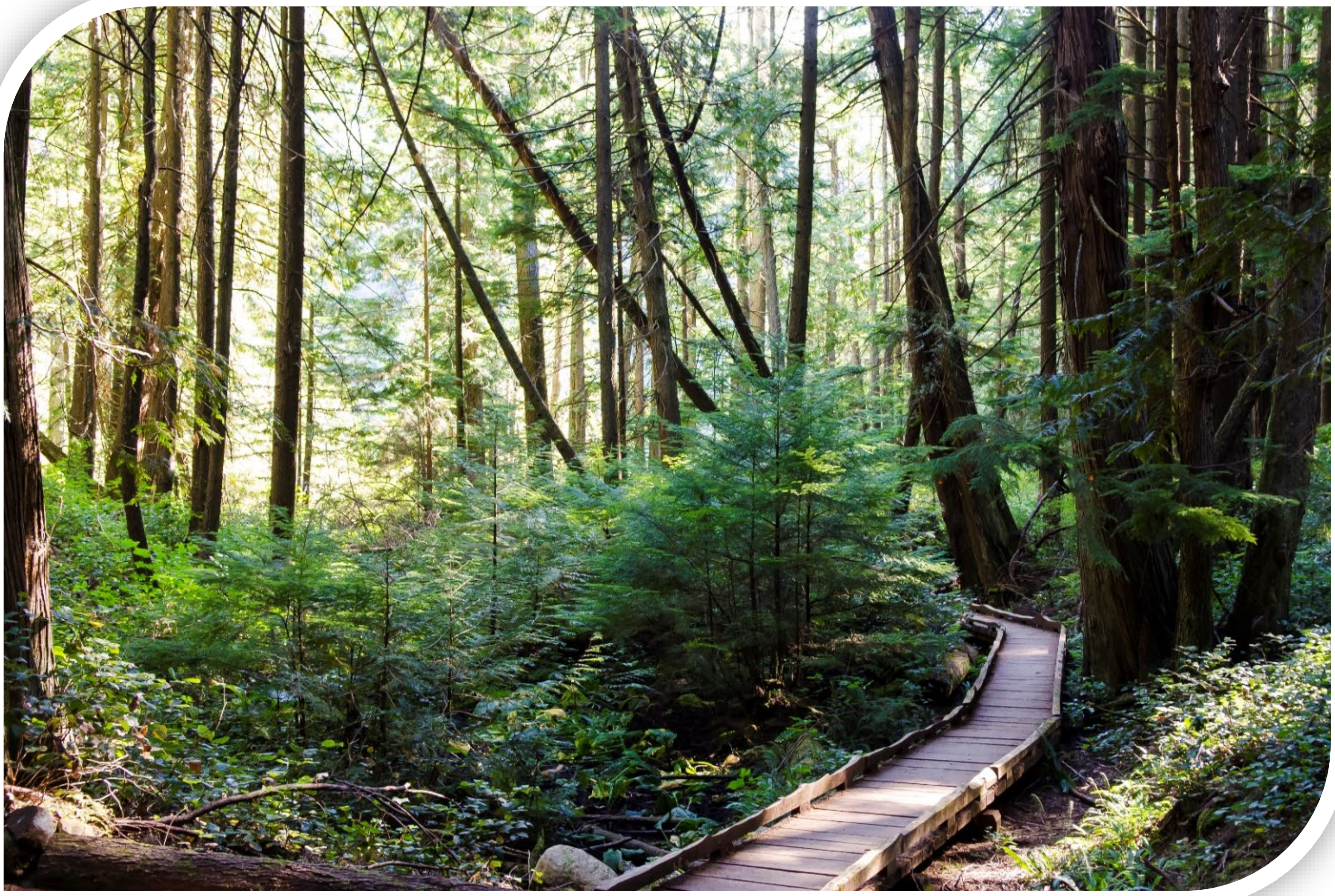
Q3 INVESTMENT REPORT

2018



OCTOBER 22, 2018

west vancouver

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DISTRICT OF WEST VANCOUVER
2018 Q3 INVESTMENT REPORT

1. PURPOSE

To report on investment returns pursuant to the requirements of Cash Management and Investment Policy 02-30-369 (Policy).

2. CONTEXT

The Policy requires that investment returns be reported on a quarterly basis. This is the third report for 2018, addressing the status of the current investment portfolio and the investment environment in July – September 2018.

Regular cash demands as well as our conservative investment strategy require that we maintain a high degree of liquidity in our investment portfolio including both short and long term investments. Our short term investments, those with terms of less than one year and the highest degree of liquidity, are used to meet our working capital requirements. Short term investments include Municipal Finance Authority of BC (MFA) Pooled High Interest Savings Account (with CIBC and National Bank of Canada), RBC cash account and MFA Money Market Fund.

