

**HEPATITIS C**  
**CLASS ACTION SETTLEMENT**  
**1986-1990**

**YEAR 13**

**REPORT OF THE JOINT COMMITTEE**  
**FOR THE PERIOD ENDING DECEMBER 31, 2012**

<b>TAB</b>	<b>INDEX</b>
1	Report of the Joint Committee
A	Audited Financial Statements of the 1986-1990 Hepatitis C Fund for year ending December 31, 2012
B	RBC Investor Services, Trustee and Custodian Hepatitis C Trust Fund – Information Brief – March 2013
C	TD Asset Management Inc. – Annual Certificate of Compliance for year ended December 31, 2012
D	TD Asset Management Inc. – Portfolio Review of Trust Fund, dated April 3, 2013
E	Eckler Ltd. – Report of Activities
F	Eckler Ltd. – Hepatitis C Settlement Trust Fund Investment Summary as at December 31, 2013, dated March 28, 2013
G	Annual Report of the Administrator, for the period ending December 31, 2012
H	Crawford Year 13 Reconciliation
I	Summary of Joint Committee Work During Thirteenth Year of Operations (2012)
J	Fees of Joint Committee
K	Report of Fund Counsel
L	Report and Fees of Referees and Arbitrators for Year ended December 31, 2012

**January 1, 1986 to July 1, 1990**

**HEPATITIS C**

**CLASS ACTION SETTLEMENT**

**YEAR 13**

**REPORT OF THE JOINT COMMITTEE**

**FOR THE PERIOD ENDING DECEMBER 31, 2012**

**TABLE OF CONTENTS**

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>OVERVIEW.....</b>	<b>2</b>
<b>YEAR 13 (2012) EXPENSES.....</b>	<b>3</b>
<b>YEAR 14 (2013) BUDGETS .....</b>	<b>5</b>
<b>DELOITTE &amp; TOUCHE LLP .....</b>	<b>6</b>
<b>RBC INVESTOR SERVICES.....</b>	<b>7</b>
<b>TD ASSET MANAGEMENT INC.....</b>	<b>7</b>
<b>ECKLER LTD. ....</b>	<b>8</b>
<b>CRAWFORD CLASS ACTION SERVICES .....</b>	<b>9</b>
<b>PRICEWATERHOUSECOOPERS LLP.....</b>	<b>10</b>
<b>COHEN HAMILTON STEGER INC.—PAULA FREDERICK.....</b>	<b>10</b>
<b>CANADIAN BLOOD SERVICES .....</b>	<b>10</b>
<b>HÉMA-QUÉBEC.....</b>	<b>11</b>
<b>JOINT COMMITTEE .....</b>	<b>11</b>
<b>FUND COUNSEL.....</b>	<b>12</b>
<b>REFEREES AND ARBITRATORS .....</b>	<b>13</b>
<b>THE MONITOR.....</b>	<b>14</b>



**January 1, 1986 – July 1, 1990**  
**HEPATITIS C CLASS ACTION SETTLEMENT**

**EXECUTIVE SUMMARY**

1. The 1986-1990 Hepatitis C Settlement (the “**Settlement**”) completed its thirteenth year of operations on December 31, 2012 (“**Year 13 (2012)**”).
2. In Year 13 (2012), the Hepatitis C Claims Centre (the “**Centre**”) received 298 new claims as follows:
  - 52 Primarily Infected Transfused claims (on behalf of deceased persons whose Personal Representative delivered an application within three years of the date of death)
  - 4 Primarily Infected Hemophiliac Claims
  - 182 Family Member Transfused Claims
  - 60 Family Member Hemophiliac Claims
3. In Year 13 (2012), the Centre approved for payment approximately \$31 million to approved claimants (prior and new). Since its inception, the Centre has paid out a total of approximately \$738 million<sup>1</sup> in benefits in response to approximately 13,526 approved claims.
4. Financial Statements of the 1986-1990 Hepatitis C Trust Fund (the “**Trust Fund**”) attached at **Schedule A** indicate \$1.086 billion in assets held by the Trustee and a total unpaid liability of the provincial governments of about \$169 million for a total available to satisfy the claims of class members of about \$1.255 billion as at December 31, 2012. During Year 13 (2012), the invested assets held by the Trustee grew by about \$16 million or 1.5% (net of payments out). This growth was substantially less than in preceding

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<sup>1</sup> This amount includes payments to HIV secondary claimants.

years. The growth (net of payments out) was 8.1% in Year 12 (2011) and 5.4% in Year 11 (2010).

5. Expenses for administration of the Settlement for Year 13 (2012) totalled approximately \$2.8 million for all service providers, which is a 12.5% reduction from the previous year.

## OVERVIEW

6. This is the thirteenth Annual Report of the Joint Committee to the Supreme Court of British Columbia, the Superior Court of Justice for Ontario, and the Superior Court of Quebec (collectively, the “Courts”) on the status of the Settlement and the administration of the Hemophiliac HCV Plan and Transfused HCV Plan (collectively, the “Plans”).
7. In Year 13 (2012), the Joint Committee was comprised of J.J. Camp, Q.C., Michel Savonitto, Harvey T. Strosberg, Q.C., and Kathryn Podrebarac. Mr. Camp was appointed by Order of the Supreme Court of British Columbia. Mr. Savonitto was appointed by the Order of the Superior Court of Quebec. Mr. Strosberg was appointed by Order of the Superior Court of Justice for Ontario. Ms. Podrebarac was appointed by Orders of each of the Superior Court of Justice for Ontario, the Supreme Court of British Columbia and the Superior Court of Quebec.
8. Discussion of the activities of the various service providers to the Settlement is found under the appropriate headings below and/or in their reports which are attached hereto.
9. The budgeting process for Year 13 (2012) went before the Courts in January 2012/February 2012. The Annual Report continues to include a significant amount of the information contained in the budgets because it is the single comprehensive reporting document to the public. Because budgeting is based on estimates of the previous year’s expenditures and not the actual expenditures, a reconciliation of accounts is also included as part of the Annual Report.

**YEAR 13 (2012) EXPENSES**

10. The expenses to the Settlement for the various service providers for Year 13 (2012) are set out below.
11. The following chart summarizes the budget versus actual expenses for Year 13 (2012) for the service providers supervised by the Joint Committee exclusive of applicable taxes (not including work related to financial sufficiency review matters).

Service Provider	Budget Year 13, (2012)	Actual Year 13 (2012)	Variance from Budget	Note
<b>Crawford Class Action Services</b> Administration Contract	\$720,000.00	\$720,000.00		See paras. 37 to 40 and Tab G and H
Activity Level Adjustment	As incurred	\$2,995.80		
Third Party Expenses	As incurred	\$4,058.27		
Appeals	As incurred	\$8,336.15		
<b>Deloitte &amp; Touche LLP</b> Audit, financial statements and new financial reporting framework (exclusive of travel expenses)	\$98,012.00	\$98,012.00	0	See paras. 16 to 20 and Tab A
Special Projects	\$35,000.00	0	(\$35,000.00)	
<b>RBC Investor Services</b> Trustee Services	\$110,000.00	\$96,247.65	(\$13,752.35)	See paras. 21 to 23 and Tab B
<b>TD Asset Management Inc.</b> Investment Management Services	\$200,000.00	\$202,152.78	\$2,152.78	See paras. 24 to 27 and Tab C and D
<b>Eckler Ltd.</b> Actuarial Services & Investment Review	\$50,000.00	\$26,785.00	(\$24,215.00)	See paras. 28 to 33 and Tab E and F
Special Projects	\$25,000.00	\$0.00	(\$25,000.00)	
Financial Sufficiency	\$251,000.00	\$223,744.00	(\$27,256.00)	
<b>Canadian Blood Services</b> Traceback Costs	\$32,641.00	\$0.00	(\$32,641.00)	See paras. 46-47
<b>PriceWaterhouseCoopers LLP</b> Income Loss Software	\$13,200.00	\$9,570.00	(\$3,630.00)	See paras. 42-43
<b>Paula Frederick/ Cohen Hamilton Steger Inc.</b> Income Loss Consulting	\$30,000.00	\$4,062.06	(\$25,937.94)	See paras. 44-45

<b>Joint Committee</b> General Services not related to sufficiency	fees \$500,000.00 disb \$50,000.00	fees \$573,994.00 disb \$26,981.44	\$73,994.00 (\$23,018.56)	See paras. 50 to 51 and Tab J
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12. The total expenses of these service providers combined for general work for Year 13 (2012) not including financial sufficiency review matters is \$1,996,939.15 (exclusive of taxes). Service providers were generally at or under budget except for TD Asset Management Inc. and the Joint Committee. There were also activity level adjustments required as per the Crawford Class Action Services's budget.
13. The following other service providers provided services in Year 13 (2012) and were paid the following (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	Actual Year 13 (2012)	Note
<b>Fund Counsel</b>		See paras. 55 to 59 and Tab K
Fees	\$142,843.50	
Disbursements	\$8,312.94	
<b>Arbitrators and Referees</b>		See paras. 60 to 62 and Tab L
Fees	\$59,578.75	
Disbursements	\$2,357.26	
<b>Court Monitor</b>		See paras. 63-64
Fees	\$58,743.50	
Disbursements	\$3,970.37	

14. In Year 13 (2012), the following service providers were engaged on financial sufficiency review matters and paid the following (exclusive of taxes) pursuant to applicable Court orders:

Service Provider	Budget Year 13 (2012)	Actual Year 13 (2012)	Variance from Budget	Note
<b>Eckler Ltd.</b>				See para. 34
Fees	\$251,000.00	\$223,744.00	(\$27,256.00)	
Disbursements		\$1,663.00		

Service Provider	Budget Year 13 (2012)	Actual Year 13 (2012)	Variance from Budget	Note
Joint Committee				See para. 53 and Tab J
Fees	\$750,000.00	\$208,282.50	(\$541,717.50)	
Disbursements	\$75,00.00	\$11,028.48	(\$63,971.52)	

## YEAR 14 (2013) BUDGETS

15. The chart below compares the budgets for service providers in Year 14 (2013), to their previous budgets:

Service Provider	Budget Year 13 (2012)	Budget Year 14 (2013)	Payment Methodology
<b>Crawford Class Action Services</b> (subject to adjustment for appeal and third party expenses and increase or decrease of certain measurable activities by more than 10% per annum)	\$720,000.00	\$745,000.00	\$62,083.33 monthly
<b>Deloitte &amp; Touche LLP</b> Audit and financial statements (exclusive of travel expenses)	\$98,012.00	\$92,000.00	\$7,666.67 monthly
Special Projects	\$35,000.00	\$25,000.00	subject to approval by the JC
<b>RBC Investor Services</b> Trustee Services	\$110,000.00	\$110,000.00	up to \$9,166.67 monthly
<b>TD Asset Management Inc.</b> Investment Services	\$200,000.00	\$210,000.00	up to \$17,500.00 monthly
<b>Eckler Ltd.</b> General actuarial services and investment review work not related to sufficiency (exclusive of disbursements)	\$50,000.00	\$50,000.00	subject to approval by the JC
Special Projects	\$25,000.00	\$25,000.00	
Financial Sufficiency Review	\$251,000.00	\$75,000.00	
<b>PriceWaterhouseCoopers LLP</b> Income Loss computer programming	\$13,200.00	\$13,200.00	subject to approval by the JC
<b>Canadian Blood Services</b>	\$32,641.00	0	Not applicable
<b>Paula Frederick/Cohen Hamilton Steger</b> Specialized Income Loss and analysis	\$30,000.00	\$30,000.00	subject to approval by the JC

Service Provider	Budget Year 13 (2012)	Budget Year 14 (2013)	Payment Methodology
Joint Committee General services not related to sufficiency Disbursements	\$500,000.00 \$50,000.00	fees \$500,000.00 disbursements \$50,000.00	subject to Court order
Financial Sufficiency Review	\$750,000.00 \$75,000.00	fees \$125,000.00 disbursements \$25,000.00	

## DELOITTE & TOUCHE LLP

16. Deloitte & Touche LLP (“Deloitte”) was appointed auditor of the Trust Fund pursuant to orders of the Courts.
17. In addition to the audit of the Trust Fund, Deloitte prepares the financial statements on behalf of the Joint Committee. Attached as **Schedule A** is a copy of the Financial Statements prepared and audited by Deloitte.
18. For the year ended December 31, 2012, the Trust Fund adopted the new Canadian accounting standards for not-for-profit organizations issued by the Canadian Institute of Chartered Accountants (“CICA”) as set out in Part III of the CICA handbook. The date of transition to the new standards was January 1, 2011 and the Trust Fund has presented an opening statement of financial position at the date of transition to the new standards. The adoption of this new accounting framework had no impact on the previously reported statement of financial position as at January 1, 2011 or as at December 31, 2011 or on the previously reported statement of operations and cash flows for the year ended December 31, 2011. The cost of transitioning to the new financial reporting framework was \$3,700.00 exclusive of taxes.
19. The Courts approved a budget for Deloitte for the audit and financial reports for Year 13 (2012) of \$98,012.00 plus travel expenses and taxes. The total amount invoiced by Deloitte for these services and for transitioning to the new financial reporting framework

of \$98,012.00 plus taxes was submitted for payment pursuant to the 2012 budget approval orders.

20. For Year 13 (2012), the Courts also approved a special projects budget for Deloitte of \$35,000.00 plus travel expenses and taxes. The special projects budget was not expended as no special projects were undertaken by Deloitte in Year 13 (2012).

