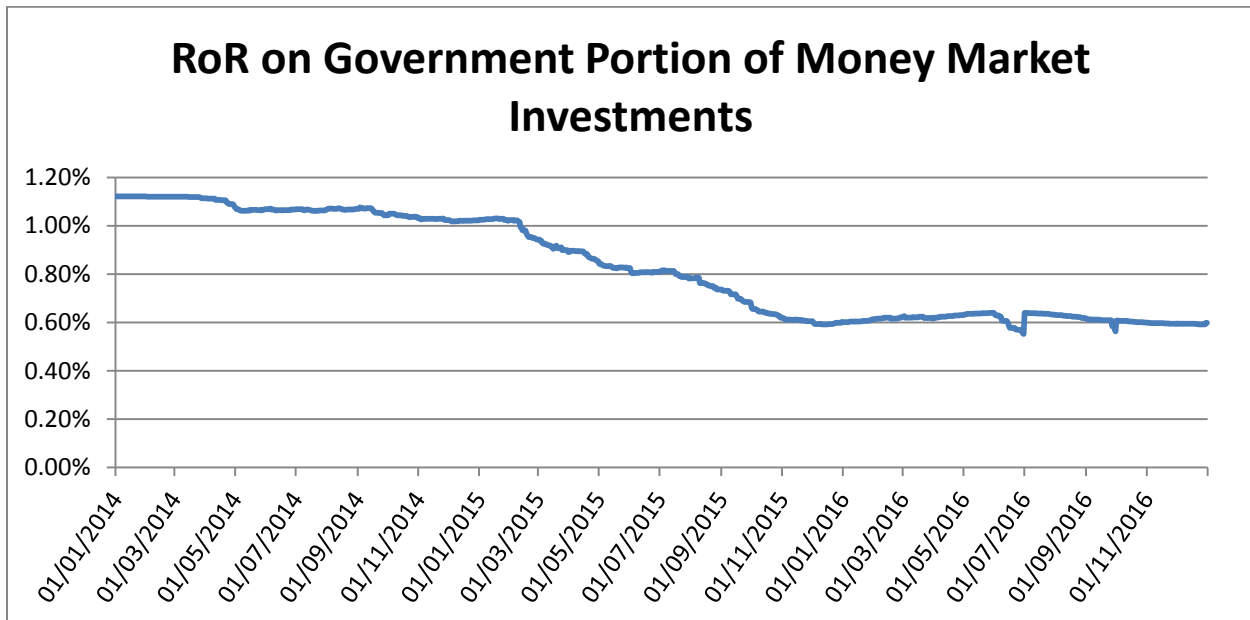
Operating fund investment income for the three months ending December 31, 2016 was \$1,385,867 versus a budget of \$1,200,000 for a surplus of \$185,867 due to an increase in cash flows. The rate of return for the period was 0.22% which was over the budgeted rate of return of 0.21%.