Long term investments have terms of greater than one year. These investments are less liquid than our short term investments and are held both to manage the risk of interest rate fluctuations and for funding requirements with a longer term perspective. Long term investments include MFA Intermediate Fund for investments from one to three years; MFA Bond Fund for investments of more than three years and Guaranteed Investment Certificates (GICs) for the term of 1 year or longer, issued by Canadian chartered banks that meet the District's risk management requirements.

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3. INVESTMENT RESULTS

3.1 Summary

A summary of investment results for the period from July 1, 2018 to September 30, 2018 is presented below:

	MFA MONEY MARKET FUND	MFA BOND FUND	MFA INTERMEDIATE FUND	CIBC HIGH INTEREST SAVING	NATIONAL BANK HIGH INTEREST SAVING	SHORT TERM INVESTMENTS	TOTAL
Opening Balance (07/01/2018)	$ 9,926	$-	$27,769	$138,388,491	$-	$43,997,504	$ 182,423,691
Transfers/Adjustments	$-	$-	$-	-$70,000,000	$ 70,000,000	-$17,201,462	-$17,201,462
	$ 9,926	$-	$27,769	$68,388,491	$ 70,000,000	$26,796,042	$ 165,222,229
Interest Income	$43	$-	$ 110	$ 536,774	$226,533	$ 194,764	$ 958,223
						.	
	$43	$-	$ 110	$ 536,774	$226,533	$ 194,764	$ 958,223
Closing Balance (09/30/2018)	**$ 9,969**	**$-**	**$27,879**	**$68,925,265**	**$ 70,226,533**	**$26,990,806**	**$ 166,180,452**

3.2 Comparison to Benchmarks

The benchmarks, defined in the District's Cash Management and Investment Guidelines 04-30-371, are set on the basis of MFA funds' performance objectives as follows:

- **Short term (working capital) investments**: performance objective (based on MFA Money Market Fund) = FTSE TMX Canada 30-Day Treasury Bill Index + 15 basis points, net of all expenses
  - Q3 Benchmark = 0.28%[1] + 15 basis points = 0.43%
  - Q3 Actual (all short term investments) = 0.55%[2] (benchmark exceeded by 12 basis points)
  - The yield on short-term investments has improved following the restructuring of the portfolio at the end of Q2 increasing the funds invested in MFA High Interest Saving Accounts (HISAs) from $64.5M[3] to $138.4M[4]

[1] 3 months non-annualized, as per MFA Pooled Investment Results report (September)
[2] Based on average across all short term investments
[3] Q2 opening balance
[4] Q2 closing balance

- The District leverages 2 HISA accounts to diversify the investments, while maintaining favourable interest rates and flexible conditions of the HISA
    - MFA-CIBC HISA, yielding 2.21% annualized interest in Q3. Closing balance = $69M (incl. interest earned)
    - NBC-CIBC HISA, yielding 2.27% annualized interest in Q3. Closing balance = $70M (incl. interest earned).

- **Long term investments:**
    - MFA Bond Fund: performance objective = FTSE TMX Canada Short Term Bond Index + 40 basis points, net of all expenses
        - Q3 Benchmark = -0.04%[5] + 40 basis points = 0.36%
        - Q3 MFA Actual = NA (no investments)
            - MFA Bond Fund actual yield = -0.02%[6]

    - MFA Intermediate Fund: performance objective = FTSE TMX 365-Day Treasury Bill Index + 30 basis points, net of all expenses
        - Q2 MFA Performance objective = 0.17%[7] + 30 basis points = 0.47%
        - Q2 Actual (MFA Intermediate Fund) = 0.39%[8]
        - Benchmark missed by 8 basis points due to the underperformance of the MFA Intermediate Fund, which had very limited impact on the overall portfolio, given the low average balance in the account ($28K in Q3)

    - Other investments: As a part of the District's strategic decision to discontinue the investment in the MFA Intermediate Fund, $5.7M held by the District in Trust for the Cemetery Care Fund, was taken out of the Intermediate Fund and invested in a separate GIC with Scotiabank. GIC's annual yield rate = 2.61% (as compared to 1.56% annualized actual Q3 yield of the Intermediate Fund).