### **RBC INVESTOR SERVICES**

21. In Year 6 (2005), RBC Investor Services (“RBC”) was appointed successor Trustee of the Trust Fund pursuant to the orders of the Courts, on the same terms and conditions under which Royal Trust was originally appointed.
22. Attached as **Schedule B** is a Report from RBC of its Custodial Trustee activities in the year ended December 31, 2012.
23. The Courts approved a budget for RBC for Year 13 (2012) of \$110,000.00 plus applicable taxes. The actual charge to the Trust Fund by RBC of \$96,247.65 plus taxes was paid pursuant to the 2012 budget approval orders.

### **TD ASSET MANAGEMENT INC.**

24. TD Asset Management Inc. (“TDAM”) was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts.
25. Attached as **Schedule C** is the Confirmation that TDAM has complied with the court approved Investment Guidelines.
26. The Courts approved a budget for TDAM for Year 13 (2012) of \$200,000.00 plus taxes. The actual charge by TDAM was \$202,152.78 plus taxes. The budget overrun was due to the growth of the assets under management. The Joint Committee recommends approval of these charges.
27. Attached as **Schedule D** is the Portfolio Review of the Trust Fund assets.

**ECKLER LTD.**

28. Eckler Ltd. (“Eckler”) was retained initially by Class Counsel and subsequently by the Joint Committee to provide actuarial advice in respect of the Trust Fund.
29. Eckler has also provided advice to the Joint Committee in respect of investments on an as needed basis since the resignation of the Investment Consultants in Year 6 (2005).
30. Attached as **Schedule E** is the Report of Eckler regarding its activities during Year 13 (2012).
31. Attached as **Schedule F** is an Investment Summary provided by Eckler.
32. The Courts approved an annual budget for Eckler’s actuarial and investment review services of \$50,000.00 plus travel expenses and taxes for Year 13 (2012) and a Special Projects budget of \$25,000.00. Eckler incurred charges of \$26,785.00 plus taxes for Year 13 (2012) on general actuarial services and general investment review work not related to fund sufficiency review, which charges were paid on approval of the Joint Committee pursuant to the 2012 budget approval orders.
33. The special projects budget of \$25,000.00 for Eckler was not expended in Year 13 (2012).
34. For Year 13 (2012), the Courts approved a financial sufficiency budget for Eckler of \$251,000.00 plus disbursements and taxes. Eckler continued to provide services in Year 13 (2012) in respect of the 2010 Financial Sufficiency Review, including the preparation of a supplementary report and analysis regarding the financial impact of claims made after the June 30, 2010 First Claims Deadline. Eckler’s accounts for financial sufficiency work total \$223,744.00.00 plus taxes and were paid pursuant to the 2012 budget approval orders.
35. The Courts have approved a financial sufficiency budget for Eckler for Year 14 (2013) of \$75,000 (exclusive of taxes), to enable Eckler to undertake preliminary work in respect of the 2013 Financial Sufficiency Review, which will be triggered on December 31, 2013.



36. The Courts have also approved a Special Projects for Eckler for Year 14 (2013) of \$25,000 (exclusive of taxes) to enable it to undertake work in connection with formulating revised investment guidelines that would match the duration of the Trust Fund's assets to projected liabilities.

### **CRAWFORD CLASS ACTION SERVICES**

37. Crawford Class Action Services ("Crawford") was appointed Administrator by orders of the Courts in March 2000. In Year 11 (2010), the Courts approved an extension of Crawford's appointment and renewal of the administration contract to the end of 2012.
38. The Report of the Administrator is attached as **Schedule G**.
39. The budget for Crawford provides for a flat administration fee subject to adjustment in the event that certain activity levels increase or decrease by more than 10% per annum, as applicable. In addition to the flat fee subject to adjustments, there is a flow-through of certain out-of-pocket expenditures incurred by the Administrator relating to appeals and expert reports.
40. **Schedule H** is the Payment Reconciliation for Crawford for Year 13 (2012). It reflects the Crawford budget, plus the sum of \$15,390.22, comprised of the flow-through costs for appeals of \$8,336.15 (exclusive of taxes), third party expenditures of \$4,058.27 (exclusive of taxes) as well as an activity level adjustment of \$2,995.80 (exclusive of taxes). The Joint Committee recommends approval of these charges.
41. In its Year 14 (2013) budget applications, the Joint Committee recommended an extension of the appointment of Crawford to December 31, 2014 based on an Administration Pricing Proposal provided by Crawford, which proposed a fixed administration fee (excluding appeals and third party expenses) of \$745,000.00 for 2013 and \$735,000.00 for 2014 based on assumed activity levels. As before, the fixed fees are subject to adjustment if certain activity levels are 10% higher or lower than assumed. The Courts accepted the Joint Committee's recommendation and Crawford's

appointment as Administrator has accordingly been extended to December 31, 2014 on these terms.

### **PRICEWATERHOUSECOOPERS LLP**

42. PriceWaterhouseCoopers LLP provides annual updates for tax calculations on software used to calculate income loss, software maintenance for the software used to calculate loss of income claims, and separate software used to calculate and track loss of income payment caps and holdbacks, and advice, assistance and training to the Administrator with respects to both types of software.
43. The budget approved by the Courts for PriceWaterhouseCoopers LLP for Year 13 (2012) was \$13,200.00 (exclusive of taxes). The actual amount charged to the Trust Fund by PriceWaterhouseCoopers LLP was \$9,570.00 (exclusive of taxes). It was paid on approval of the Joint Committee pursuant to the 2012 budget approval orders.

### **COHEN HAMILTON STEGER INC.—PAULA FREDERICK**

44. Cohen Hamilton Steger Inc. was retained by the Administrator to provide expert accounting services in respect of complex self-employment loss of income claims and appeals. Paula Frederick is responsible for this work.
45. The budget approved for Ms. Frederick's services in Year 13 (2012) was \$30,000.00. Ms. Frederick incurred charges of \$4,062.06 (exclusive of taxes). The fees were paid on approval of the Joint Committee pursuant to the 2012 budget approval orders.

### **CANADIAN BLOOD SERVICES**

46. The efficient and effective conduct of tracebacks is a crucial component of the administration of the Plans. Canadian Blood Services ("CBS") provides the tracebacks required under the Plans in all provinces but Quebec.
47. In the last few years, the demand for and costs of such tracebacks has reduced significantly. The budget approved for CBS for traceback services for Year 13 (2012)

was \$32,641.00. The actual expenses incurred were zero. As CBS has not submitted invoices for the traceback requests it has received, the Joint Committee did not seek a budget for CBS for Year 14 (2013).

## **HÉMA-QUÉBEC**

48. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for Year 13 (2012) as it advised that due to the limited number of traceback requests it would in the first instance finance the cost and seek reimbursement at year end if the costs incurred were significantly higher than anticipated.
49. Héma-Québec has advised that the costs incurred were \$4,528.00 for Year 13 (2012). The Joint Committee recommends approval of these charges.

## **JOINT COMMITTEE**

50. A Summary Report of the work of the Joint Committee in Year 13 (2012) is set out in **Schedule I**. As described below, the Joint Committee receives a budget for general administration and supervision services work and separate budget for financial sufficiency work.
51. The budget for the Joint Committee for general administration and supervision services work for Year 13 (2012) was \$500,000.00 for fees and \$50,000.00 for disbursements, exclusive of taxes. The Joint Committee's actual fees in Year 13 (2012) for this work were \$573,994.00 exclusive of taxes and its disbursements were \$26,981.44 exclusive of taxes. All accounts were submitted to the Courts for approval before being paid. A Detailed Summary by jurisdiction of the fees and disbursements incurred by the Joint Committee is set out in **Schedule J**.
52. The Joint Committee's fees for general administration and supervision services were over budget largely as a result of additional work required in connection with claims made after the June 30, 2010 First Class Deadline and motions brought by Class Counsel to clarify the jurisdiction of the Courts to conduct hearings outside of their respective

provincial boundaries. The Courts approved a budget for the Joint Committee for general administration and supervision services for Year 14 (2013) of \$500,000.00 for fees and \$50,000.00 for disbursements, exclusives of taxes.

53. Concerning financial sufficiency, for Year 13 (2012), the Courts approved a financial sufficiency budget for the Joint Committee of \$750,000.00 plus disbursements of \$75,000.00 and taxes. The Joint Committee's actual fees for financial sufficiency for Year 13 (2012) were \$208,282.50 exclusive of taxes and its disbursements were \$11,028.48 exclusive of taxes. These accounts have been paid based upon orders received from the appropriate Courts. The Joint Committee was substantially under budget for financial sufficiency work in 2012 as the 2010 Financial Sufficiency Review did not involve contested hearings.
54. The Courts have approved a financial sufficiency budget for the Joint Committee for Year 14 (2013) of \$125,000.00 for fees and \$25,000.00 for disbursements, exclusive of taxes, to enable the Joint Committee to undertake preliminary work in respect of the 2013 Financial Sufficiency Review, which will be triggered on December 31, 2013.

## FUND COUNSEL

55. John Callaghan and Belinda Bain were appointed as Fund Counsel in the Ontario Class Actions by Order of the Superior Court of Justice for Ontario. Mason Poplaw was appointed Fund Counsel in Quebec Class Actions by Order of the Quebec Superior Court and William Ferguson was appointed Fund Counsel in the B.C. Class Actions by Order of the Supreme Court of British Columbia.
56. Attached as **Schedule K** is the Report of Fund Counsel on their activities and their fees incurred in Year 13 (2012).

57. In Year 13 (2012), the following appeals were dealt with in each jurisdiction:

Year 13 (2012)	ON <sup>2</sup>	BC	QUE	Total
Appeals received	4	1	1	6
Appeals completed	8	1	0	9
Appeals withdrawn	3	0	0	3
Denials rescinded	2	0	0	2
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	0	0	1	1
Judicial decisions	1	0	1	2
Appeals pending (including appeals sent back to Referees)	26	4	1	31

58. Fund Counsel estimates that the volume of appeal work in Year 13 (2012) will either remain the same or decrease slightly depending on the number of appeals raising complex issues requiring expert evidence.

59. In Year 13 (2012), Fund Counsel fees were \$142,843.50 and disbursements were \$8,312.94 exclusive of taxes. All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

## REFEREES AND ARBITRATORS

60. Referees and Arbitrators were appointed for each jurisdiction by court orders.

61. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for Year 13 (2012) is set out in **Schedule L**.

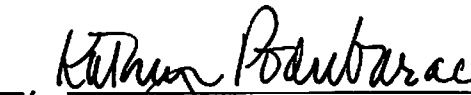
62. In Year 13 (2012), the fees for Arbitrators and Referees were \$59,578.75 and the disbursements were \$2,357.26 exclusive of taxes. Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.

<sup>2</sup> Ontario covers all provinces and territories other than Quebec and British Columbia.


**THE MONITOR**

63. The Monitor was appointed by orders of the Ontario Superior Court of Justice and Supreme Court of British Columbia. Following the death of Randy Bennett in January 2013, his partner, Robert Rueter of Rueter, Scargall Bennett LLP, is acting as Monitor.
64. In Year 13 (2012), the total fees of the Monitor were \$58,743.50 exclusive of taxes and total disbursements were \$3,970.37 exclusive of taxes. Accounts for the Monitor are paid based on court order.


Dated: May 29, 2013

  
for: J.J. Camp, Q.C.  
Camp Fiorante Matthews

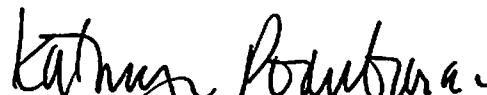
Dated: May 29, 2013

  
for: Michel Savonitto  
Savonitto & Ass. Inc.

Dated: May 29, 2013

  
for: Harvey T. Strosberg, Q.C.  
Sutts, Strosberg LLP

Dated: May 29, 2013

  
Kathryn Podrebarac  
Podrebarac Barristers Professional  
Corporation

\*Proprietary, personal and financially sensitive information has been excluded from the publicly-disclosed copies of this report.

**TAB A**



*Financial Statements of*  
*États financiers du*

**THE 1986 - 1990 HEPATITIS C FUND**  
**FONDS HÉPATITE C 1986 - 1990**

*December 31, 2012 and 2011*  
*31 décembre 2012 et 2011*



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## Independent Auditor's Report

To the Joint Committee of the  
1986 - 1990 Hepatitis C Fund

We have audited the accompanying financial statements of the 1986 - 1990 Hepatitis C Fund (the "Fund"), which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of expenses and revenue and of cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## Rapport de l'auditeur indépendant

Au comité mixte du  
Fonds Hépatite C 1986 - 1990

Nous avons effectué l'audit des états financiers ci-joints du Fonds Hépatite C 1986 - 1990 (le "Fonds"), qui comprennent les bilans aux 31 décembre 2012, 31 décembre 2011 et 1<sup>er</sup> janvier 2011 et les états des résultats et des flux de trésorerie des exercices clos le 31 décembre 2012 et 31 décembre 2011, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

### *Responsabilité de la direction pour les états financiers*

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux normes comptables canadiennes pour les organismes sans but lucratif, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### *Responsabilité de l'auditeur*

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de nos audits. Nous avons effectué nos audits selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

## **Independent Auditor's Report (continued)**

### ***Auditor's Responsibility (continued)***

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

*Deloitte LLP / s. n. l.*

Chartered Accountants  
Licensed Public Accountants

April 3, 2013

## **Rapport de l'auditeur indépendant (suite)**

### ***Responsabilité de l'auditeur (suite)***

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

Nous estimons que les éléments probants que nous avons obtenus lors de nos audits sont suffisants et appropriés pour fonder notre opinion d'audit.