### HRM Investment Activities

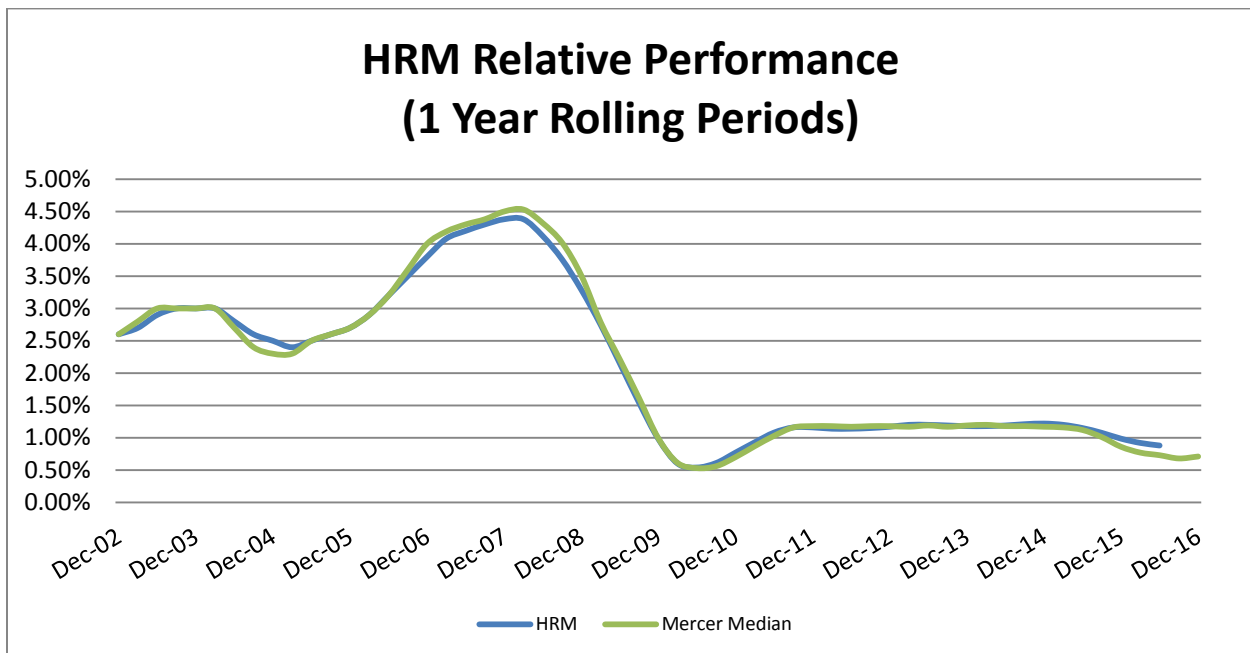
Mercer has discontinued its Investment Consulting Survey of Canadian Institutional Pooled Funds. HRM had been using this survey to compare returns with the industry. We have also been including the RBC Investor and Treasury Services Pooled Fund survey to the Investment Committee, which is very similar 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 Dec 31, 2016)	1 Year (to Dec 31, 2016)
5 <sup>th</sup> Percentile	0.25%	1.04%
1 <sup>st</sup> Quartile	0.22%	0.88%
Money Market Median	0.18%	0.71%
3 <sup>rd</sup> Quartile	0.16%	0.62%
95 <sup>th</sup> Percentile	0.10%	0.38%
<b>HRM</b>	<b>0.22%</b>	<b>0.87%</b>