[5] 3 months non-annualized, as per MFA Pooled Investment Results report (September)
[6] 3 months non-annualized, as per MFA Pooled Investment Results report (September)
[7] 3 months non-annualized, as per MFA Pooled Investment Results report (September)
[8] 3 months non-annualized, as per MFA Pooled Investment Results report (September)

3.3 Cumulative results

A summary of YTD investment results for the period from January 1, 2018 to September 30, 2018 is presented below:

	MFA MONEY MARKET FUND	MFA BOND FUND	MFA INTERMEDIATE FUND	CIBC HIGH INTEREST SAVING	NATIONAL BANK HIGH INTEREST SAVING	SHORT TERM INVESTMENTS	TOTAL
Opening Balance (01/01/2018)	$9,853	$55,587,622	$27,561	$80,235,369	$0	$183,688	**$136,044,093**
Transfers/Adjustments	$0	-$55,783,124	$0	-$12,500,000	$70,000,000	$26,504,327	**$28,221,203**
	$9,853	-$195,502	$27,561	$67,735,369	$70,000,000	$26,688,015	**$164,265,296**
Interest Income	$116	$195,502	$318	$1,189,896	$226,533	$302,791	**$1,915,155**
	$116	$195,502	$318	$1,189,896	$226,533	$302,791	**$1,915,155**
Closing Balance (09/30/2018)	**$9,969**	**$0**	**$27,879**	**$68,925,265**	**$70,226,533**	**$26,990,806**	**$166,180,451**

- The largest share of the investment income, $1.2M, was obtained from the MFA-CIBC HISA account, which provided consistently high yield on investments since the beginning of the year, with 2.21% return rate, as of the end of Q3
- The second highest source of the investment income, in the amount of $0.3M, is the District's Cash account with RBC. The amount of funds allocated to this account fluctuates, depending on the timing of District's revenues, expenses and investments in other instruments. RBC interest rate as of the end of Q3 = 1.95%
- The third account, by the amount of absolute interest earned in Q1-3, is MFA-NBC HISA. This account has the highest rate of return = 2.27%, as of the end of Q3. Lower interest income, as compared to the two prior accounts, is explained by timing – this account became available at the end of Q2, so no interest was earned in Q1-2
- MFA Bond Fund yield $196K interest in 2018, but the return rate, of 0.85%, was consistently lower than the rate available in other accounts leading to the decision to divest from the Fund at the end of Q2

3.4 Market trends

The analysis of Q3 market trends and forward looking investment strategies for the period from July 1, 2018 to September 30, 2018 is presented in the monthly MFA reports attached as Appendix 1.

APPENDIX 1

MFA of B.C. Pooled Investment Results[1]

As of September 30, 2018

	1 Month Non-annualized %	3 Months Non-annualized %	Year-to-Date Non-annualized %	1 Year %	3 Years Annualized %	5 Years Annualized %	Since Inception Annualized %[2]
MFA Money Market Fund	**0.14**	**0.43**	**1.18**	**1.48**	**1.04**	**1.03**	**3.88**
Custom Benchmark[3]	*0.10*	*0.28*	*0.78*	*0.95*	*0.55*	*0.59*	*3.62*
MFA Intermediate Fund	**0.09**	**0.39**	**1.15**	**1.53**	**1.13**	**1.25**	**3.50**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.06*	*0.17*	*0.91*	*1.12*	*0.42*	*0.62*	*3.11*
MFA Bond Fund	**-0.21**	**-0.02**	**0.54**	**0.85**	**0.91**	**1.71**	**5.87**
FTSE TMX Canada Short Term Overall Bond Index	*-0.22*	*-0.04*	*0.39*	*0.62*	*0.51*	*1.40*	*5.58*

[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents custom benchmark: changed from FTSE TMX Canada 91-day T-Bill Index to FTSE TMX Canada 30-day T-Bill Index effective Jan. 1, 2013

Market Developments

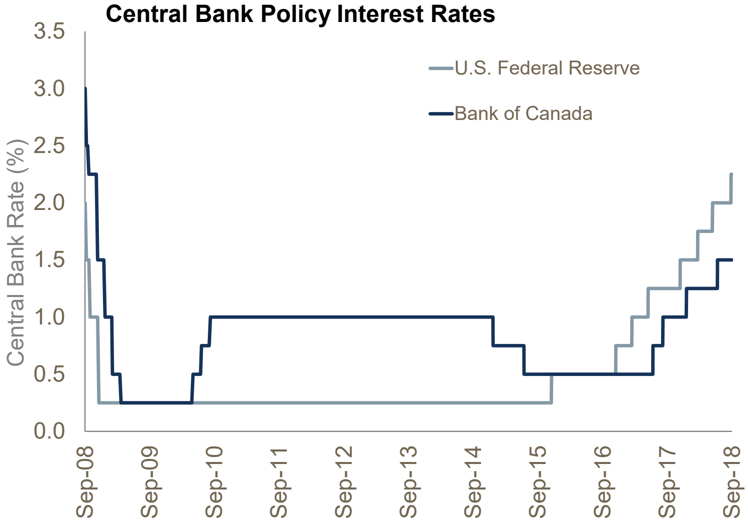
Market Interest Rates

	July 31, 2018	August 31, 2018	September 30, 2018
3 Month T-bills	1.45%	1.54%	1.58%
2 Year Gov't of Canada Bonds	2.07%	2.06%	2.21%
5 Year Gov't of Canada Bonds	2.22%	2.16%	2.34%
30 Year Gov't of Canada Bonds	2.33%	2.25%	2.42%