### ***Opinion***

À notre avis, ces états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière du Fonds aux 31 décembre 2012, 31 décembre 2011 et 1<sup>er</sup> janvier 2011 ainsi que de ses résultats d'exploitation et de ses flux de trésorerie pour les exercices clos les 31 décembre 2012 et 31 décembre 2011 conformément aux normes comptables canadiennes pour les organismes sans but lucratif.

Comptables agréés  
Experts-comptables autorisés

Le 3 avril 2013

**THE 1986 - 1990 HEPATITIS C FUND**  
**Financial Statements**  
**December 31, 2012 and 2011**

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**FONDS HÉPATITE C 1986 - 1990**  
**États financiers**  
**31 décembre 2012 et 2011**

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**PAGE**

Statements of Financial Position	1	Bilans
Statements of Expenses and Revenue	2	États des résultats
Statements of Cash Flows	3	États des flux de trésorerie
Notes to the Financial Statements	4 - 12	Notes complémentaires

**THE 1986 - 1990 HEPATITIS C FUND**  
**Statements of Financial Position**  
**as at December 31, 2012, December 31, 2011**  
**and January 1, 2011**  
**(In thousands of dollars)**

**FONDS HÉPATITE C 1986 - 1990**  
**Bilans**  
**aux 31 décembre 2012, 31 décembre 2011**  
**et 1<sup>er</sup> janvier 2011**  
**(en milliers de dollars)**

	December 31, 31 décembre 2012	December 31, 31 décembre 2011	January 1, 1 <sup>er</sup> janvier 2011	
<b>ASSETS</b>				<b>ACTIF</b>
Cash	\$ 47	\$ 51	\$ 62	Encasse
Investments (note 4)	1,084,128	1,068,972	989,292	Placements (note 4)
Contributions receivable	1,546	1,739	1,624	Apports à recevoir
	<b>\$ 1,085,719</b>	<b>\$ 1,070,762</b>	<b>\$ 990,978</b>	
<b>LIABILITIES</b>				<b>PASSIF</b>
Accounts payable and accrued liabilities	\$ 884	\$ 778	\$ 1,007	Créditeurs et charges à payer
Accrued claims in process of payment	4,342	5,130	5,181	Demandes accumulées en cours de paiement
Funding held for future expenses (note 5)	1,080,493	1,064,854	984,790	Financement pour charges futures (note 5)
	<b>\$ 1,085,719</b>	<b>\$ 1,070,762</b>	<b>\$ 990,978</b>	

APPROVED BY THE JOINT COMMITTEE OF  
THE 1986 - 1990 HEPATITIS C FUND

AU NOM DU COMITÉ MIXTE DU FONDS  
HÉPATITE C 1986 - 1990

*Kathy Podaturac*  
*on behalf of the*  
*Joint Committee*

**THE 1986 - 1990 HEPATITIS C FUND**  
**Statements of Expenses and Revenue**  
**years ended December 31, 2012 and 2011**  
**(in thousands of dollars)**

**FONDS HÉPATITE C 1986 - 1990**  
**États des résultats**  
**des exercices clos les 31 décembre 2012 et 2011**  
**(en milliers de dollars)**

	<u>2012</u>	<u>2011</u>	
<b>EXPENSES</b>			<b>DÉPENSES</b>
Claims (note 6)	\$ 31,034	\$ 37,644	Demandes (note 6)
Operating (note 7)	2,820	3,182	Frais d'exploitation (note 7)
	<u>33,854</u>	<u>40,826</u>	
<b>REVENUE</b>	<u>33,854</u>	<u>40,826</u>	<b>REVENUS</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ -</b>	<b>\$ -</b>	<b>EXCÉDENT DES REVENUS SUR LES DÉPENSES</b>

**THE 1986 - 1990 HEPATITIS C FUND**  
**Statement of Cash Flows**  
**years ended December 31, 2012 and 2011**  
**(in thousands of dollars)**

**FONDS HÉPATITE C 1986 - 1990**  
**États des flux de trésorerie**  
**des exercices clos les 31 décembre 2012 et 2011**  
**(en milliers de dollars)**

	2012	2011	
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>			<b>RENTRÉES (SORTIES) NETTES D'ENCAISSE LIÉES AUX ACTIVITÉS SUIVANTES :</b>
<b>OPERATING</b>			<b>EXPLOITATION</b>
Excess of revenue over expenses	\$ -	\$ -	Excédent des revenus sur les dépenses
Items not affecting cash			Éléments sans incidence sur l'encaisse
Realized gains (losses) on investments	20,446	(21,188)	Gains (pertes) réalisés sur placements
Change in unrealized gains on investments	(18,068)	(57,575)	Variation des gains non-réalisés sur placements
	2,378	(78,763)	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	193	(115)	Apports à recevoir
Accounts payable and accrued liabilities	106	(229)	Créditeurs et charges à payer
Accrued claims in process of payment	(788)	(51)	Demandes accumulées en cours de paiement
Funding held for future expenses	15,639	80,064	Financement pour charges futures
	17,528	906	
<b>INVESTING</b>			<b>INVESTISSEMENT</b>
Purchase of investments	(222,545)	(168,359)	Acquisition de placements
Proceeds on sale of investments	205,013	167,442	Produits de la vente de placements
	(17,532)	(917)	
<b>NET CASH OUTFLOW</b>	<b>(4)</b>	<b>(11)</b>	<b>DIMINUTION NETTE DE L'ENCAISSE</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>51</b>	<b>62</b>	<b>ENCAISSE AU DÉBUT</b>
<b>CASH, END OF YEAR</b>	<b>\$ 47</b>	<b>\$ 51</b>	<b>ENCAISSE À LA FIN</b>

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

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**1. DESCRIPTION OF THE FUND**

The 1986 - 1990 Hepatitis C Fund (the "Fund") was established to hold and invest funds and administer their payment as compensation to claimants who qualify as class members, all pursuant to the terms of the January 1, 1986 - July 1, 1990 Hepatitis C Settlement Agreement (the "Agreement") made as of June 15, 1999 and the Judgments of the Supreme Court of British Columbia, Superior Court of Justice for Ontario and Superior Court of Quebec (the "Courts").

The maximum obligations to the Fund established as at January 10, 2000 were \$1.203 billion, shared between the Government of Canada (72.7273%) and the governments of the provinces and territories (27.2727%), plus interest accruing thereafter on the unpaid obligations. The Government of Canada has made contributions to the Fund, which totally satisfy its obligation to the Fund. The provincial and territorial governments are required to contribute as and when required for payment of their share of expenses. Provinces and territories may elect to prepay their contributions. To the extent provinces and territories do not prepay their contributions, interest is calculated on their outstanding obligations at treasury bill rates applied quarterly. As at December 31, 2012 those obligations including interest are estimated to be \$169,014,000 (December 31, 2011 - \$176,687,000; January 1, 2011 - \$185,973,000).

The operations of the Fund are subject to various reviews and approvals by the Courts.

The Fund is a trust that is exempt from income tax under the Income Tax Act.

**2. ADOPTION OF NEW ACCOUNTING STANDARDS**

*Change in accounting standards*

For the year ended December 31, 2012, the Fund adopted the new Canadian accounting standards for not-for-profit organizations (the "new standards") issued by the Canadian Institute of Chartered Accountants ("CICA") as set out in Part III of the CICA Handbook. The Fund also applies the standards for private enterprises in Part II of the CICA Handbook to the extent that the Part II standards address topics not addressed in Part III. In accordance with Section 1501 of the CICA Handbook, Part III, *First-time adoption by not-for-profit organizations* ("Section 1501"), the date of transition to the new standards was January 1, 2011 and the Fund has presented an opening statement of financial position at the date of transition to the new standards. This opening statement of financial position is the starting point for the entity's accounting under the new standards.

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

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**1. DESCRIPTION DU FONDS**

Le Fonds Hépatite C 1986 - 1990 (le "Fonds") a été constitué dans le but de conserver et d'investir des fonds et de gérer leur versement sous forme d'indemnités aux requérants admissibles comme personnes inscrites au recours collectif, conformément aux modalités de l'entente de règlement relative à l'hépatite C pour la période allant du 1<sup>er</sup> janvier 1986 au 1<sup>er</sup> juillet 1990 (l'"entente"), datée du 15 juin 1999, et aux décisions de la Cour suprême de la Colombie-Britannique, de la Cour supérieure de justice de l'Ontario et de la Cour supérieure du Québec (les "tribunaux").

Au 10 janvier 2000, les obligations maximales revenant au Fonds s'élevaient à 1,203 milliards de dollars, et elles étaient partagées entre le gouvernement du Canada (72,7273 %) et les gouvernements provinciaux et territoriaux (27,2727 %), plus les intérêts cumulés par la suite sur les obligations impayées. Le gouvernement du Canada a versé des apports au Fonds, lesquels règlent entièrement son obligation envers le Fonds. Les gouvernements provinciaux et territoriaux sont tenus de verser des apports pour régler leur part des charges au moment où elles deviennent exigibles. Les provinces et les territoires peuvent choisir de verser leurs apports à l'avance. Dans la mesure où ils ne versent pas d'apports à l'avance, l'intérêt est calculé trimestriellement sur les obligations impayées aux taux des bons du Trésor. Au 31 décembre 2012, ces obligations, intérêts compris, sont estimées à 169 014 000 \$ (31 décembre 2011 - 176 687 000 \$; 1<sup>er</sup> janvier 2011 - 185 973 000 \$).

Les activités du Fonds sont assujetties à divers examens et approbations des tribunaux.

Le Fonds est une fiducie exonérée de l'impôt sur les bénéfices en vertu de la Loi de l'impôt sur le revenu.

**2. ADOPTION DU NOUVEAU REFERENTIEL COMPTABLE**

*Modification comptable*

Pour l'exercice clos le 31 décembre 2012, le Fonds a adopté les nouvelles normes comptables canadiennes pour les organismes sans but lucratif de l'Institut Canadien des Comptables Agréés (ICCA) (les "nouvelles normes") et présentées dans la Partie III du Manuel de l'ICCA. Le Fonds applique également les normes pour entreprises à capital fermé de la Partie II du Manuel de l'ICCA dans la mesure où les normes de la Partie II abordent des sujets qui ne le sont pas dans la Partie III. Conformément à l'article 1501 du Manuel de l'ICCA, Partie III, intitulé *Application initiale des normes comptables pour les organismes sans but lucratif* ("chapitre 1501"), la date de transition des nouvelles normes était le 1<sup>er</sup> janvier 2011 et le Fonds a présenté un bilan d'ouverture en date de cette transition aux nouvelles normes. Ce bilan d'ouverture représente le point de départ de sa comptabilité selon les normes comptables pour les organismes sans but lucratif.



**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

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**2. ADOPTION OF NEW ACCOUNTING FRAMEWORK**  
**(continued)**

*Change in accounting standards (continued)*

In its opening statement of financial position, under the recommendations of Section 1501, the Fund:

- recognized all assets and liabilities whose recognition is required by the new standards;
- did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- reclassified items that it recognized previously as one type of asset, liability or component of net assets, but are recognized as a different type of asset, liability or component of net assets under the new standards; and
- applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies to follow have been consistently applied to all years presented. The Fund has not applied any exemptions available under section 1501 as it has determined there is no financial impact on the financial statements. The adoption of this new financial reporting framework has no impact on the previously reported statement of financial position as at January 1, 2011, or as at December 31, 2011, or on the previously reported statements of operations and cash flows for the year ended December 31, 2011. Consequently, a reconciliation of previously reported items to those reported using the new standards has not been prepared.

**3. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of Presentation*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

*Financial instruments*

Financial instruments include cash, contributions receivable, investments and accounts and accrued liabilities and claims payable.

All financial assets and liabilities are initially recognized at fair value and subsequently they are measured at amortized cost with the exception of cash and investments which are measured at fair value.

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

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**2. ADOPTION DU NOUVEAU REFERENTIEL COMPTABLE**  
**(suite)**

*Modification comptable (suite)*

Dans son bilan d'ouverture et en vertu des recommandations du chapitre 1501, le Fonds :

- a comptabilisé tous les actifs et passifs dont la comptabilisation est prescrite par les normes;
- n'a pas comptabilisé d'éléments en tant qu'actifs ou passifs si les normes n'autorisent pas une telle comptabilisation;
- a reclassé les éléments qu'elle comptabilisait auparavant dans une catégorie donnée d'actifs, de passifs ou de composantes de l'actif net, mais qui, selon les normes, appartiennent à une autre catégorie;
- a appliqué les normes pour l'évaluation de tous les actifs et passifs comptabilisés.

Conformément au chapitre 1501, les méthodes comptables qui suivent ont été appliquées de la même manière pour tous les exercices présentés. Le Fonds n'a pas appliqué d'exemptions facultatives du chapitre 1501 du fait de l'absence d'incidence sur les états financiers. L'adoption des nouveaux rapports financiers n'a pas eu d'incidence sur le bilan précédemment reporté au 1<sup>er</sup> janvier 2011, ni au 31 décembre 2011, ni sur les états précédemment reportés des résultats et des flux de trésorerie de l'exercice clos le 31 décembre 2011. Par conséquent, une réconciliation entre les éléments précédemment reportés et les éléments reportés en utilisant les nouvelles normes n'a pas été préparée.