Relative performance was again quite positive, the 3 month rate was at the 1<sup>st</sup> quartile, and the one year return was 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.



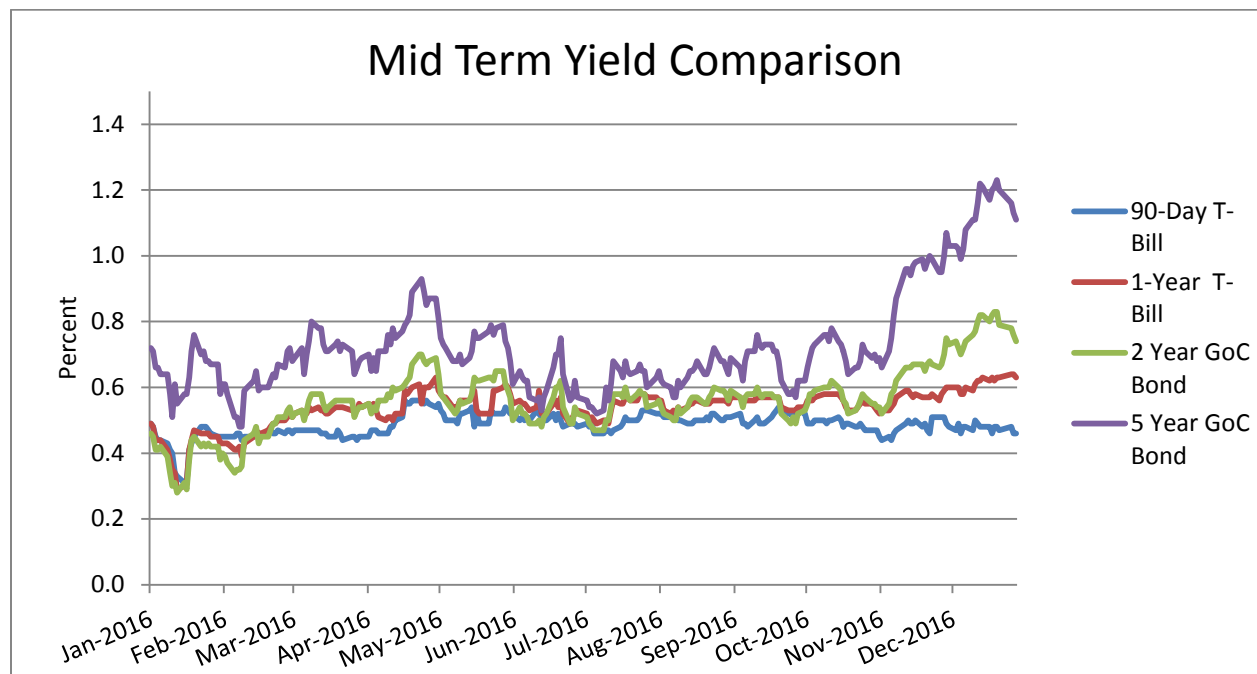
During the quarter HRM made 16 money market investments at a cost of \$201,773,860 with an average term to maturity of 87 days. This compares to last year when 54 investments were made at a cost of \$186,332,727 with an average term of 156 days. Similar to last year our predominant strategy was to allocate 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 \$217,609,780 by the end of the quarter. Incremental income over Bankers' Acceptances (BA's) and Bearer Deposit Notes (BDN's), using a rate of 0.82% as a proxy for the BA and BDN rates, was \$118,027 for the quarter.