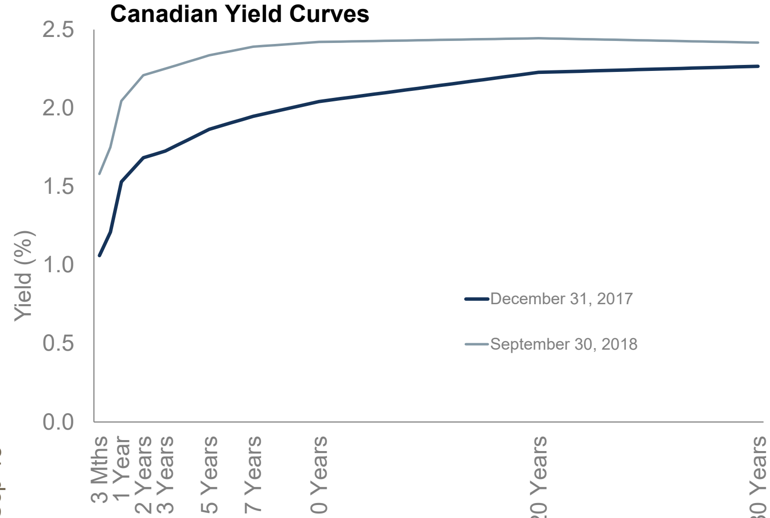
Government of Canada bond yields hit their lows of the month in the first week, reaching a high towards the end of September. During the Bank of Canada (BoC) policy announcement on September 5, Senior Deputy Governor Wilkins reiterated that although recent economic data warrants higher interest rates, the BoC will maintain its gradual, data-guided approach. Additionally, the BoC will continue to take into consideration the ongoing NAFTA negotiations, and their impact on the inflation outlook. To this end, a new trade agreement, the United States–Mexico–Canada Agreement (USMCA) was also established, providing additional clarity for Canada's economic outlook going forward.

Overall, during the month of September following the relatively upbeat news, Canada yields increased by approximately 15 basis points in the front end and 20 basis points in the long end of the curve, while credit spreads tightened slightly.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The Bank of Canada (BoC) met at the beginning of September and, as was largely expected, held the overnight rate steady at the current 1.5% level. The accompanying policy statement, coupled with Senior Deputy Governor Wilkins' speech the following day, had little impact on the market's expectation for an October rate hike. This view was further supported by continued strong economic data during the month. As a result, anticipation that the BoC will raise its policy rate at its next meeting in October remains entrenched, though this is likely to the be last for 2018. With this in mind, we expect the short-end of the Canadian yield curve to move higher in line with expectations of the BoC's gradual approach to monetary policy normalization.

The U.S. Federal Reserve (Fed) also met in September. As was fully expected by market participants, it raised its policy rate by 0.25% to end the month at a range of 2.0% to 2.25%. Looking forward, expectations remain for the Fed to continue its quarterly rate hike pace until it reaches its longer-run median policy rate of 3.0%. Notably, in the accompanying statement, the Fed dropped the reference to monetary policy being accommodative, further suggesting that it is nearing its longer-term neutral policy rate. Overall, we expect short-term U.S. interest rates to trend higher as the Fed continues along the path to its long-term neutral policy rate.

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage, a strategy which has historically proven to be a reliable way to outperform the benchmark. With this in mind, the Money Market Fund continues to be fully invested in high-quality corporate money market instruments given their attractive risk-adjusted incremental yield over similar-term government securities. Similarly, the Money Market Fund also maintains an allocation to longer-dated corporate money market securities, which results in a longer-than-benchmark average maturity profile.

The Intermediate and Bond Funds also both favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, with the government allocation invested entirely in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund continues to have a more defensive risk budget, it maintains a bias towards government agency and corporate credit, rather than federal bonds. The incremental yield gained from these holdings should provide a helpful tailwind to performance.