**3. PRINCIPALES MÉTHODES COMPTABLES**

*Méthode de présentation*

Les états financiers ont été dressés conformément aux normes comptables canadiennes pour les organismes sans but lucratif et tiennent compte des principales conventions comptables suivantes :

*Instruments financiers*

Les instruments financiers comprennent l'encaisse, les apports à recevoir, les placements, créiteurs et charges à payer et les demandes accumulées en cours de paiement.

Les actifs et passifs financiers sont comptabilisés initialement à la juste valeur et sont ensuite comptabilisés au coût amorti à l'exception de l'encaisse et des placements qui sont comptabilisés à la juste valeur.

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Transaction costs*

Transaction costs are expensed as incurred.

*Liabilities and funding for future payments*

These financial statements do not present liabilities for payments to be made to class members in future years nor the related future funding requirements of provincial and territorial governments.

*Revenue recognition*

The Fund follows the deferral method of accounting for contributions. Revenue is recognized as expenses are incurred and shares of such expenses are allocated to governments, as set out in the Agreement. To the extent that contributions are paid to the Fund in advance of expenses being incurred and allocated, the contributions and the investment earnings thereon are deferred and recorded as funding held for future expenses. Accordingly, the funding held for future expenses includes:

- Funding contributed in payment of the Government of Canada obligation;
- Contributions prepaid by provinces and territories, if any; and
- Investment earnings for the period.

As expenses are incurred and allocated, amounts are deducted from the balance of the funding held for future expenses and are recognized as revenue.

Where provincial and territorial governments have not prepaid contributions and expenses are allocated to them, such amounts are requisitioned by the Fund and are recognized directly as revenue of the Fund.

*Claims*

A claim is recognized as an expense in the period in which the claim approval process has been completed.

*Operating expenses*

Operating expenses are recorded in the period in which they are incurred. Operating expenses are subject to approval by the Courts.

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

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**3. PRINCIPALES MÉTHODES COMPTABLES (suite)**

*Coûts de transaction*

Les coûts de transaction sont comptabilisés comme dépenses lorsqu'ils sont encourus.

*Obligations et financement pour paiements futurs*

Ces états financiers ne présentent aucune obligation pour des paiements futurs devant être faits aux personnes inscrites aux recours collectifs, ni aucune exigence connexe future en matière de financement des gouvernements provinciaux et territoriaux.

*Constataion des revenus*

Le Fonds comptabilise les apports selon la méthode du report. Les revenus sont comptabilisés à mesure que les charges sont engagées, et une tranche de ces charges est attribuée aux gouvernements, comme le prévoit l'entente. Lorsque les apports sont versés au Fonds avant que les charges ne soient engagées et réparties, les apports et le revenu de placement en découlant sont reportés et constatés à titre de financement pour charges futures. Par conséquent, le financement pour charges futures comprend ce qui suit :

- Apport sous forme de paiement de l'obligation du gouvernement du Canada;
- Apports versés à l'avance par les gouvernements provinciaux et territoriaux, le cas échéant;
- Revenus de placement de la période.

À mesure que les charges sont engagées et réparties, les montants sont déduits du solde du financement pour charges futures et comptabilisées dans les revenus.

Lorsque les apports ne sont pas versés à l'avance par les gouvernements provinciaux et territoriaux et que des charges leur sont attribuées, ces montants leur sont demandés par le Fonds puis comptabilisés directement dans les revenus.

*Demandes*

Les demandes sont constatées à titre de charges dans la période au cours de laquelle le processus d'approbation des demandes a été mené à terme.

*Frais d'exploitation*

Les frais d'exploitation sont constatés dans la période au cours de laquelle ils sont engagés. Ils sont assujettis à l'approbation des tribunaux.

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include the fair value of investments and accrued liabilities. Actual results could differ from these estimates.

*Foreign currency*

Transactions denominated in foreign currencies are translated into Canadian dollars at the rates of exchange prevailing at the dates of the transactions. Investments and cash balances denominated in foreign currencies are translated at the rates in effect at year-end. Resulting gains or losses from changes in these rates are included in investment earnings.

**4. INVESTMENTS**

Investments are summarized as follows:

	December 31, 2012 31 décembre 2012	
	(in thousands of dollars) (en milliers de dollars)	
	Fair Value Juste valeur	Cost Coût
Cash	\$ 469	\$ 469
Investment earnings receivable	2,248	2,248
Fixed income	931,536	546,533
Equities	149,873	158,080
	<u>\$ 1,084,126</u>	<u>\$ 707,330</u>

**3. PRINCIPALES MÉTHODES COMPTABLES (suite)**

*Utilisation d'estimations*

Dans le cadre de la préparation des états financiers, conformément aux normes comptables canadiennes pour les organismes sans but lucratif, la direction doit établir des estimations et des hypothèses qui ont une incidence sur les montants des actifs et des passifs présentés et sur la présentation des actifs et des passifs éventuels à la date des états financiers, ainsi que sur les montants des produits d'exploitation et des charges constatés au cours de la période visée par les états financiers. Les estimations importantes comprennent la juste valeur des placements et des charges à payer. Les résultats réels pourraient varier par rapport à ces estimations.

*Devises étrangères*

Les opérations libellées en devises étrangères sont converties en dollars canadiens aux taux de change en vigueur aux dates auxquelles les opérations sont effectuées. Les placements et l'encaisse libellés en devises sont convertis aux taux en vigueur à la fin de l'exercice. Les gains ou les pertes de change découlant de la variation de ces taux sont inclus dans le revenu de placement.

**4. PLACEMENTS**

Les placements se résument ainsi :

Encaisse  
Revenus de placement à recevoir  
Titres à revenu fixe  
Actions

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

**4. INVESTMENTS (continued)**

**4. PLACEMENTS (suite)**

December 31, 2011 31 décembre 2011 (in thousands of dollars) (en milliers de dollars)					
	Fair Value <u>Juste valeur</u>		Cost <u>Coût</u>		
Cash	\$ 278		\$ 278		Encaisse
Investment earnings receivable	2,289		2,289		Revenus de placement à recevoir
Fixed income	950,952		553,030		Titres à revenu fixe
Equities	115,453		154,647		Actions
	<u>\$ 1,068,972</u>		<u>\$ 710,244</u>		
January 1, 2011 1 <sup>er</sup> janvier 2011 (in thousands of dollars) (en milliers de dollars)					
	Fair Value <u>Juste valeur</u>		Cost <u>Coût</u>		
Cash	\$ 197		\$ 197		Encaisse
Investment earnings receivable	2,334		2,334		Revenus de placement à recevoir
Fixed income	898,483		571,114		Titres à revenu fixe
Equities	88,278		114,494		Actions
	<u>\$ 989,292</u>		<u>\$ 688,139</u>		

*Determination of fair value*

Fixed income includes debt obligations of governments and corporate bodies paying interest at rates appropriate to the market at the date of their purchase. Bonds are recorded at prices based upon published bid prices. The fixed income portfolio's sensitivity to a change in market rates is represented by the duration of the portfolio. As at December 31, 2012, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 9.9 years (December 31, 2011 - 10.9 years; January 1, 2011 - 11.8 years).

Pooled fund units are valued at prices based on the market value of the underlying securities held by the pooled funds.

*Détermination de la juste valeur*

Les titres à revenu fixe proviennent de titres de créance de gouvernements et de sociétés qui versent des intérêts à des taux conformes à ceux du marché à la date d'achat. Les obligations sont comptabilisées à des prix offerts publiés. La sensibilité du portefeuille de titres à revenu fixe aux variations des taux d'intérêt du marché correspond à la durée du portefeuille. Au 31 décembre 2012, la durée moyenne des obligations et des débetures du portefeuille, pondérée selon la juste valeur, était de 9,9 ans (31 décembre 2011 - 10,9 ans; 31 décembre 2001 - 11,8 ans).

Les fonds communs sont évalués selon la valeur marchande des titres sous-jacents détenus par les fonds communs.

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

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**4. INVESTMENTS (continued)**

*Investment risk*

Investment in financial instruments renders the Fund subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a counterparty to a financial instrument to discharge an obligation when it is due.

The Fund has adopted investment policies, standards and procedures to control the amount of risk to which it is exposed. The investment practices of the Fund are designed to avoid undue risk of loss and impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to the Fund is represented by the fair value of the investments.

**a) Concentration risk**

Concentration risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political or other conditions. The relative proportions of the types of investments, in the portfolio are as follows:

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

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**4. PLACEMENTS (suite)**

*Risque de placement*

Les placements dans des instruments financiers placent le Fonds face à des risques liés aux placements. Ceux-ci incluent les risques provenant des variations dans les taux d'intérêts, dans les taux de conversion de devises et dans le marché boursier, national et international ainsi que ceux provenant du danger éventuel qu'une des parties engagées par rapport à un instrument financier ne puisse faire face à ses obligations.

Le Fonds a adopté des politiques, des normes et des méthodes pour contrôler le niveau de risque auquel il s'expose. Les habitudes du Fonds en ce qui concerne les placements ont pour but d'éviter tout risque inutile de perte et d'insuffisance d'actif et de fournir une espérance raisonnable quant à leur juste rendement, étant donné la nature des placements. Le maximum de risque auquel s'expose le Fonds se trouve dans la juste valeur des placements.

**a) Risque de concentration**

Le risque de concentration existe lorsqu'une part importante du portefeuille est investie dans des titres ayant des caractéristiques semblables ou qui sont soumis à des conditions similaires d'ordre économique, politique ou autre. Les proportions relatives des types de placements du portefeuille sont les suivantes :

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

**4. INVESTMENTS (continued)**

**4. PLACEMENTS (suite)**

	December 31, 31 décembre 2012	December 31, 31 décembre 2011	January 1, 1 <sup>er</sup> janvier 2011	
	% of Fair Value % de la juste valeur	% of Fair Value % de la juste valeur	% of Fair % de la juste valeur	
Investment earnings receivable and cash	1	1	1	Revenus de placement à recevoir et encaisse
Fixed income				Titres à revenu fixe
Government of Canada	77	80	83	Gouvernement du Canada
Corporate	3	2	2	Sociétés
Provinces of Canada	1	1	1	Provinces du Canada
Fixed income pooled funds	5	5	4	Fonds communs à revenu fixe
	86	88	90	
Equities - Pooled Funds				Actions - Fonds communs
Canadian	7	5	5	Canadiennes
Foreign				Étrangères
U.S.	3	3	2	Américains
International	3	3	2	Internationaux
	13	11	9	
	100	100	100	

**b) Foreign currency risk**

**b) Risque de change**

Foreign currency exposure arises from the Fund's holdings of non-Canadian denominated investments, as follows:

Le risque de change découle de la possession, par le Fonds, de placements qui ne sont pas libellés en dollars canadiens, comme l'indique le tableau suivant :

	December 31, 31 décembre 2012	December 31, 31 décembre 2011	January 1, 1 <sup>er</sup> janvier 2011	
Equities - Pooled Funds				Actions - Fonds communs
U.S.	\$ 35,944	\$ 30,907	\$ 17,972	Américains
International	38,818	30,158	19,945	Internationaux
	\$ 74,762	\$ 61,065	\$ 31,917	

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

**5. FUNDING HELD FOR FUTURE EXPENSES**

**5. FINANCEMENT POUR CHARGES FUTURES**

	December 31, 31 décembre 2012	December 31, 31 décembre 2011	January 1, 1 <sup>er</sup> janvier 2011	
	(in thousands of dollars) (en milliers de dollars)			
Balance, beginning of year	\$ 1,064,854	\$ 984,790	\$ 934,917	Solde au début
Changes during the year				Variation au cours de l'exercice
Investment earnings	40,266	110,041	81,093	Revenus de placement
Amounts recognized as revenue	(24,627)	(29,977)	(31,245)	Montants constatés comme revenu
Additional funding received	-	-	25	Financement additionnel reçu
Balance, end of year	\$ 1,080,493	\$ 1,064,854	\$ 984,790	Solde à la fin
Comprised of:				Composé de :
Funding contributed by the Government of Canada	\$ 1,080,489	\$ 1,064,847	\$ 984,508	Financement contribué par le gouvernement du Canada
Contributions prepaid by provincial governments	4	7	282	Apports versés à l'avance par des gouvernements provinciaux
	\$ 1,080,493	\$ 1,064,854	\$ 984,790	

**6. CLAIMS**

**6. DEMANDES**

Claims recognized as expenses of the Fund during the current year consist of the following:

Les demandes comptabilisées dans les charges du Fonds au cours de l'exercice comprennent ce qui suit :

	2012	2011	
	(in thousands of dollars) (en milliers de dollars)		
Approved by the Administrator of the Fund			Demandes approuvées par l'Administrateur du Fonds
Disbursed	\$ 31,822	\$ 37,695	Décaissements
Net change in accrued claims in process of payment	(788)	(51)	Variation nette des demandes accumulées en cours de paiement
	\$ 31,034	\$ 37,644	

The claims include payments totalling \$240,000 (December 31, 2011 - \$240,000) for HIV secondary claimants.

Les demandes incluent des paiements au total de 240 000 \$ (240 000 \$ le 31 décembre 2011) pour les requérants infectés indirectement par le VIH.