The cumulative incremental gross investment income from the 2007 Policy change that expanded the non-government sector weight was \$2,179,933 or a \$164,492 increase during the quarter.

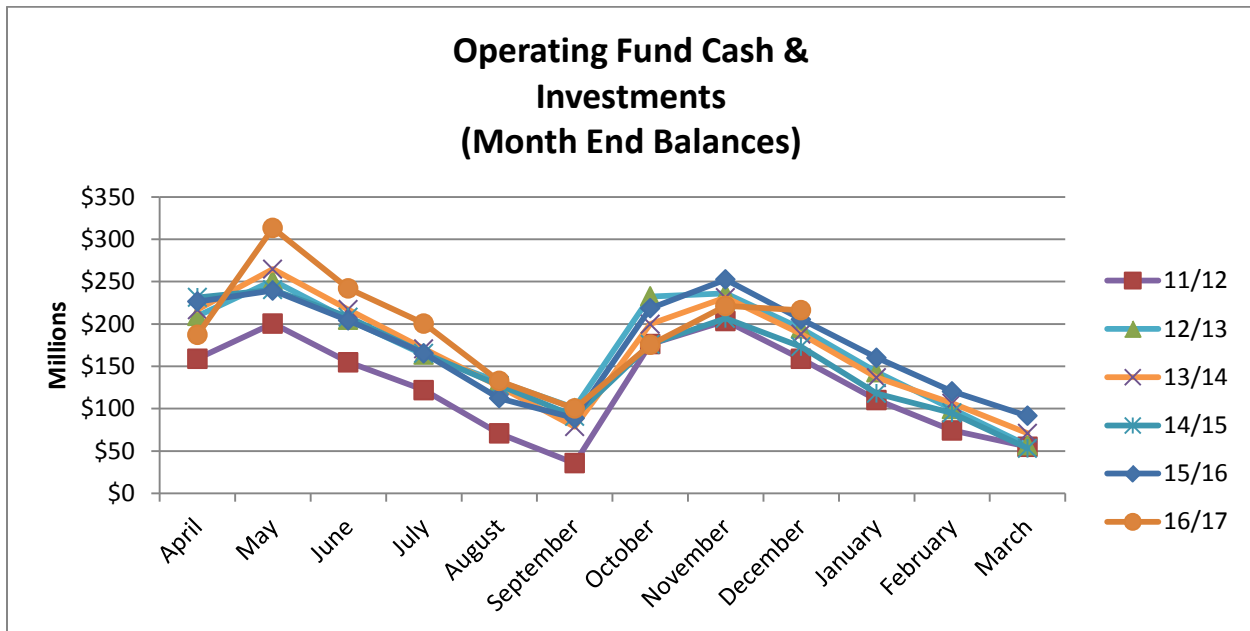
### HRM Short Term Bond Pool

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 \$32,800,000 higher than the previous year. Compared to the previous year there was a \$6,000,000 decrease in tax revenue received in the period and a \$1,700,000 Deed Transfer Tax (DTT) decrease. The remaining increase is attributable to the timing of operating cashflows.



Subsequent to End of Reporting Quarter

On January 18, 2017 and March 1, 2017 the Bank of Canada maintained interest rates (target for the overnight rate is 0.50%) amid uncertainty about the global outlook and material excess capacity in the Canadian economy.

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 above median for the year ending December 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 Policy and the risks inherent in markets to look to achieve an optimal rate of return.

## **FINANCIAL IMPLICATIONS**

As discussed above, operating fund investment income for the nine months ending December 31, 2016 was \$1,385,867 versus a budget of \$1,200,000 for a surplus of \$185,867 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 @ December 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

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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.