Structure – As a Percentage of Total Portfolio								
Money Market Fund			Intermediate Fund			Bond Fund		
Term (Days)	Position	Change	Term (Days)	Position	Change	Term (Years)	Position	Change
< 30	30.2%	-5.9%	< 180	2.1%	-1.4%	< 1.0	8.8%	-1.2%
31 - 60	28.1%	7.3%	181 - 365	43.9%	-4.3%	1.0 - 2.5	30.7%	-3.7%
61 - 90	17.4%	-5.3%	366 +	54.0%	5.7%	2.5 - 4.0	29.1%	-0.3%
91- 120	14.0%	6.8%				4.0 - 5.5	28.7%	5.0%
121 +	10.3%	-2.9%				5.5 - 7.0	2.7%	0.2%
Government	0.0%	0.0%	Government	30.1%	0.0%	Government	49.82%	0.5%
Corporate	100.0%	0.0%	Corporate	69.9%	0.0%	Corporate	41.27%	0.8%
						Mortgages/MBS	7.02%	0.0%
						Net Cash	1.89%	-1.3%
Average term	57 days	+2 days	Average term	1.1 yrs	+0.1 yrs	Average term	3.0 yrs	+0.2 yrs
Average yield*	1.75%	0.03%	Average yield*	2.19%	0.10%	Average yield*	2.43%	0.18%
Total size	$1,161.2 mil	-$24.0 mil	Total size	$282.8 mil	-$45.3 mil	Total size	$549.8 mil	-$10.8 mil

*Average yield information is referenced net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).

MFA of B.C. Pooled Investment Results[1]

As of August 31, 2018

	1 Month Non-annualized %	3 Months Non-annualized %	Year-to-Date Non-annualized %	1 Year %	3 Years Annualized %	5 Years Annualized %	Since Inception Annualized %[2]
MFA Money Market Fund	**0.15**	**0.41**	**1.03**	**1.41**	**1.01**	**1.02**	**3.89**
Custom Benchmark[3]	*0.11*	*0.27*	*0.67*	*0.89*	*0.52*	*0.58*	*3.63*
MFA Intermediate Fund	**0.20**	**0.41**	**1.06**	**1.42**	**1.10**	**1.26**	**3.51**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.11*	*0.25*	*0.85*	*0.98*	*0.38*	*0.63*	*3.12*
MFA Bond Fund	**0.33**	**0.44**	**0.75**	**0.60**	**0.92**	**1.83**	**5.89**
FTSE TMX Canada Short Term Overall Bond Index	*0.33*	*0.39*	*0.61*	*0.37*	*0.51*	*1.52*	*5.61*

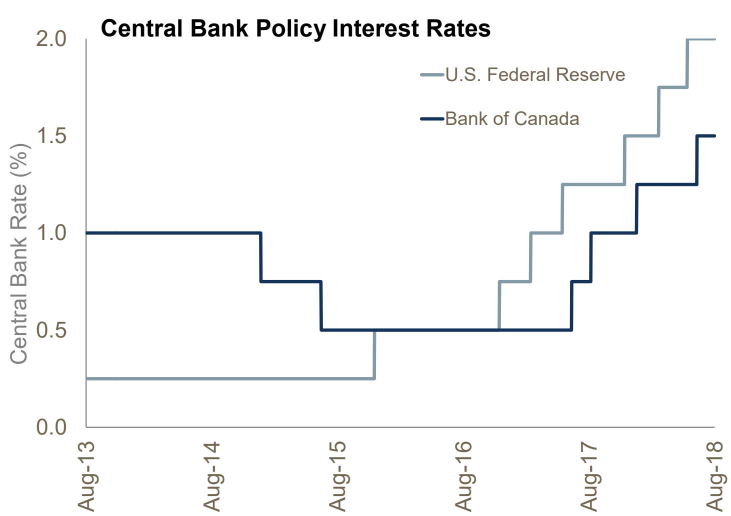
[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents custom benchmark: changed from FTSE TMX Canada 91-day T-Bill Index to FTSE TMX Canada 30-day T-Bill Index effective Jan. 1, 2013

