Appendix D - Sample Fixed Income Portfolio

Included in this Appendix is a sample of a fixed income portfolio. Reports which describe the cash flows, yields, and distribution of bonds are also included. This is <u>not</u> a recommended portfolio. Rather, it is the starting point in constructing a portfolio which meets the organization's investment and overall mandates. A market value of $300 million was set for the portfolio. This amount would be adjusted according to the asset allocation decision.

The following is the sample portfolio, with the securities ranked by maturity date.

<u>Sample Portfolio</u>
<u>Constituents (Ranked by Effective Maturity Date)</u>

Issue Name	Coupon	Maturity Date	Accrued Interest	Yield 15-May-98	Price 15-May-98	Current Holdings	Percent Holdings	Market Value
Ontario	15.38	04-Jan-08	5.52	5.64	171.63	8,000	4.72	14,171,836
B.C. MFA	5.50	24-Mar-08	0.78	5.62	99.07	7,000	2.33	6,989,679
Ontario	11.24	01-Apr-09	1.35	5.69	144.51	12,000	5.84	17,503,675
Quebec	11.00	01-Apr-09	1.33	5.85	141.01	8,300	3.94	11,813,724
Westcoast Energy Inc	12.55	15-Nov-10	0.00	6.05	156.43	8,000	4.17	12,514,400
British Columbia	8.50	23-Aug-13	1.89	5.83	126.71	5,000	2.14	6,429,765
C.I.B.C.	9.65	31-Oct-14	0.40	5.96	138.41	5,000	2.31	6,940,229
Westcoast Energy Inc	8.50	23-Nov-15	4.03	6.09	125.74	8,000	3.46	10,381,741
Nova	12.20	28-Feb-16	2.54	6.13	165.12	13,000	7.27	21,795,186
British Columbia	9.95	15-May-21	0.00	5.98	149.25	13,000	6.47	19,402,370
B.C. Telephone	10.65	19-Jun-21	4.29	6.18	154.57	11,000	5.83	17,474,400
Ontario Hydro	10.13	15-Oct-21	0.83	5.99	151.77	5,000	2.54	7,630,060
Saskatchewan	9.60	04-Feb-22	2.63	5.98	145.59	7,000	3.46	10,375,480
B.C. Telephone	9.65	08-Apr-22	0.98	6.18	143.02	8,000	3.84	11,520,018
British Columbia	8.75	19-Aug-22	2.04	5.98	135.18	11,000	5.03	15,093,504
British Columbia	8.00	08-Sep-23	1.49	5.98	126.21	15,500	6.60	19,793,099
British Columbia	9.00	23-Aug-24	2.00	5.98	139.81	11,000	5.20	15,598,799
Ontario	9.50	02-Jun-25	4.27	5.99	146.67	15,000	7.55	22,640,024
Bank of Nova Scotia	8.90	20-Jun-25	3.56	6.14	136.21	4,000	1.86	5,590,760
Westcoast Energy Inc	8.85	21-Jul-25	2.76	6.28	133.29	12,000	5.44	16,326,733
Nfld-Labrador Hydro	8.40	27-Feb-26	1.77	6.15	129.76	10,000	4.39	13,153,005
British Columbia	6.15	19-Nov-27	2.98	6.00	102.09	16,000	5.60	16,812,133
GRAND TOTALS	**9.79**			**6.00**		**212,800**	**100.00**	**299,950,618**

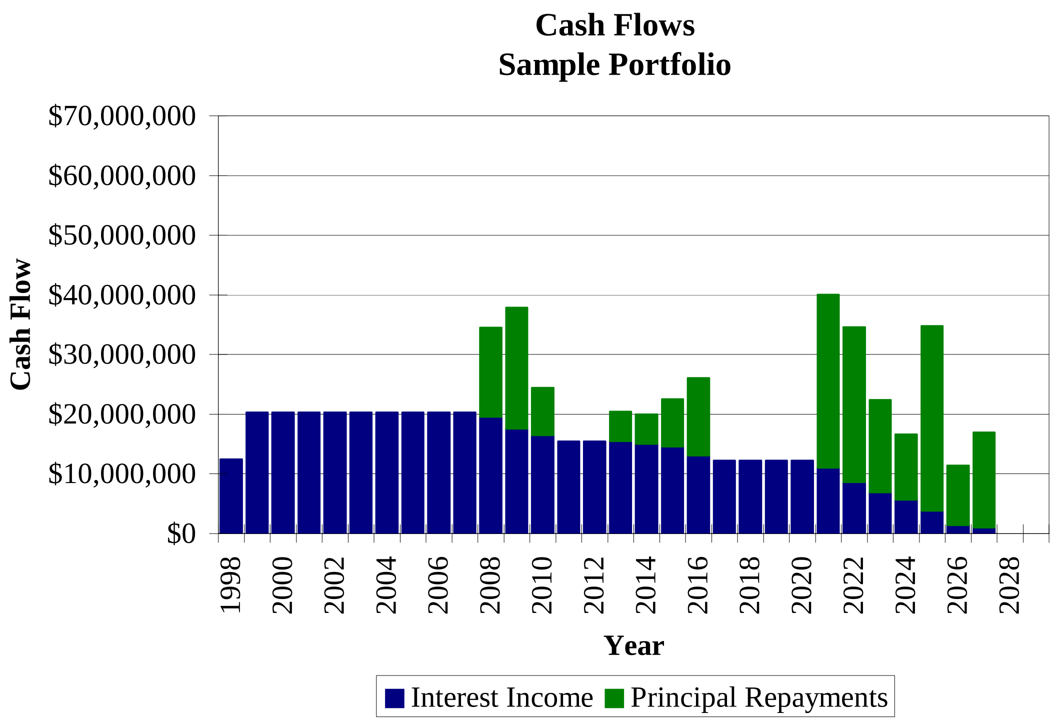
The following page, lists the securities by sector exposure and some risk exposures.