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Appendix A

**Economic Statistics**

	Canada	US
Unemployment Rate	Oct 7.0% Nov 6.8% Dec 6.9%	Oct 4.8% Nov 4.6% Dec 4.7%
Jobs Created / (Lost) ('000's)	Oct 44 Nov 11 Dec 54	Oct 124 Nov 164 Dec 157
CPI (year over year)	Oct 1.5% Nov 1.2% Dec 1.5%	Oct 1.6% Nov 1.7% Dec 2.1%
CPI-X (Core) (year over year)	Oct 1.7 Nov 1.5 Dec 1.6	Oct 2.1% Nov 2.1% Dec 2.2%
GDP	Q4: 0.5%	Q4: 2.1%

**Central Bank Activities**

- January 18, 2017: Bank of Canada Maintains overnight rate at 0.50%.
- February 1, 2017: U.S. Federal Open Market Committee maintains target range at 0.50%-0.75%.
- March 1, 2017: Bank of Canada Maintains overnight rate at 0.50%.
- March 15, 2017: U.S. Federal Open Market Committee raises target range to 0.75%-1.00%.



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 @ Dec 31, 2016**

SCHEDULE A

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>456,311,191</b>	<b>100%</b>	<b>455,309,658</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>216,692,542</b>	<b>47%</b>	<b>456,311,191</b>	<b>100%</b>	<b>239,618,650</b>	<b>53%</b>
Total Alberta (R-1 High)	Open	46,930,130	10%	114,077,798	25%	58,202,949	13%
Alberta (R-1 High)	Open	46,930,130					
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%	114,077,798	25%	112,000,755	25%
Manitoba (R-1 Mid)	Open	39,006,660	9%	114,077,798	25%	75,071,138	16%
New Brunswick (R-1 Mid)	Open	11,984,520	3%	114,077,798	25%	102,093,278	22%
Nova Scotia (R-1 Mid)	Open	0	0%	114,077,798	25%	114,077,798	25%
Ontario (R-1 Mid)	Open	61,850,932	14%	114,077,798	25%	52,226,866	11%
Quebec (R-1 Mid)	Open	44,941,350	10%	114,077,798	25%	69,136,448	15%
Quebec		44,941,350					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	11,978,950	3%	114,077,798	25%	102,098,848	22%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>	<b>0%</b>	<b>114,077,798</b>	<b>25%</b>	<b>114,077,798</b>	<b>25%</b>
Calgary (R-1 High)	Open	0	0%	45,631,119	10%	45,631,119	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>227,588,945</b>	<b>50%</b>	<b>228,155,596</b>	<b>50%</b>	<b>566,651</b>	<b>0%</b>
	<b>BA's Schedule A Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>204,777,388</b>	<b>45%</b>	<b>228,155,596</b>	<b>50%</b>	<b>23,378,207</b>	<b>5%</b>
Bank of Montreal (R-1 High)	Open	45,564,669	10%	45,631,119	10%	66,450	0%
BMO - Instruments		0					
BMO - Account		45,564,669					
Bank of Nova Scotia (R-1 High)	Open	19,979,164	4%	45,631,119	10%	25,651,955	6%
Bank of Nova Scotia Effective Cash		9,979,164					
Bank of Nova Scotia - Notice Account		10,000,000					
Canadian Imperial Bank of Commerce (R-1 High)	Open	45,624,036	10%	45,631,119	10%	7,083	0%
CIBC - Instruments		0					
CIBC - Account		45,624,036					
Royal Bank (R-1 High)	Open	45,609,520	10%	45,631,119	10%	21,600	0%
RBC - Instruments		0					
RBC - Account		45,609,520					
Toronto Dominion (R-1 High)	Open	48,000,000	11%	45,631,119	10%	-2,368,881	-1%
TD - Instruments		0					
TD - Account		48,000,000					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>22,811,556</b>	<b>5%</b>	<b>114,077,798</b>	<b>25%</b>	<b>91,266,242</b>	<b>20%</b>
National Bank of Canada (R-1 Mid)	Open	22,811,556	5%	22,815,560	5%	4,004	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	22,815,560	5%	22,815,560	5%
CDP Financial Inc (R-1 High)	Open	0	0%	22,815,560	5%	22,815,560	5%
Desjardins Total	Open	0	0%	22,815,560	5%	22,815,560	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>444,281,486</b>	<b>97%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	57,798,581	20%	57,798,581	20%
<b>Reserves - Bond Pool</b>		1,001,533	0%	163,944,195	100%	162,942,662	99%
Canada Mortgage & Housing Corp.		1,001,533	0%	163,944,195	100%	162,942,662	99%
<b>Provincial Government &amp; their Guarantees</b>		<b>11,021,762</b>	<b>2%</b>	<b>57,798,581</b>	<b>20%</b>	<b>46,776,819</b>	<b>16%</b>
<b>Money Market</b>		0	2%	57,798,581	20%	36,031,504	12%
Alberta		0	2%	28,899,290	10%	19,954,572	7%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	28,899,290	10%	26,822,247	9%
Manitoba		0	0%	28,899,290	10%	28,899,290	10%
New Brunswick		0	0%	28,899,290	10%	28,899,290	10%
Nova Scotia		0	0%	28,899,290	10%	28,899,290	10%
Ontario		0	0%	28,899,290	10%	28,899,290	10%
Quebec		0	0%	28,899,290	10%	28,899,290	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	28,899,290	10%	28,899,290	10%
<b>Bond Pool</b>		<b>11,021,762</b>	<b>2%</b>	<b>32,788,839</b>	<b>20%</b>	<b>21,767,077</b>	<b>13%</b>
Alberta		8,944,719	2%	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	0%	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>12,023,295</b>	<b>3%</b>	<b>32,788,839</b>	<b>20%</b>	<b>20,765,544</b>	<b>13%</b>
<b>Equities</b>							
Bank of Montreal		6,410					
<b>Total Equities</b>		<b>6,410</b>					
<b>Total Investments</b>		<b>456,311,191</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		41,294,920	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>497,606,111</b>					