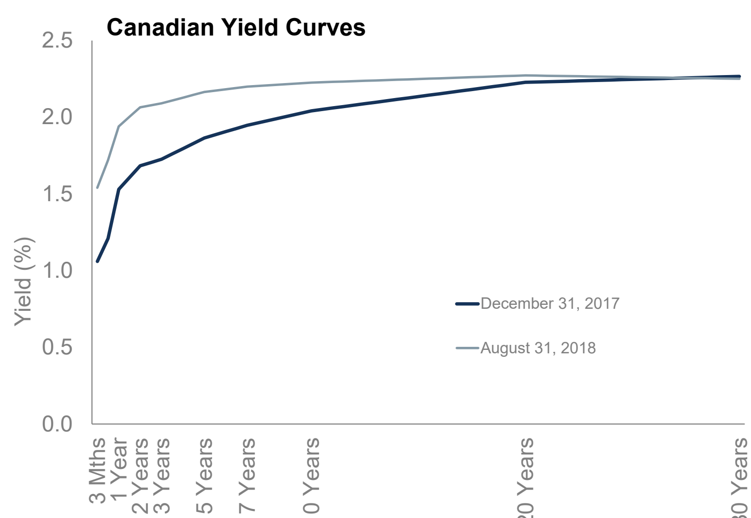
Market Developments

Market Interest Rates

	June 30, 2018	July 31, 2018	August 31, 2018
3 Month T-bills	1.26%	1.45%	1.54%
2 Year Gov't of Canada Bonds	1.91%	2.07%	2.06%
5 Year Gov't of Canada Bonds	2.07%	2.22%	2.16%
30 Year Gov't of Canada Bonds	2.20%	2.33%	2.25%

Government of Canada bond yields peaked early in the month, slumping mid-month on the release of the Canadian Consumer Price Index (CPI) report. Headline inflation came in at an impressive 3.0% year over year, with the three core measures averaging exactly 2.0%, which represents the fastest pace of inflation since September 2011. The Bank of Canada (BoC) Governor Poloz reiterated that a gradual, data-dependent approach will be taken when determining future monetary policy actions, citing the increased uncertainties surrounding trade, elevated housing and household debt, and sluggish wage growth as key reasons for caution. In the final few days of the month, news surrounding the U.S. and Mexico reaching an agreement on a separate trade deal brought upon significant concern that Canada would be excluded from a new North American Free Trade Agreement (NAFTA), causing bond yields to fall sharply. Overall, Canada yields decreased by roughly 8bps across the mid- to long-end of the curve, while credit spreads were largely unchanged.





Market Outlook

The BoC did not meet in August. Uncertainty stemming from NAFTA negotiations, including the potential for Canada to be excluded from a bilateral trade agreement between the U.S. and Mexico, helped to cool expectations for a September BoC rate hike. This was further supported by mixed economic data during the month, including GDP growth that underperformed expectations. Inflation measures were also mixed with headline inflation hitting 3% on a year-over-year basis, although the three core measures tracked by the BoC averaged exactly 2% year-over-year. In the end, expectations point toward a BoC rate hike in October, with the next not occurring until early 2019. As such, we expect the short-end of the yield curve to continue to move higher in line with expectations for future moves by the BoC.

The U.S. Federal Reserve (Fed) met over the July-August month-end period and held the federal funds rate steady at 1.75% to 2.0%. Expectations remain entrenched for the Fed to raise its policy rate at the next meeting near the end of September. This marks an important inflection point in monetary policy as it would move the federal funds rate above core inflation for the first time since March 2008. Overall, we expect short-term U.S. interest rates to trend higher as the Fed continues along the path to its long-term neutral policy rate.

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage, a strategy which has historically proven to be a reliable way to outperform the benchmark. With this in mind, the Money Market Fund continues to be fully invested in high-quality corporate money market instruments given their attractive risk-adjusted incremental yield over similar-term government securities. Similarly, the Money Market Fund also maintains an allocation to longer-dated corporate money market securities, which results in a longer-than-benchmark average maturity profile.

The Intermediate and Bond Funds also both favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, with the government allocation invested entirely in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund continues to have a more defensive risk budget, it maintains a bias towards government agency and corporate credit, rather than federal bonds. The incremental yield gained from these holdings should provide a helpful tailwind to performance.

Structure – As a Percentage of Total Portfolio								
Money Market Fund			Intermediate Fund			Bond Fund		
Term (Days)	Position	Change	Term (Days)	Position	Change	Term (Years)	Position	Change
< 30	36.1%	0.9%	< 180	3.6%	-1.0%	< 1.0	10.0%	-1.0%
31 - 60	20.8%	-4.6%	181 - 365	48.2%	-3.9%	1.0 - 2.5	34.4%	0.7%
61 - 90	22.7%	4.1%	366 +	48.3%	4.9%	2.5 - 4.0	29.4%	-2.4%
91- 120	7.2%	-1.1%				4.0 - 5.5	23.7%	2.2%
121 +	13.2%	0.7%				5.5 - 7.0	2.5%	0.6%
Government	0.0%	0.0%	Government	30.0%	-0.1%	Government	49.32%	1.6%
Corporate	100.0%	0.0%	Corporate	70.0%	0.1%	Corporate	40.50%	-0.5%
						Mortgages/MBS	7.01%	-0.1%
						Net Cash	3.18%	-1.0%
Average term	55 days	+0 days	Average term	1.0 yrs	-0.0 yrs	Average term	2.8 yrs	+0.0 yrs
Average yield*	1.72%	0.05%	Average yield*	2.09%	0.05%	Average yield*	2.25%	-0.01%
Total size	$1,185.1 mil	$70.8 mil	Total size	$328.1 mil	$9.6 mil	Total size	$560.6 mil	$0.7 mil

*Average yield information is referenced net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).