**THE 1986 - 1990 HEPATITIS C FUND**  
**Notes to the Financial Statements**  
**years ended December 31, 2012 and 2011**

**FONDS HÉPATITE C 1986 - 1990**  
**Notes complémentaires**  
**des exercices clos les 31 décembre 2012 et 2011**

**7. OPERATING EXPENSES**

**7. FRAIS D'EXPLOITATION**

	<u>2012</u>	<u>2011</u>	
	(in thousands of dollars)		
	(en milliers de dollars)		
Administrator	\$ 831	\$ 860	Administrateur
Legal (claims' appeal costs, Fund counsel)	313	304	Frais juridiques (frais des demandes en appel, avocats du Fonds)
Joint committee - Administration	691	601	Comité mixte - Administration
			Comité mixte - Réévaluation de la
Joint committee - Sufficiency Review	240	347	suffisance
Investment management	234	209	Gestion des placements
Audit and related services	108	100	Honoraires d'audit et de services connexes
Custodial trustee	112	103	Frais de garde
Actuarial	30	26	Honoraires d'actuariat
			Honoraires d'actuariat - Réévaluation de la suffisance
Actuarial - Sufficiency Review	251	573	Frais d'enquête
Traceback fees	2	6	Frais médicaux et autres frais de consultation
Medical and other consulting	8	53	
	<u>\$ 2,820</u>	<u>\$ 3,182</u>	



**TAB B**



RBC Investor Services

# Information Brief

Trustee and Custodian – Hepatitis C Trust Fund

Prepared for:

The Joint Committee of the Hepatitis C Trust Fund

Prepared by:

Patricia Budrow

Client Manager

RBC Investor Services

March 2013

Your ambition. Our purpose.

## About RBC Investor Services

RBC Investor Services is a specialist provider of investor services to asset managers, financial institutions and other institutional investors worldwide. Our unique approach to domestic and cross-border solutions, combined with award-winning client service and presence in 15 markets, helps our clients achieve their ambitions.

RBC Investor Services ranks among the world's top 10 global custodians with USD 3.0 trillion (CAD 3.0 trillion) in client assets under administration and is a wholly owned subsidiary of Royal Bank of Canada, one of the largest and most financially sound banks in the world.

Our complete range of investor services is supported by:

- a worldwide network of offices in 15 countries on four continents
- award-winning European transfer agency capabilities
- fund administration services in 13 global markets
- strong parental credit ratings of Aa3 (Moody's) and AA- (S&P)
- more than 100 years of experience in institutional financial services
- products and technology that meet our clients' evolving needs
- top ratings for client service in industry client satisfaction surveys

RBC Investor Services Trust (RBCIS) was appointed Trustee and Custodian of the Hepatitis 'C' Trust Fund by the Superior Courts of B.C., Ontario and Quebec. A service team comprising administration and operations managers is responsible for the day-to-day activities of the Trust Fund. This team is complemented by professionals with regulatory expertise, providing the Hepatitis 'C' Trust Fund with a wide range of specialized services.

## Duties and responsibilities of the trustee/custodian

### Custody and safeguarding of securities

RBC Investor Services holds in trust the cash and securities of the Trust Fund. The assets of the Trust Fund are invested and reinvested by RBC Investor Services strictly in accordance with the directions of the Joint Committee or the investment manager appointed by the Courts. RBC Investor Services ensures the safe custody of the assets and reconciles the securities positions in its books daily using the services of the Canadian Depository for Securities Limited (CDS).

### Processing of investment transactions

RBC Investor Services completes all securities transactions (e.g., acquisitions and dispositions of assets) as per authorized instructions received from the investment manager.

### Collection of income

RBC Investor Services collects and accounts for all items of principal and income. Stock dividends and bond interest are credited to the account on the day they are payable regardless of whether RBC Investor Services actually receives the funds. RBC Investor Services tracks stock dividends and splits, bond maturities and redemptions. For cash balances held in the fund, interest is automatically credited. The interest is calculated daily and paid to accounts on the last business day of the month.

### Contributions

RBC Investor Services receives all contributions flowing into the Trust Fund. RBC Investor Services credits receipts of those contributions to the appropriate accounts.

### Plan disbursements

All plan disbursements are processed in a timely manner in accordance with the terms of our appointment and/or Court Order. Payments to Service Providers are made pursuant to applicable Court Order.

### Maintenance of records

RBC Investor Services maintains accurate records with respect to the assets of the Trust Fund and provides timely reports to various parties, including:

- **Monthly investment statements:** These statements provide the full financial picture of the Trust Fund including cash reconciliation investment activity, receipts and disbursements for the reporting period. These reports also provide a list of assets held at a certain date with book and market value, accrued income. Day-to-day activity is reported in chronological order.
  - **Quarterly notional reports:** RBC Investor Services maintains notional accounts for each of the Provincial and Territorial Governments. These accounts are maintained on the basis of the sharing percentage provided by the Federal Government. The report records the Governments' proportionate contributions, proportionate interest amount and proportionate disbursements. It also reflects when payments are due and when they are actually received.
  - **Monthly financial summary:** This report summarizes, at a high level, the market value of the Trust Fund, the investment income earned, payouts to claimants and service providers and recoveries from the Provinces and Territories for those payouts since the inception of the Fund.
-

## Summary of Trust activity

### Payments to the Trust Fund

During 2012, the thirteenth year of operation of the Hepatitis 'C' Trust Fund, the Trust Fund received contributions totaling CAD 9,422,169.18 representing payments from Provincial and Territorial Governments.

In addition, the Hepatitis 'C' Trust Fund has earned CAD 22,201,733.17 (includes investment income, realized and unrealized capital gains and losses). The closing market value of the fund at December 31, 2012 was CAD 1,084,952,458.12.

### Payments from the Trust Fund

Disbursements from the Trust Fund in 2012 totaled CAD 34,536,445.96 representing CAD 31,821,955.33 to the Administrator for the claimants and CAD 2,714,450.63 to service providers for fees and expenses (including RBC Investor Services' trustee and custodial fees).

For the period January 1, 2012 to December 31, 2012 the Courts approved a budget of CAD 110,000 for RBC Investor Services' trustee and custodial fees. The actual charge to the Trust Fund in 2012 for performing various activities and services was CAD 108,759.85 representing fees for 2011 of CAD 20,803.54 and fees for 2012 of CAD 87,956.31.

The total fees of CAD 108,759.85 represent: Custody of assets under administration of CAD 53,822.65 Transaction Fees of CAD 8,024.96, Plan/Reporting/Accounting Charges of CAD 30,900, Special Reports of CAD 3,500.04 and Taxes (GST/HST) of CAD 12,512.20.

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**TAB C**



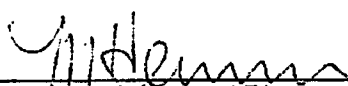
**1986-1990 Hepatitis C Settlement Trust Fund**

**Annual Certificate of Compliance**

For the year ending: December 31, 2012

To the best of our knowledge, we are in compliance with your investment guidelines.

Compliance verified by:

  
\_\_\_\_\_  
Michelle Hegeman, CFA  
Vice President & Director  
Portfolio Management

Date: March 8, 2013

Should you have any questions regarding the document, please contact your Relationship Manager.

TDAM Institutional Client Services  
1-888-834-6339  
inst.info@tdam.com

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**TAB D**



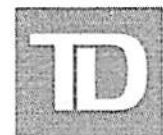


# **1986 - 1990 Hepatitis C Settlement Trust Fund Portfolio Review**

April 3, 2013

**Rachna de Koning, FCIA, FSA**  
Vice President & Director

**Michelle Hegeman, CFA**  
Vice President & Director



# Agenda



- TD Asset Management Inc. (TDAM) Update
- Portfolio Review
  - Segregated Fixed Income Mandates
  - Indexed Pooled Fund Mandates

## Appendix:

- Supplemental Information

# TD Asset Management Update – 2012 Year in Review



## ■ Industry recognition

- TDAM retains #1 spot in Benefits Canada 2012 ranking of pension investment managers by AUM\*
- Awarded Best Canadian Fixed-Income Fund for TD Canadian Core Plus at the Morningstar® Canadian Investment Awards (2012)

## ■ TDAM strategies mark milestones

- TD *Emerald* Low Volatility Canadian Equity PFT and TD *Emerald* Low Volatility Global Equity PFT both celebrated three years of strong risk adjusted returns
- Over C\$4.4 billion invested in Low Volatility Equity strategies as of December 31, 2012

## ■ Commitment to client education

- Record attendance in many cities for TDAM's 9th Annual Sharing of Knowledge Learning Series in April. TDAM explored investing in an uncertain world and how to prepare for future investment success

## ■ TDAM expands its broad toolkit

- Launched the TD *Emerald* Active Canadian Long Bond PFT in Q1, 2012

## ■ TDAM's breadth and expertise expands:

- Strategic acquisition of Epoch Investment Partners, Inc., a highly successful asset management firm with over US\$24 billion in AUM that will substantially broaden TDAM's capabilities in U.S. and global equities

\* "The Top 40 Money Managers (as at June 30, 2012)", Benefits Canada, November 2012.

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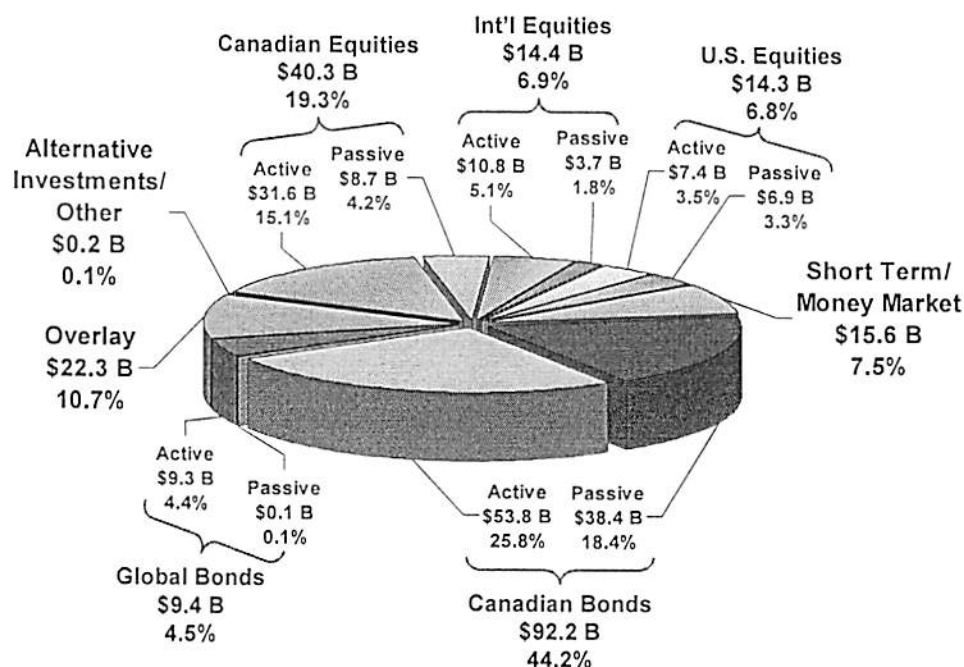
PFT = Pooled Fund Trust

# TD Asset Management

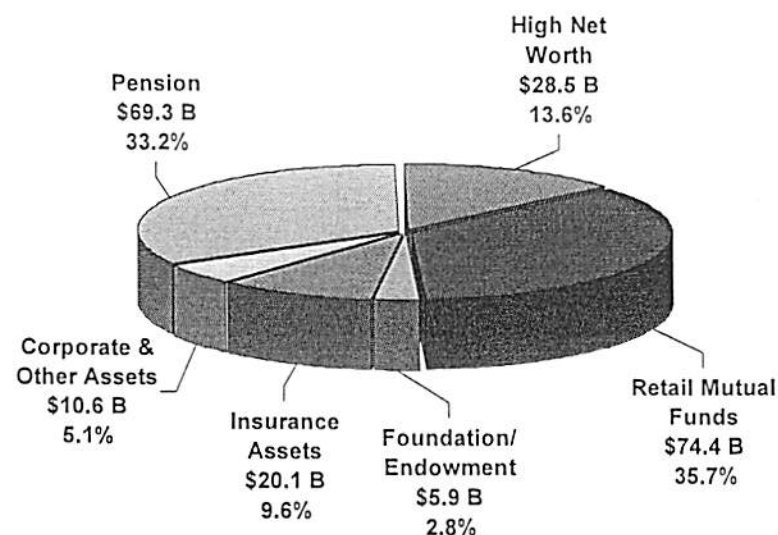
## Assets Under Management as at December 31, 2012