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

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>268,892,018</b>	<b>100%</b>	<b>268,892,018</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>131,148,600</b>	<b>49%</b>	<b>268,892,018</b>	<b>100%</b>	<b>137,743,418</b>	<b>51%</b>
Total Alberta (R-1 High)	Open	28,403,473	11%	67,223,005	25%	38,819,531	14%
Alberta (R-1 High)	Open	28,403,473					
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%	67,223,005	25%	67,223,005	25%
Manitoba (R-1 Mid)	Open	23,607,960	9%	67,223,005	25%	43,615,045	16%
New Brunswick (R-1 Mid)	Open	7,253,378	3%	67,223,005	25%	59,969,626	22%
Nova Scotia (R-1 Mid)	Open	0	0%	67,223,005	25%	67,223,005	25%
Ontario (R-1 Mid)	Open	37,433,975	14%	67,223,005	25%	29,789,030	11%
Quebec (R-1 Mid)	Open	27,199,806	10%	67,223,005	25%	40,023,198	15%
Quebec		27,199,806					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	7,250,007	3%	67,223,005	25%	59,972,997	22%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>67,223,005</b>	<b>25%</b>	<b>67,223,005</b>	<b>25%</b>
Calgary (R-1 High)	Open			26,889,202	10%	26,889,202	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>137,743,418</b>	<b>51%</b>	<b>134,446,009</b>	<b>50%</b>	<b>-3,297,409</b>	<b>-1%</b>
	<b>BA's Schedule A Canadian Banks R-1</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Mid</b>	<b>123,937,204</b>	<b>46%</b>	<b>134,446,009</b>	<b>50%</b>	<b>10,508,805</b>	<b>4%</b>
Bank of Montreal (R-1 High)	Open	27,577,057	10%	26,889,202	10%	-687,855	0%
BMO - Instruments		0					
BMO - Account		27,577,057					
Bank of Nova Scotia (R-1 High)	Open	12,091,968	4%	26,889,202	10%	14,797,233	6%
Bank of Nova Scotia Effective Cash		6,039,679					
Bank of Nova Scotia - Notice Account		6,052,290					
Canadian Imperial Bank of Commerce (R-1 High)	Open	27,612,988	10%	26,889,202	10%	-723,786	0%
CIBC - Instruments		0					
CIBC - Account		27,612,988					
Royal Bank (R-1 High)	Open	27,604,202	10%	26,889,202	10%	-715,000	0%
RBC - Instruments		0					
RBC - Account		27,604,202					
Toronto Dominion (R-1 High)	Open	29,050,990	11%	26,889,202	10%	-2,161,788	-1%
TD - Instruments		0					
TD - Account		29,050,990					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>13,806,214</b>	<b>5%</b>	<b>67,223,005</b>	<b>25%</b>	<b>53,416,790</b>	<b>20%</b>
National Bank of Canada (R-1 Mid)	Open	13,806,214	5%	13,444,601	5%	-361,613	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	13,444,601	5%	13,444,601	5%
CDP Financial Inc (R-1 High)	Open	0	0%	13,444,601	5%	13,444,601	5%
Desjardins Total		0	0%	13,444,601	5%	13,444,601	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Investments</b>		<b>268,892,018</b>	<b>100%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	53,778,404	20%	53,778,404	20%
<b>Reserves - Bond Pool</b>		0	0%	53,778,404	100%	53,778,404	20%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>53,778,404</b>	<b>20%</b>	<b>53,778,404</b>	<b>20%</b>
<b>Money Market</b>		0	0%	53,778,404	20%	53,778,404	20%
Alberta		0	0%	26,889,202	10%	26,889,202	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	26,889,202	10%	26,889,202	10%
Manitoba		0	0%	26,889,202	10%	26,889,202	10%
New Brunswick		0	0%	26,889,202	10%	26,889,202	10%
Nova Scotia		0	0%	26,889,202	10%	26,889,202	10%
Ontario		0	0%	26,889,202	10%	26,889,202	10%
Quebec		0	0%	26,889,202	10%	26,889,202	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	26,889,202	10%	26,889,202	10%
<b>Bond Pool</b>		0	0%	53,778,404	20%	53,778,404	20%
Alberta		0	0%	26,889,202	10%	26,889,202	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	26,889,202	10%	26,889,202	10%
Manitoba		0	0%	26,889,202	10%	26,889,202	10%
New Brunswick		0	0%	26,889,202	10%	26,889,202	10%
Nova Scotia		0	0%	26,889,202	10%	26,889,202	10%
Ontario		0	0%	26,889,202	10%	26,889,202	10%
Quebec		0	0%	26,889,202	10%	26,889,202	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	26,889,202	10%	26,889,202	10%
<b>Total Fixed</b>		<b>0</b>	<b>0%</b>	<b>53,778,404</b>	<b>20%</b>	<b>53,778,404</b>	<b>20%</b>
<b>Total Investments</b>		<b>268,892,018</b>					
Interest Bearing Bank Accounts - O/S Cheque Coverage		41,294,920	*				
<b>Total Investments and O/S Cheques Coverage</b>		<b>310,186,938</b>					