APPENDIX 1

MFA of B.C. Pooled Investment Results[1]

As of July 31, 2018

	1 Month Non-annualized %	3 Months Non-annualized %	Year-to-Date Non-annualized %	1 Year %	3 Years Annualized %	5 Years Annualized %	Since Inception Annualized %[2]
MFA Money Market Fund	**0.14**	**0.40**	**0.88**	**1.35**	**0.98**	**1.01**	**3.90**
Custom Benchmark[3]	*0.07*	*0.26*	*0.57*	*0.82*	*0.49*	*0.58*	*3.63*
MFA Intermediate Fund	**0.10**	**0.34**	**0.85**	**1.35**	**1.04**	**1.25**	**3.51**
FTSE TMX Canada 365-Day Treasury Bill Index	*0.00*	*0.23*	*0.75*	*0.94*	*0.35*	*0.63*	*3.12*
MFA Bond Fund	**-0.13**	**0.28**	**0.42**	**0.69**	**0.76**	**1.74**	**5.90**
FTSE TMX Canada Short Term Overall Bond Index	*-0.15*	*0.20*	*0.28*	*0.45*	*0.33*	*1.43*	*5.61*

[1]Portfolio and benchmark performance is net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).
[2]Inception dates: Money Market Fund – May 1, 1989; Intermediate Fund – March 30, 1994; Bond Fund – May 1, 1989
[3]Represents custom benchmark: changed from FTSE TMX Canada 91-day T-Bill Index to FTSE TMX Canada 30-day T-Bill Index effective Jan. 1, 2013

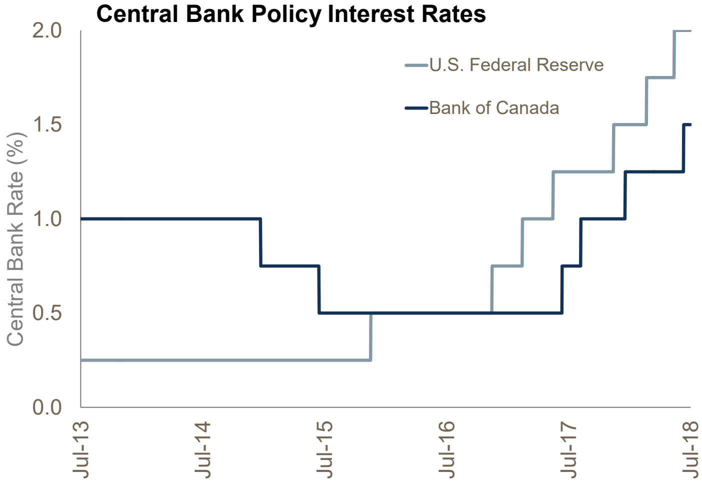
Market Developments

Market Interest Rates

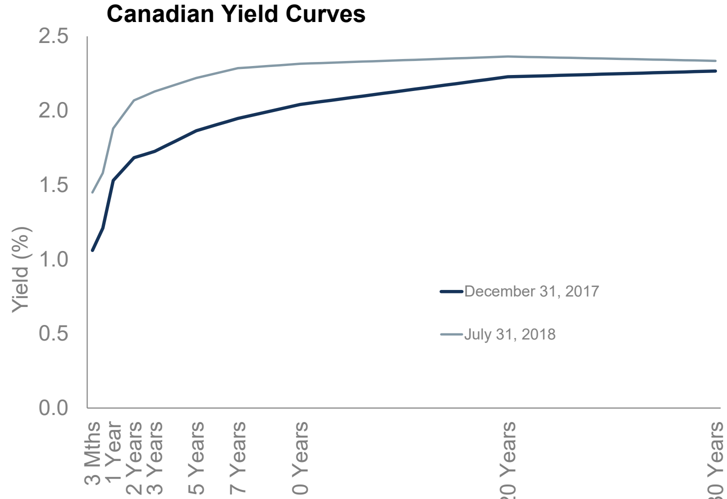
	May 31, 2018	June 30, 2018	July 31, 2018
3 Month T-bills	1.29%	1.26%	1.45%
2 Year Gov't of Canada Bonds	1.91%	1.91%	2.07%
5 Year Gov't of Canada Bonds	2.10%	2.07%	2.22%
30 Year Gov't of Canada Bonds	2.26%	2.20%	2.33%