### By Asset Type



### By Client Type

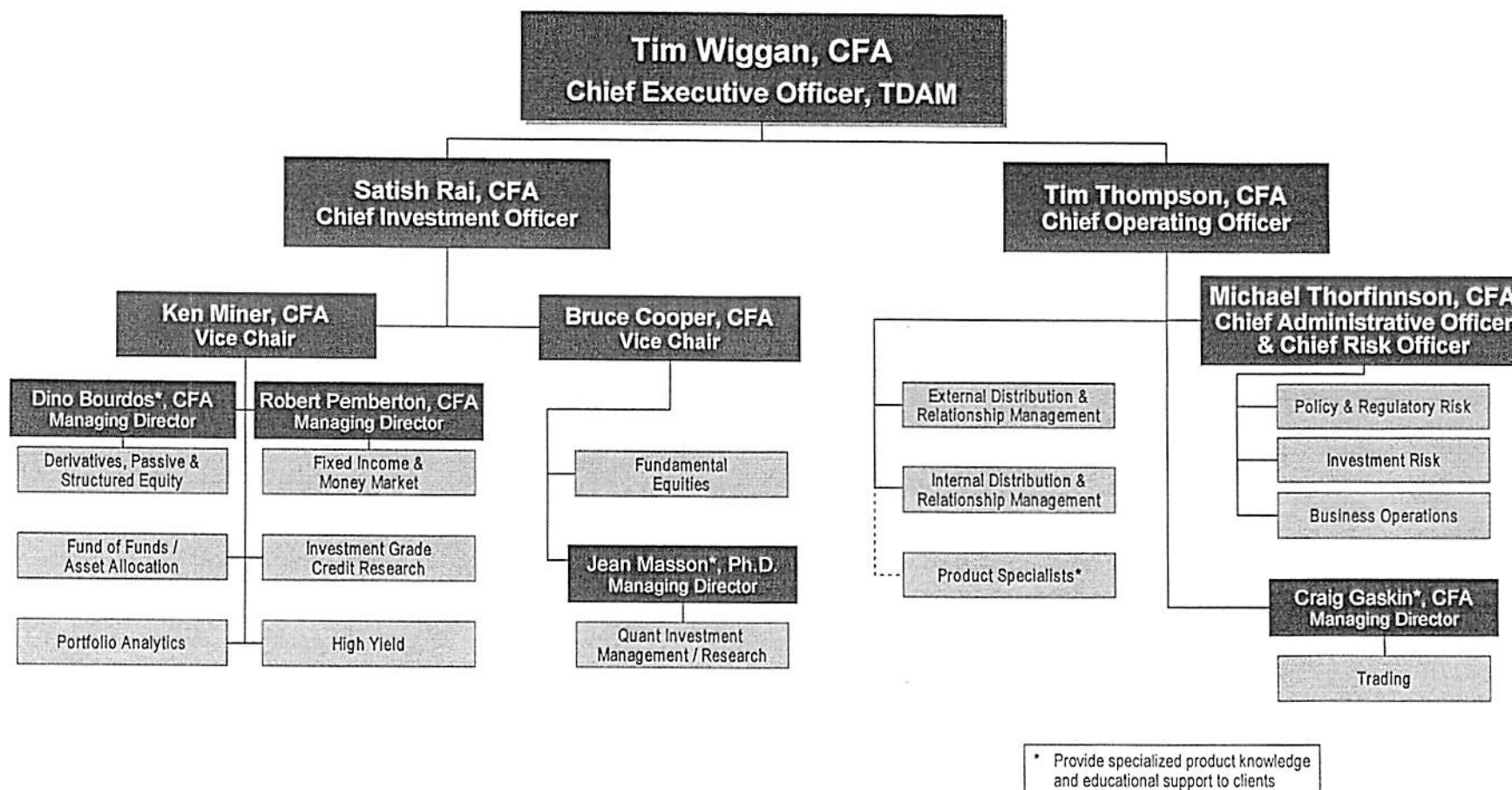


Note: Active AUM include both active fundamental and active enhanced assets. Numbers may not add due to rounding. Assets under management for TD Asset Management Inc. and TDAM USA Inc. Overlay assets under management do not include \$4.1 B of currency hedging programs in place within TDAM pooled funds accounted for in other asset classes. TD Asset Management operates in Canada as TD Asset Management Inc. and in the United States as TDAM USA Inc.

## Total Assets Under Management: C\$208.8 Billion

# Investment Management Division

## Organizational Structure



TD Asset Management (TDAM) operates as TD Asset Management Inc. in Canada and TDAM USA Inc. in the US.  
 TD Asset Management Inc. and TDAM USA Inc. are wholly-owned subsidiaries of The Toronto-Dominion Bank (TD Bank).  
 TDAM USA Inc. is an affiliate of TD Asset Management Inc. TD Asset Management Inc. leverages the experience of TDAM USA Inc. employees.

# Investment Mandates



Mandates	Benchmark Index	Tracking Target %/year over one year	Tracking Target %/year over four years
Segregated Real Return Bonds (buy-and-hold)	N/A	N/A	N/A
Segregated Short-Term Bonds	DEX Short Term Bond Index	± 0.20	± 0.10
Universe Bonds (no BBB-rated corporates)	DEX Universe Bond Index	± 0.20	± 0.10
Canadian Equities*	S&P/TSX Composite Total Return Index	± 0.30	± 0.15
U.S. Equities	S&P 500 Total Return Index ND (C\$)	± 0.30	± 0.15
International Equities	MSCI EAFE Total Return Index ND (C\$)	± 0.60	± 0.30

\*Canadian Equity exposure:

November 15, 2012 to present: TD *Emerald* Canadian Equity Index Fund; November 18, 2005 to November 15, 2012: TD *Emerald* Canadian Equity Market PFT II; July 8, 2003 to November 18, 2005: TD *Emerald* Canadian Market Capped PFT; February 29, 2000 to July 8, 2003: Canadian Equity Index Fund

Benchmark Sources:

DEX Universe: PC-Bond Analytics

S&P/TSX Equity: TMX Group

S&P 500: Standard & Poor's

MSCI EAFE: Morgan Stanley Capital Int'l. Inc.

Tracking target is per Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2010)

For the Pooled Fund mandates, the tracking target is within TDAM's expected tracking guidelines

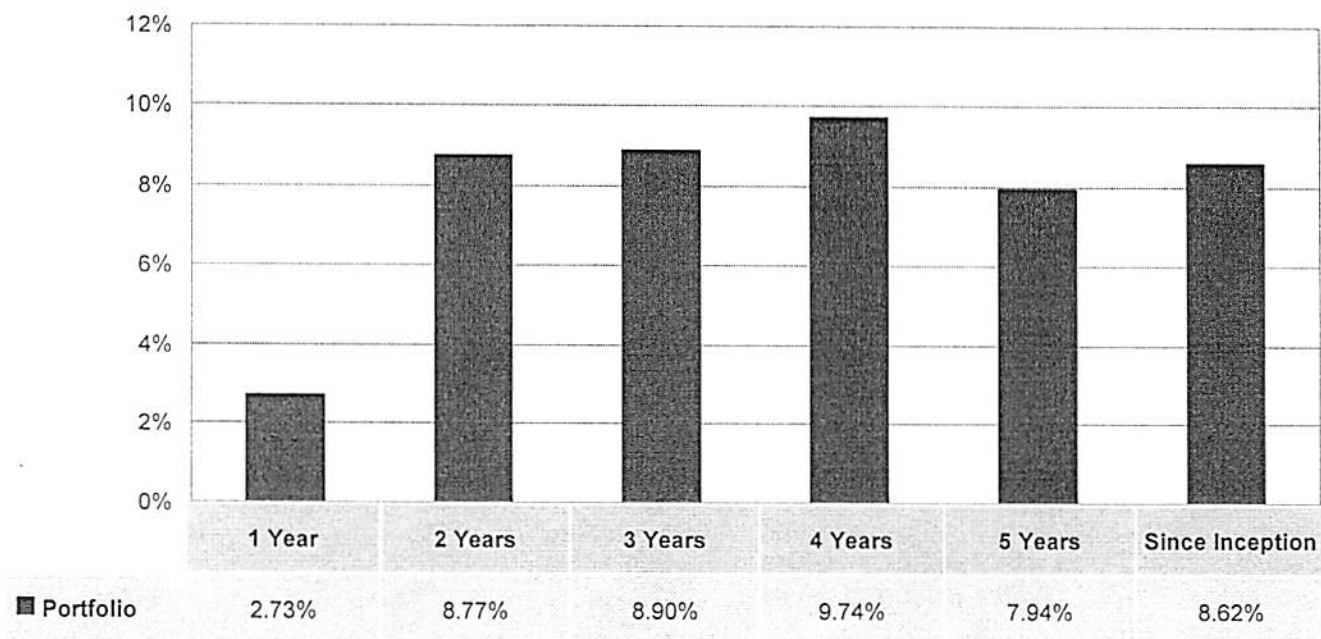
PFT = Pooled Fund Trust

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## Tracking within expected tolerances

# Segregated Real Return Bonds

Performance as at December 31, 2012



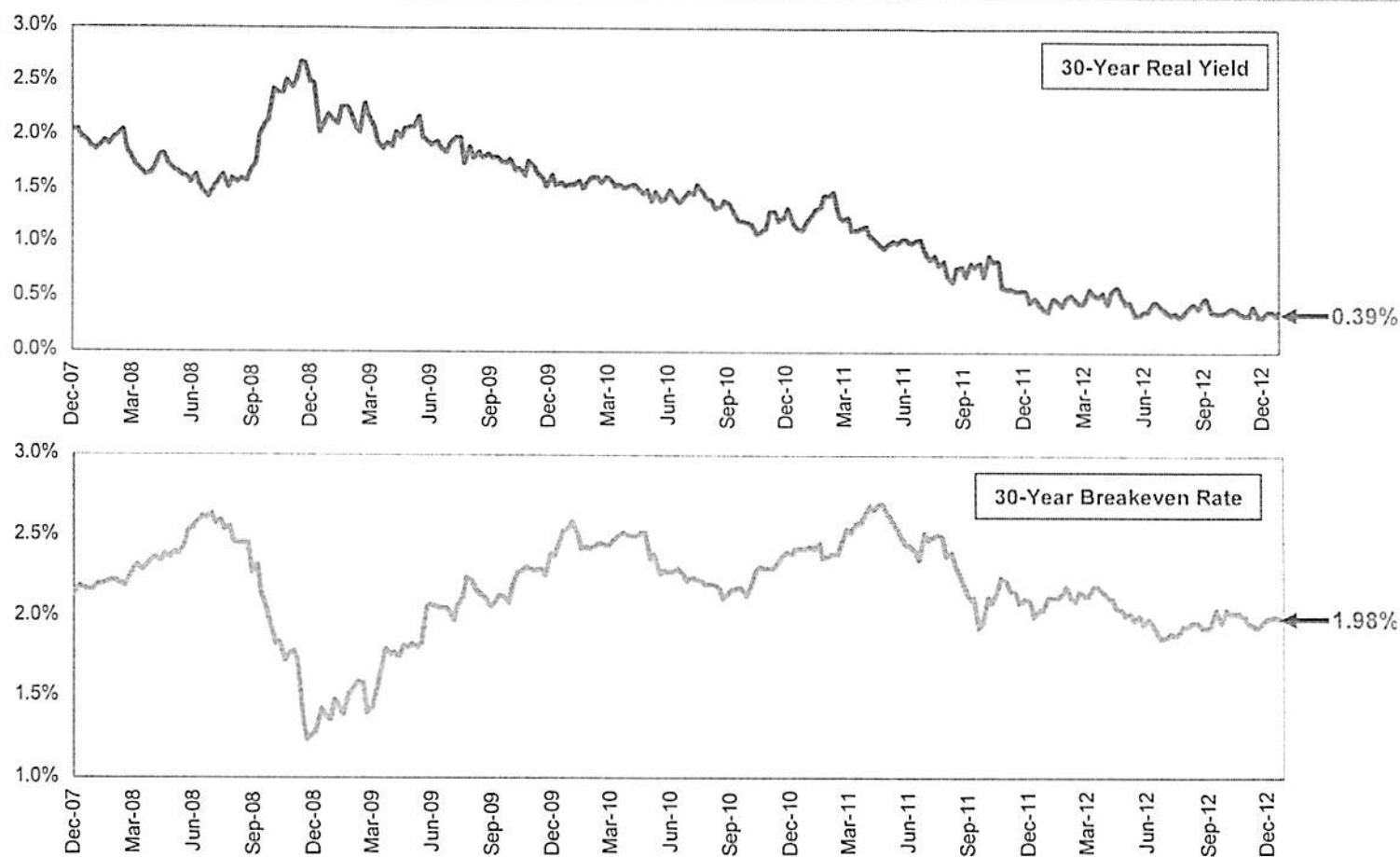
Inception Date: February 29, 2000  
Returns over one year are annualized