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

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%	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 @ Dec 31, 2016**

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>183,861,775</b>	<b>100%</b>	<b>182,860,242</b>	<b>99%</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>83,811,993</b>	<b>46%</b>	<b>183,861,775</b>	<b>100%</b>	<b>100,049,782</b>	<b>54%</b>
Total Alberta (R-1 High)	Open	18,151,560	10%	45,965,444	25%	18,869,165	10%
Alberta (R-1 High)	Open	18,151,560					
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%	45,965,444	25%	43,888,401	24%
Manitoba (R-1 Mid)	Open	15,086,933	8%	45,965,444	25%	30,878,511	17%
New Brunswick (R-1 Mid)	Open	4,635,353	3%	45,965,444	25%	41,330,090	22%
Nova Scotia (R-1 Mid)	Open	0		45,965,444	25%	45,965,444	25%
Ontario (R-1 Mid)	Open	23,922,604	13%	45,965,444	25%	22,042,840	12%
Quebec (R-1 Mid)	Open	17,382,343	9%	45,965,444	25%	28,583,101	16%
Quebec		17,382,343					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan (R-1 High)	Open	4,633,199	3%	45,965,444	25%	41,332,245	22%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>45,965,444</b>	<b>25%</b>	<b>45,965,444</b>	<b>25%</b>
Calgary (R-1 High)	Open			18,386,178	10%	18,386,178	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>88,026,487</b>	<b>48%</b>	<b>91,930,888</b>	<b>50%</b>	<b>3,904,401</b>	<b>2%</b>
	<b>BA's Schedule A</b>						
<b>Tier 1 - Financial Institutions &amp; their Guarantees</b>	<b>Canadian Banks R-1 Mid</b>	<b>79,203,470</b>	<b>43%</b>	<b>91,930,888</b>	<b>50%</b>	<b>12,727,418</b>	<b>7%</b>
Bank of Montreal (R-1 High)	Open	17,623,429	10%	18,386,178	10%	762,748	0%
BMO - Instruments		0					
BMO - Account		17,623,429					
Bank of Nova Scotia (R-1 High)	Open	7,727,509	4%	18,386,178	10%	10,658,669	6%
Bank of Nova Scotia Effective Cash		3,859,725					
Bank of Nova Scotia - Notice Account		3,867,784					
Canadian Imperial Bank of Commerce (R-1 High)	Open	17,646,391	10%	18,386,178	10%	739,786	0%
CIBC - Instruments		0					
CIBC - Account		17,646,391					
Royal Bank (R-1 High)	Open	17,640,777	10%	18,386,178	10%	745,401	0%
RBC - Instruments		0					
RBC - Account		17,640,777					
Toronto Dominion (R-1 High)	Open	18,565,363	10%	18,386,178	10%	-179,185	0%
TD - Instruments		0					
TD - Account		18,565,363					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>8,823,017</b>	<b>5%</b>	<b>45,965,444</b>	<b>25%</b>	<b>37,142,427</b>	<b>20%</b>
National Bank of Canada (R-1 Mid)	Open	8,823,017	5%	9,193,089	5%	370,072	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	9,193,089	5%	9,193,089	5%
CDP Financial Inc (R-1 High)	Open	0	0%	9,193,089	5%	9,193,089	5%
Desjardins Total		0	0%	9,193,089	5%	9,193,089	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>171,838,480</b>	<b>93%</b>				
<b>Federal Government &amp; its Guarantees</b>							
<b>Money Market</b>		0	0%	0	20%	0	0%
<b>Reserves - Bond Pool</b>		1,001,533	1%	183,861,775	100%	182,860,242	99%
Canada Mortgage & Housing Corp.		1,001,533					
<b>Provincial Government &amp; their Guarantees</b>		<b>11,021,762</b>	<b>6%</b>	<b>91,930,888</b>	<b>50%</b>	<b>80,909,126</b>	<b>44%</b>
<b>Money Market</b>		0	<b>6%</b>	<b>91,930,888</b>	<b>50%</b>	<b>80,909,126</b>	<b>44%</b>
Alberta		0	5%	18,386,178	10%	9,441,459	5%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	1%	18,386,178	10%	16,309,134	9%
Manitoba		0	0%	18,386,178	10%	18,386,178	10%
New Brunswick		0	0%	18,386,178	10%	18,386,178	10%
Nova Scotia		0	0%	18,386,178	10%	18,386,178	10%
Ontario		0	0%	18,386,178	10%	18,386,178	10%
Quebec		0	0%	18,386,178	10%	18,386,178	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	18,386,178	10%	18,386,178	10%
<b>Bond Pool</b>		11,021,762	6%	91,930,888	50%	80,909,126	44%
Alberta		8,944,719	5%	18,386,178	10%	9,441,459	5%
Alberta		7,932,578					
Alberta Capital Finance Authority		1,012,141					
Alberta Treasury Branches		0					
British Columbia		2,077,043	1%	18,386,178	10%	16,309,134	9%
Manitoba		0	0%	18,386,178	10%	18,386,178	10%
New Brunswick		0	0%	18,386,178	10%	18,386,178	10%
Nova Scotia		0	0%	18,386,178	10%	18,386,178	10%
Ontario		0	0%	18,386,178	10%	18,386,178	10%
Quebec		0	0%	18,386,178	10%	18,386,178	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	18,386,178	10%	18,386,178	10%
<b>Total Fixed</b>		<b>12,023,295</b>	<b>7%</b>	<b>183,861,775</b>	<b>100%</b>	<b>171,838,480</b>	<b>93%</b>
<b>Total Investments</b>		<b>183,861,775</b>					