Government of Canada bond yields drifted downwards for the first two-thirds of the month despite the Bank of Canada (BoC) having raised its overnight rate by 25 basis points to 1.5% on July 11, which was widely expected by the market. The drop in yields was driven by the BoC's apparent patience towards further monetary policy tightening on account of concerns surrounding uncertain trade agreements; elevated housing and household debt; and slow wage growth. However, towards the end of the month, market sentiment shifted and yields began to rise with the release of favourable economic reports, including the announcement of strong retail sales, coupled with a CPI reading of 2.0% year over year for the month of May. Also, on the last day of July, the gross domestic product report for May posted strong growth of 0.5%, leaving yields at levels close to their highs of the month. Overall, Government of Canada yields increased a net 13 to 15 basis points along the curve in the month of July.

Central Bank Policy Interest Rates



Canadian Yield Curves



Market Outlook

The BoC met in mid-July and, as was largely expected, increased its policy rate by 0.25% to 1.5%. Despite a bias to further monetary policy tightening, the BoC does not appear to be in a hurry to hike again. This sentiment is reflective of the uncertainties surrounding trade, lingering concerns over the Canadian housing market and household debt levels, and sluggish wage growth that suggests there is more economic slack than originally thought. All-in-all, market expectations have moved forward slightly, with one more increase expected through the end of the year, followed by another later in the first quarter of 2019. As such, the short-end of the Canadian yield curve should continue to trend higher as the BoC moves toward its neutral policy rate range.

The U.S. Federal Reserve (Fed) met over the month-end period, holding the federal funds rate steady at the current 1.75% to 2.0% level. Coupled with continued strength in economic data, Chairman Powell's semi-annual congressional testimony supported the likelihood anticipation for another policy rate hike in September. As such, expectations remain steadfast for the Fed to continue with its quarterly hiking pace, though as we near the Fed's neutral rate, it increases the possibility of a change in the present pace. Overall, we expect short-term U.S. interest rates to trend higher as the Fed continues along the path to its long-term median policy rate projection range of 2.75% to 3.0%

Current Strategy

The Money Market Fund remains focused on building a high quality yield advantage, a strategy which has historically proven to be a reliable way to outperform the benchmark. With this in mind, the Money Market Fund continues to be fully invested in high-quality corporate money market instruments given their attractive risk-adjusted incremental yield over similar-term government securities. Similarly, the Money Market Fund also maintains an allocation to longer-dated corporate money market securities, which results in a longer-than-benchmark average maturity profile.

The Intermediate and Bond Funds also both favour high quality yield enhancement strategies. The Intermediate Fund maintains a maximum allocation to corporate securities, with the government allocation invested entirely in provincial securities given their attractive yield advantage relative to federal government securities. Similarly, while the Bond Fund continues to have a more defensive risk budget, it maintains a bias towards government agency and corporate credit, rather than federal bonds. The incremental yield gained from these holdings should provide a helpful tailwind to performance.

Structure – As a Percentage of Total Portfolio								
Money Market Fund			Intermediate Fund			Bond Fund		
Term (Days)	Position	Change	Term (Days)	Position	Change	Term (Years)	Position	Change
< 30	35.2%	3.4%	< 180	4.6%	-13.2%	< 1.0	11.0%	-3.8%
31 - 60	25.4%	4.0%	181 - 365	52.1%	-4.0%	1.0 - 2.5	33.8%	2.6%
61 - 90	18.5%	-6.8%	366 +	43.4%	17.2%	2.5 - 4.0	31.8%	0.2%
91- 120	8.3%	-2.7%				4.0 - 5.5	21.5%	1.1%
121 +	12.5%	2.1%				5.5 - 7.0	1.9%	0.0%
Government	0.0%	0.0%	Government	30.2%	0.1%	Government	47.76%	-1.0%
Corporate	100.0%	0.0%	Corporate	69.8%	-0.1%	Corporate	41.01%	3.0%
						Mortgages/MBS	7.10%	0.3%
						Net Cash	4.14%	-2.4%
Average term	55 days	-2 days	Average term	1.0 yrs	+0.1 yrs	Average term	2.8 yrs	+0.0 yrs
Average yield*	1.68%	0.09%	Average yield*	2.04%	0.21%	Average yield*	2.26%	0.20%
Total size	$1,114.3 mil	$114.8 mil	Total size	$318.5 mil	$22.5 mil	Total size	$559.9 mil	-$11.4 mil

*Average yield information is referenced net of total fees and expenses of 15 basis points per annum (Money Market Fund) and 20 basis points per annum (Intermediate & Bond Fund).