Assets as at December 31, 2012:  
\$786,175,978

Nominal bond performance driving RRB returns



## Real Return Bond Yields



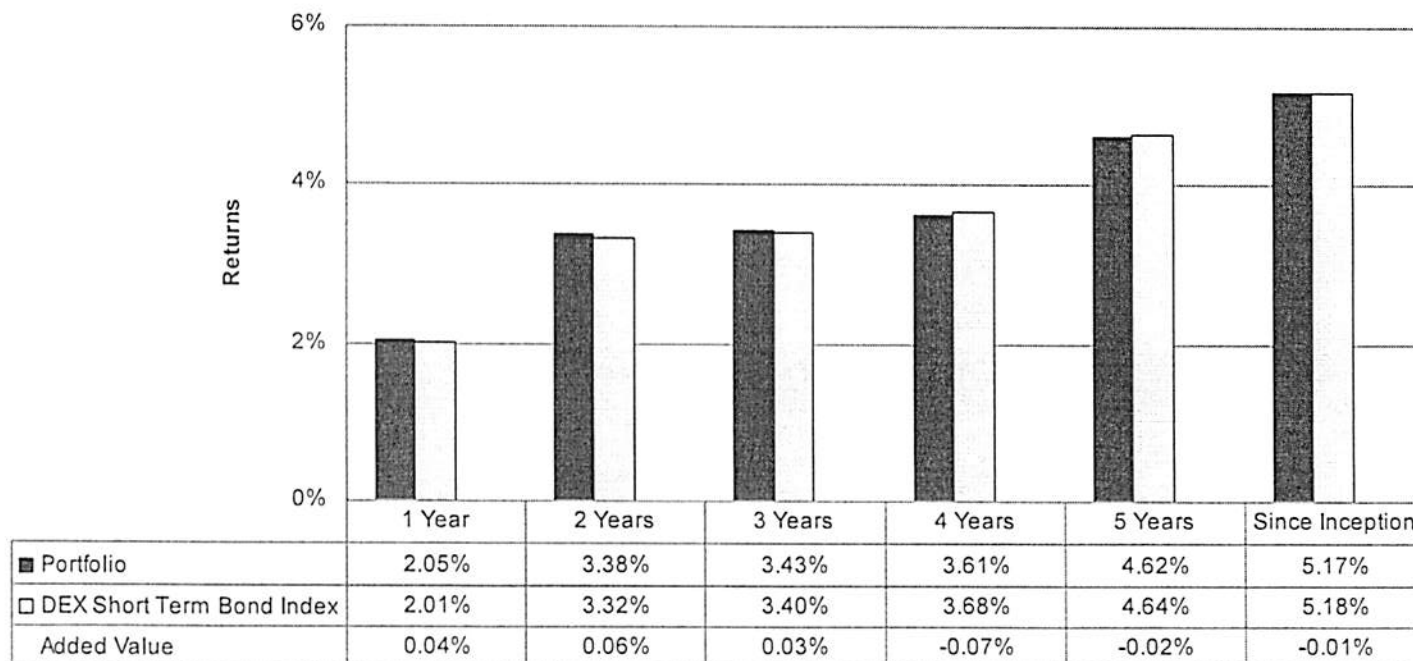
Source: Bloomberg Finance L.P., Data to December 31, 2012

**Nominal bonds driving RRB yields lower**



# Segregated Short Term Bonds

## Performance as at December 31, 2012



Inception Date: February 29, 2000

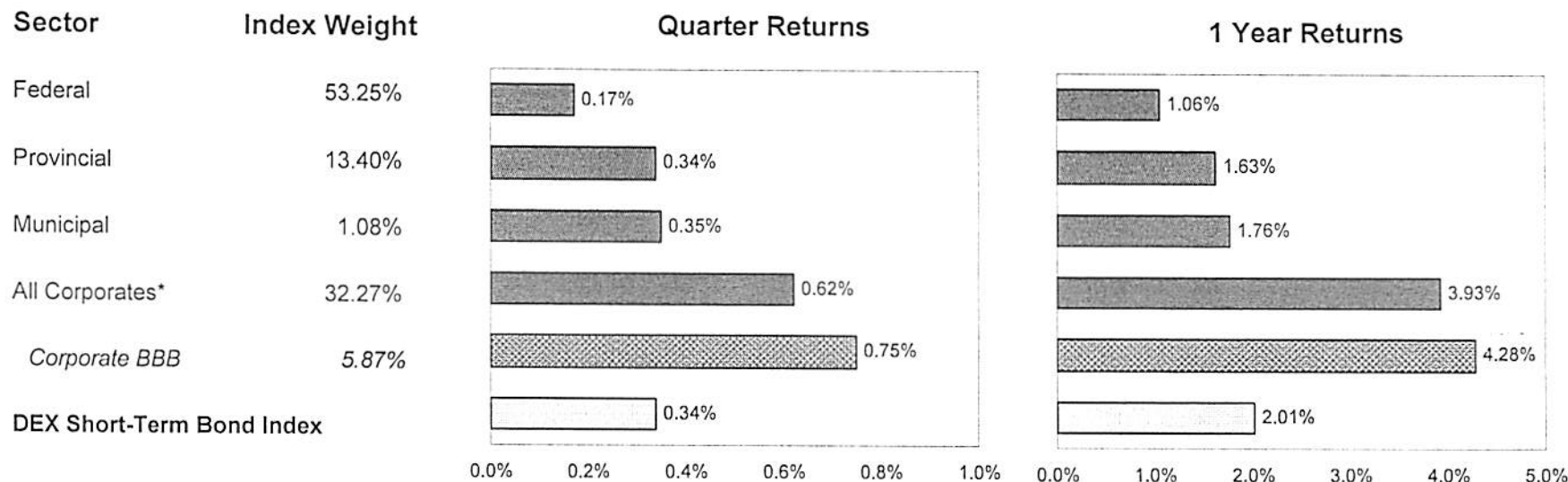
Returns: Post-Expense; numbers may not add due to rounding

Returns over one year are annualized

Benchmark Source: PC-Bond Analytics, Id. Slide 5

**Assets as at December 31, 2012:**  
**\$89,595,686**

# Short-Term Bond Market Update as at December 31, 2012



## 3-Month Commentary

- Short-term Canadian bonds were modestly positive over the quarter, with the DEX Short-Term Bond Index rising 0.34%. Both government and corporate bonds gained, with corporates outperforming their government counterparts. Corporate bonds continued to benefit from higher relative yields and strong company balance sheets, while government bonds benefitted as some investors continued to seek safe havens for their capital.
- Corporate BBBs were once again the strongest performers for the quarter. They also led performance for 2012 as investors continued to be attracted by the yield advantage they offer over government bonds.
- The average yield on the DEX Short-Term Bond Index rose 7 basis points from October to December, finishing at 1.60%.

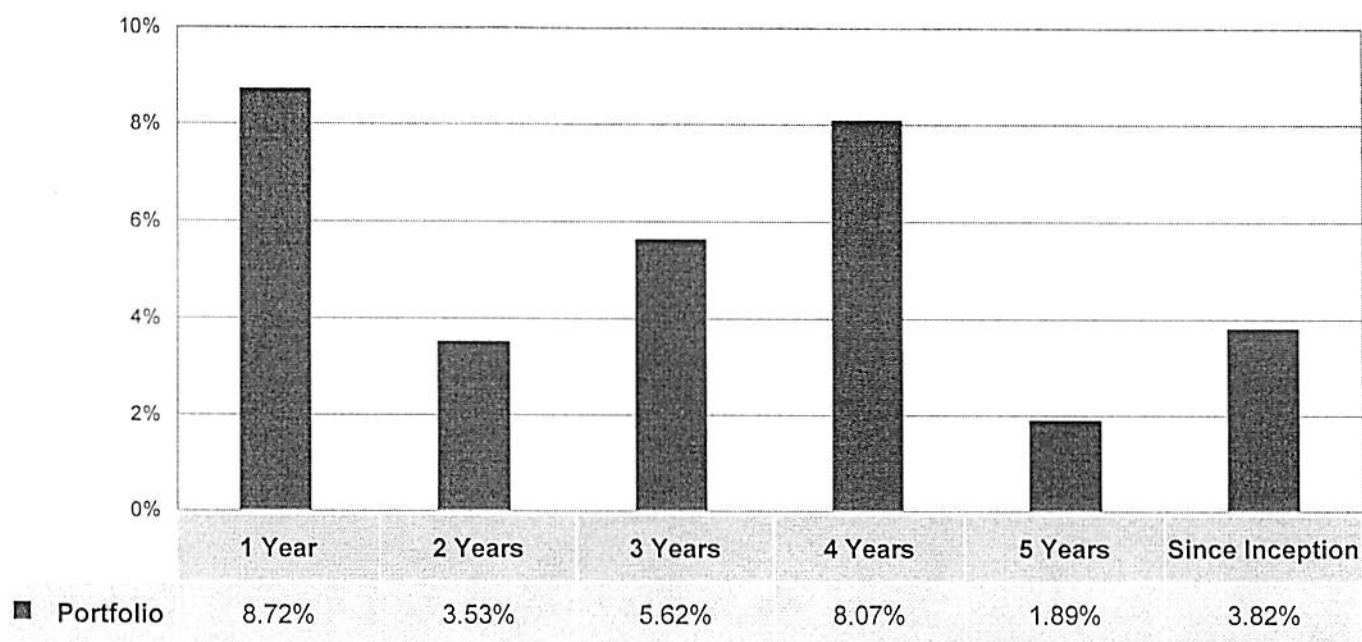
\*Including BBB Corporates

Sources: PC-Bond Analytics, TDAM

Id. Slide 5

# Pooled Fund Mandates

## Performance as at December 31, 2012



Inception Date: February 29, 2000  
Returns over one year are annualized

Assets as at December 31, 2012:  
\$205,107,949

One year return positively impacted by global equity allocation

# Pooled Fund Mandates

Performance by Asset Class as at December 31, 2012



TD Emerald Funds	Annualized Returns						Assets as at 12/31/2012
	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	
Canadian Bond Index Fund	3.44%	6.56%	6.58%	6.17%	6.23%	6.51%	
DEX Universe Bond Index	3.60%	6.59%	6.64%	6.33%	6.35%	6.58%	\$58,973,986
Difference	-0.16%	-0.03%	-0.06%	-0.16%	-0.12%	-0.07%	
Canadian Equities <sup>1</sup>	6.92%	-1.66%	4.16%	11.03%	0.15%	4.95%	
Blended Benchmark <sup>2</sup>	6.93%	-1.66%	4.17%	11.05%	0.12%	4.76%	\$73,172,649
Difference	-0.01%	0.00%	-0.01%	-0.02%	0.03%	0.19%	
U.S. Market Index Fund	13.01%	8.57%	8.61%	8.21%	1.51%	-1.07%	
S&P 500 Total Return Index ND (C\$)	12.67%	8.24%	8.29%	7.87%	1.16%	-1.27%	\$35,206,563
Difference	0.34%	0.33%	0.32%	0.34%	0.35%	0.20%	
International Equity Index Fund	14.90%	1.79%	1.94%	4.36%	-3.36%	-0.90%	
MSCI EAFE Total Return Index ND (C\$)	14.72%	1.63%	1.80%	4.23%	-3.52%	-0.90%	\$37,690,673
Difference	0.18%	0.16%	0.14%	0.13%	0.16%	0.00%	

Returns: Post-expense, numbers may not add due to rounding

Account Inception Date: February 29, 2000

Benchmark Sources:

DEX Universe: PC-Bond Analytics, Id. Slide 5

S&P/TSX Equity: TMX Group

S&P 500: Standard & Poor's

MSCI EAFE: Morgan Stanley Capital Int'l. Inc.

<sup>1</sup>Canadian Equity exposure:

November 15, 2012 to present: TD *Emerald* Canadian Equity Index Fund; November 18, 2005 to November 15, 2012: TD *Emerald* Canadian Equity Market PFT II; July 8, 2003 to November 18, 2005: TD *Emerald* Canadian Market Capped PFT; February 29, 2000 to July 8, 2003: Canadian Equity Index Fund

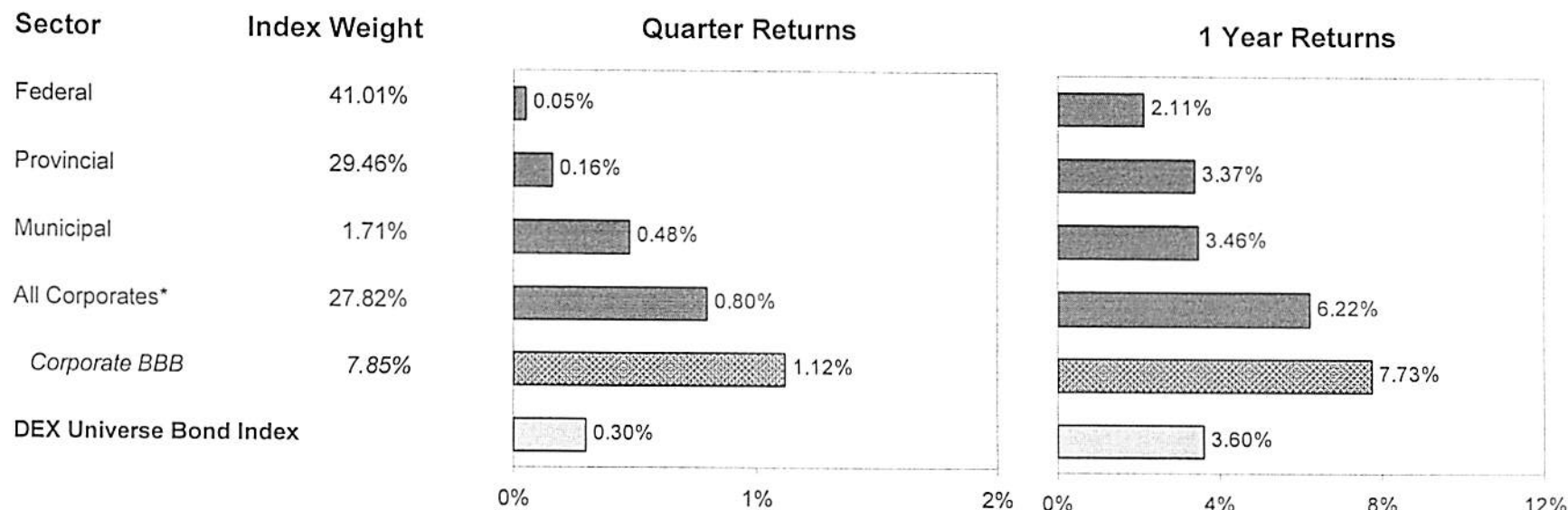
<sup>2</sup>S&P/TSX Equity and S&P/TSX Composite TRI (C\$)

<sup>3</sup>includes Cash assets of \$64,079

Assets as at December 31, 2012:  
\$205,107,949<sup>3</sup>

# Universe Bond Market Update

as at December 31, 2012



## 3-Month Commentary

- Canadian bonds were modestly positive over the quarter, with the DEX Universe Bond Index rising 0.30%. Both government and corporate bonds gained, with corporates outperforming their government counterparts. Corporate bonds continued to benefit from higher relative yields and strong company balance sheets, while government bonds benefitted as some investors continued to seek safe havens for their capital.
- Corporate BBBs were once again the strongest performers for the quarter. They also led performance for 2012 as investors continued to be attracted by the yield advantage they offer over government bonds.
- The average yield on the DEX Universe Bond Index rose 7 basis points from October to December, finishing at 2.30%.