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

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>3,557,398</b>	<b>100%</b>	<b>3,557,398</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						
Farm Credit Corp	Open	0	0%				
		0					
<b>Provincial Governments &amp; their Guarantees</b>	<b>R-1 Mid or Greater</b>	<b>1,731,948</b>	<b>49%</b>	<b>3,557,398</b>	<b>100%</b>	<b>1,825,450</b>	<b>51%</b>
Total Alberta (R-1 High)	Open	375,096	11%	889,350	25%	514,253	14%
Alberta (R-1 High)	Open	375,096					
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%	889,350	25%	889,350	25%
Manitoba (R-1 Mid)	Open	311,767	9%	889,350	25%	577,583	16%
New Brunswick (R-1 Mid)	Open	95,788	3%	889,350	25%	793,561	22%
Nova Scotia (R-1 Mid)	Open	0	0%	889,350	25%	889,350	25%
Ontario (R-1 Mid)	Open	494,353	14%	889,350	25%	394,996	11%
Quebec (R-1 Mid)	Open	359,201	10%	889,350	25%	530,149	15%
Quebec							
Financement Quebec							
Hydro Quebec							
Saskatchewan (R-1 High)	Open	95,744	3%	889,350	25%	793,606	22%
<b>Municipal Governments &amp; their Guarantees*</b>	<b>R-1 Mid or Greater</b>	<b>0</b>		<b>889,350</b>	<b>25%</b>	<b>889,350</b>	<b>25%</b>
Calgary (R-1 High)	Open			355,740	10%	355,740	10%
<b>Financial Institutions &amp; their Guarantees /Corporations</b>		<b>1,819,040</b>	<b>51%</b>	<b>1,778,699</b>	<b>50%</b>	<b>-40,341</b>	<b>-1%</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>1,636,715</b>	<b>46%</b>	<b>1,778,699</b>	<b>50%</b>	<b>141,984</b>	<b>4%</b>
Bank of Montreal (R-1 High)	Open	364,183	10%	355,740	10%	-8,443	0%
BMO - Instruments		0					
BMO - Account		364,183					
Bank of Nova Scotia (R-1 High)	Open	159,687	4%	355,740	10%	196,053	6%
Bank of Nova Scotia Effective Cash		79,760					
Bank of Nova Scotia - Notice Account		79,927					
Canadian Imperial Bank of Commerce (R-1 High)	Open	364,657	10%	355,740	10%	-8,917	0%
CIBC - Instruments		0					
CIBC - Account		364,657					
Royal Bank (R-1 High)	Open	364,541	10%	355,740	10%	-8,801	0%
RBC - Instruments		0					
RBC - Account		364,541					
Toronto Dominion (R-1 High)	Open	383,647	11%	355,740	10%	-27,908	-1%
TD - Instruments		0					
TD - Account		383,647					
<b>Tier 2 - Financial Institutions &amp; Corporations</b>	<b>R-1 Mid/High***</b>	<b>182,325</b>	<b>5%</b>	<b>889,350</b>	<b>25%</b>	<b>707,025</b>	<b>20%</b>
National Bank of Canada (R-1 Mid)	Open	182,325	5%	177,870	5%	-4,455	0%
OMERS Realty Corporation (R-1 High)	Open	0	0%	177,870	5%	177,870	5%
CDP Financial Inc (R-1 High)	Open	0	0%	177,870	5%	177,870	5%
Desjardins Total		0	0%	177,870	5%	177,870	5%
Desjardins Group (R-1 High)	Open	0					
Caisse Centale Desjardins (R-1 High)	Open	0					
<b>Total Cash and Equivalents</b>		<b>3,550,988</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%	3,557,398	100%	3,557,398	100%
Canada Mortgage & Housing Corp.		0					
<b>Provincial Government &amp; their Guarantees</b>		<b>0</b>	<b>0%</b>	<b>3,557,398</b>	<b>100%</b>	<b>3,557,398</b>	<b>100%</b>
<b>Money Market</b>		0	100%	3,557,398	100%	3,557,398	100%
Alberta		0	0%	355,740	10%	355,740	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	355,740	10%	355,740	10%
Manitoba		0	0%	355,740	10%	355,740	10%
New Brunswick		0	0%	355,740	10%	355,740	10%
Nova Scotia		0	0%	355,740	10%	355,740	10%
Ontario		0	0%	355,740	10%	355,740	10%
Quebec		0	0%	355,740	10%	355,740	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	355,740	10%	355,740	10%
<b>Bond Pool</b>		0	0%	3,557,398	100%	3,557,398	100%
Alberta		0	0%	355,740	10%	355,740	10%
Alberta		0					
Alberta Capital Finance Authority		0					
Alberta Treasury Branches		0					
British Columbia		0	0%	355,740	10%	355,740	10%
Manitoba		0	0%	355,740	10%	355,740	10%
New Brunswick		0	0%	355,740	10%	355,740	10%
Nova Scotia		0	0%	355,740	10%	355,740	10%
Ontario		0	0%	355,740	10%	355,740	10%
Quebec		0	0%	355,740	10%	355,740	10%
Quebec		0					
Financement Quebec		0					
Hydro Quebec		0					
Saskatchewan		0	0%	355,740	10%	355,740	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>3,557,398</b>					