The sample portfolio's cash flow, in terms of interest and principal is listed in the following chart and graph. In addition, two charts are included which compare the risk exposures and yields between the sample portfolio and the ScotiaMcLeod Long Index. The sample portfolio yield is increased by taking on more provincial credit risk.

Sample Cash Flow

Period Number	Cash Flow End Date	Interest Income	Principal Repayment	Period Cash Flow	Total Cash Flow *
1	31-Dec-98	12,472,975	0	12,472,975	12,472,975
2	31-Dec-99	20,329,450	0	20,329,450	32,802,425
3	31-Dec-00	20,329,450	0	20,329,450	53,131,875
4	31-Dec-01	20,329,450	0	20,329,450	73,461,325
5	31-Dec-02	20,329,450	0	20,329,450	93,790,775
6	31-Dec-03	20,329,450	0	20,329,450	114,120,225
7	31-Dec-04	20,329,450	0	20,329,450	134,449,675
8	31-Dec-05	20,329,450	0	20,329,450	154,779,125
9	31-Dec-06	20,329,450	0	20,329,450	175,108,575
10	31-Dec-07	20,329,450	0	20,329,450	195,438,025
11	31-Dec-08	19,521,750	15,000,000	34,521,750	229,959,775
12	31-Dec-09	17,583,150	20,300,000	37,883,150	267,842,925
13	31-Dec-10	16,452,250	8,000,000	24,452,250	292,295,175
14	31-Dec-11	15,448,250	0	15,448,250	307,743,425
15	31-Dec-12	15,448,250	0	15,448,250	323,191,675
16	31-Dec-13	15,448,250	5,000,000	20,448,250	343,639,925
17	31-Dec-14	15,023,250	5,000,000	20,023,250	363,663,175
18	31-Dec-15	14,540,750	8,000,000	22,540,750	386,203,925
19	31-Dec-16	13,061,232	13,000,000	26,061,232	412,265,157
20	31-Dec-17	12,274,750	0	12,274,750	424,539,907
21	31-Dec-18	12,274,750	0	12,274,750	436,814,657
22	31-Dec-19	12,274,750	0	12,274,750	449,089,407
23	31-Dec-20	12,274,750	0	12,274,750	461,364,157
24	31-Dec-21	11,042,250	29,000,000	40,042,250	501,406,407
25	31-Dec-22	8,581,500	26,000,000	34,581,500	535,987,907
26	31-Dec-23	6,897,000	15,500,000	22,397,000	558,384,907
27	31-Dec-24	5,657,000	11,000,000	16,657,000	575,041,907
28	31-Dec-25	3,776,500	31,000,000	34,776,500	609,818,407
29	31-Dec-26	1,404,000	10,000,000	11,404,000	621,222,407
30	31-Dec-27	984,000	16,000,000	16,984,000	638,206,407
31	31-Dec-28	0	0	0	638,206,407
32	31-Dec-29	0	0	0	638,206,407

* Start Date: May15, 1998



Sample Portfolio vs. ScotiaMcLeod Indices

	Modified Duration	Convexity	Yield	Average Coupon
SCM Universe	5.67	0.65	5.54	8.18
SCM Long	10.43	1.72	5.79	8.63
Sample Portfolio	10.42	1.71	6.00	9.79

Credit Exposure of Sample Portfolio Vs. ScotiaMcLeod Long Index

Sector	SCM Long Index Mkt Val $000's	Percentage of Total	Sample Portfolio Mkt Val $000's	Percentage of Total
Government of Canada	161,272	53.8%	0	0.0%
Provincial Bonds	88,948	29.7%	190,417	63.5%
Provincial MTNs	2,736	0.9%	0	0.0%
Municipal Bonds	4,919	1.6%	6,990	2.3%
AA Corporates	8,542	2.9%	12,531	4.2%
AA Corporate MTNs	469	0.2%	0	0.0%
A Corporates	25,370	8.5%	90,012	30.0%
A Corporate MTNs	6,450	2.2%	0	0.0%
BBB Corporate	964	0.3%	0	0.0%
GRAND TOTALS	**299,670**	**100.0%**	**299,950**	**100.0%**

MTN: Mid Term Notes