\*Including BBB Corporates

Sources: PC-Bond Analytics, TDAM

Id. Slide 5

## Fixed Income Investment Themes

---



- A deferred fiscal cliff deal has tempered downside risk in the short term
- Global economy sending mixed economic signals
- Continued uncertainty surrounding sovereign debt levels
- Central banks likely to maintain their accommodative stance

**Probability of extreme market outcome remains a concern**

# Canadian Equity Market Update as at December 31, 2012

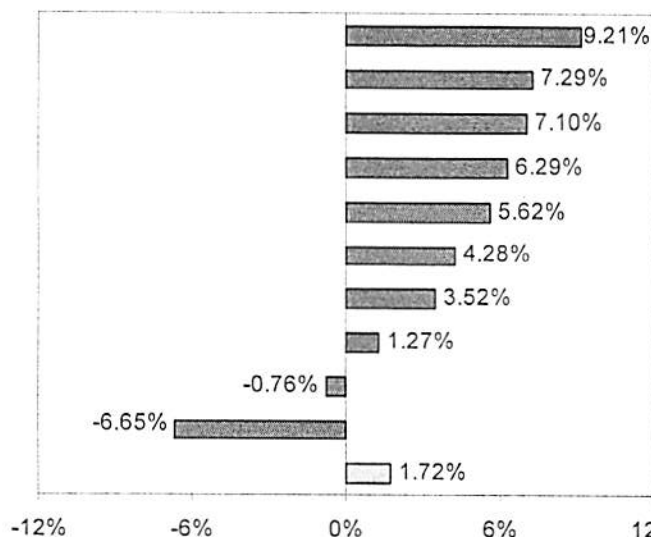


## Sector Index Weight

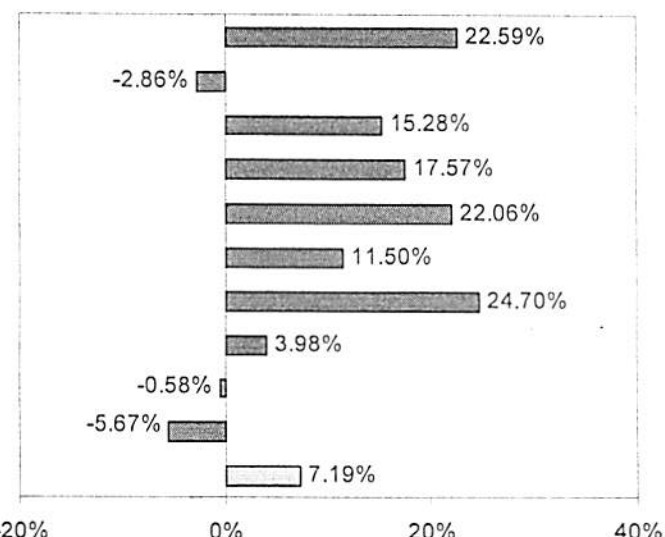
Consumer Staples	2.73%
Information Technology	1.30%
Industrials	6.14%
Financials	32.50%
Consumer Discretionary	4.55%
Telecommunication Services	5.09%
Health Care	1.88%
Utilities	1.92%
Energy	25.29%
Materials	18.61%

## S&P/TSX Composite

## Quarter Returns



## 1 Year Returns



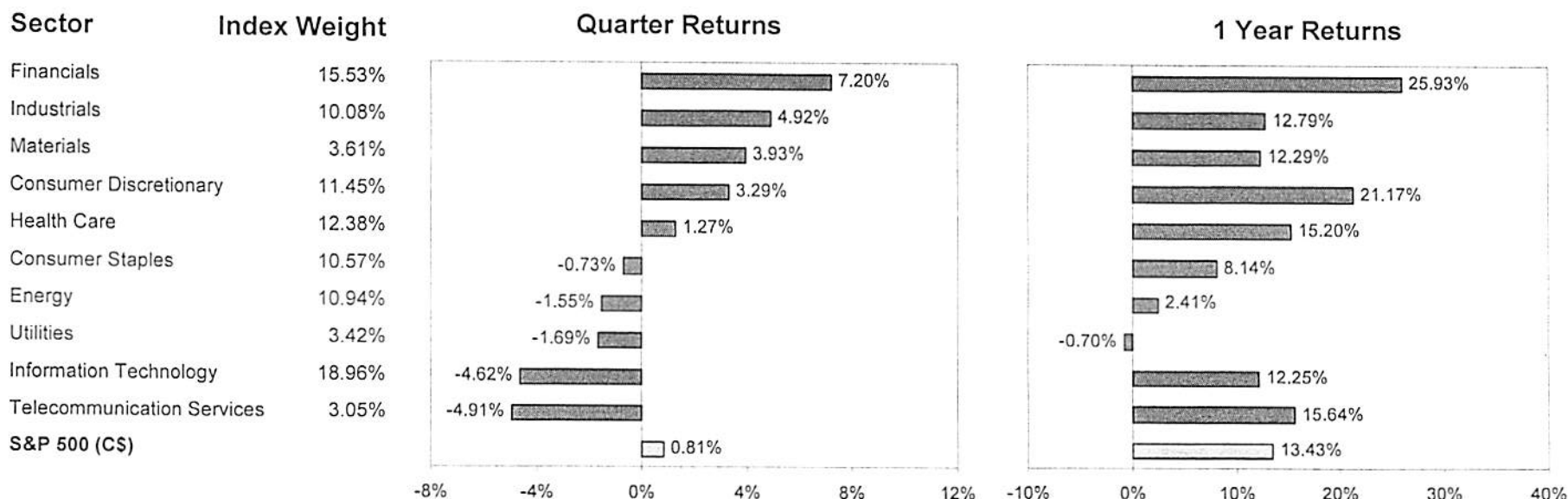
## 3-Month Commentary

- Canadian equities were positive over the quarter as eight of its ten sectors rose, led by Consumer Staples, Information Technology and Industrials.
- Canadian equities rose over the quarter as investor confidence continued to be buoyed by ongoing accommodative monetary policies in both developed and developing countries.
- Equity prices were also helped by the emergence of positive economic news from China, which is a major consumer of Canadian commodities, and by improvements in U.S. housing and employment data. However, gains were moderated somewhat as political wrangling over solutions to the fiscal cliff distracted investors.
- The Bank of Canada (the BoC) held the overnight rate at 1.00% in its December 4th policy announcement. It noted that third quarter economic activity was weak, but it continues to expect that economic growth, driven by consumption and business investment, will improve during 2013.

Sources: TMX Group, TDAM



# U.S. Equity Market Update as at December 31, 2012



## 3-Month Commentary

- U.S. equities had a strong 2012, and they were modestly positive in Canadian dollar terms over the fourth quarter. The S&P 500 Index dipped over the three months as five of its ten sectors finished in negative territory, led by Telecommunication Services, Information Technology and Utilities. The Canadian dollar weakened against its U.S. counterpart, which led to enhanced returns in Canadian dollar terms.
- U.S. equities slipped as positive housing and employment data was somewhat overshadowed by weak third quarter earnings season results and by political wrangling over solutions to the fiscal cliff. Despite some measures implemented to address the U.S. fiscal cliff issue, expiring tax cuts will still provide some drag to GDP growth in 2013, and policy uncertainty is likely to linger as politicians continue to work toward an agreement on the spending cut side of the equation and the U.S. approaches its debt ceiling limit.
- The U.S. Federal Reserve's (the Fed) overall policy remained little changed as it held rates in the zero to 0.25% range in its December 12th policy announcement. Interestingly, it set specific employment (unemployment below 6.5%) and inflation (above 2.5%) thresholds at which it will reconsider its current accommodative stance.

Note: Performance numbers in C\$ terms. Total returns. Sources: Standard & Poor's, TDAM



# International Equity Market Update as at December 31, 2012

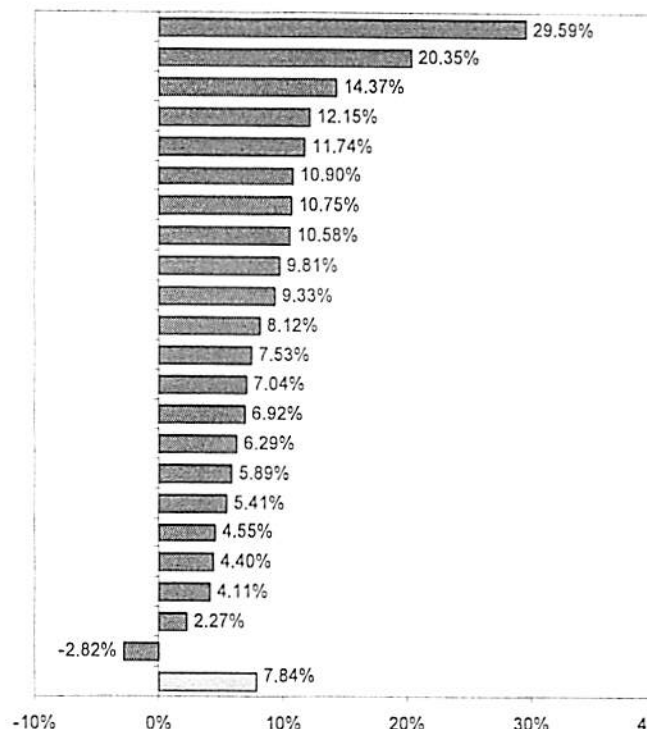


## Country Index Weight

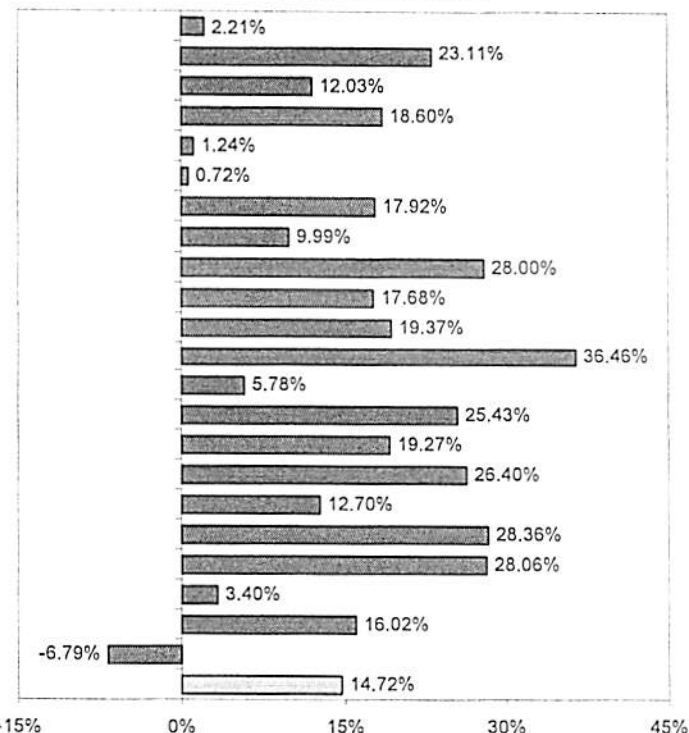
Greece	0.06%
Austria	0.29%
Finland	0.79%
France	9.58%
Portugal	0.18%
Spain	3.01%
Netherlands	2.50%
Italy	2.26%
Germany	8.78%
Switzerland	8.69%
Australia	8.92%
Belgium	1.16%
Japan	20.01%
Hong Kong	3.14%
Sweden	3.15%
New Zealand	0.12%
United Kingdom	22.59%
Denmark	1.16%
Singapore	1.86%
Ireland	0.26%
Norway	0.92%
Israel	0.54%

MSCI EAFE (CS)

## Quarter Returns



## 1 Year Returns



## 3-Month Commentary

- International equities were positive over the fourth quarter. The Canadian dollar weakened against most major currencies, with the exception of the Japanese yen. This weakness led to enhanced returns in Canadian dollar terms.
- In Europe, investors were encouraged by continuing accommodative monetary policies, and they breathed a collective sigh of relief as the risk of a euro zone breakup seemed to recede when leaders put forward a banking union proposal and restructured the terms of Greece's bailout loans.
- In Asia, China showed signs that its economic slowdown may have bottomed, and Japanese equities posted positive returns as investors speculated that the newly elected government would encourage the Bank of Japan to further stimulate the economy.

Sources: Morgan Stanley Capital Int'l. Inc., TDAM

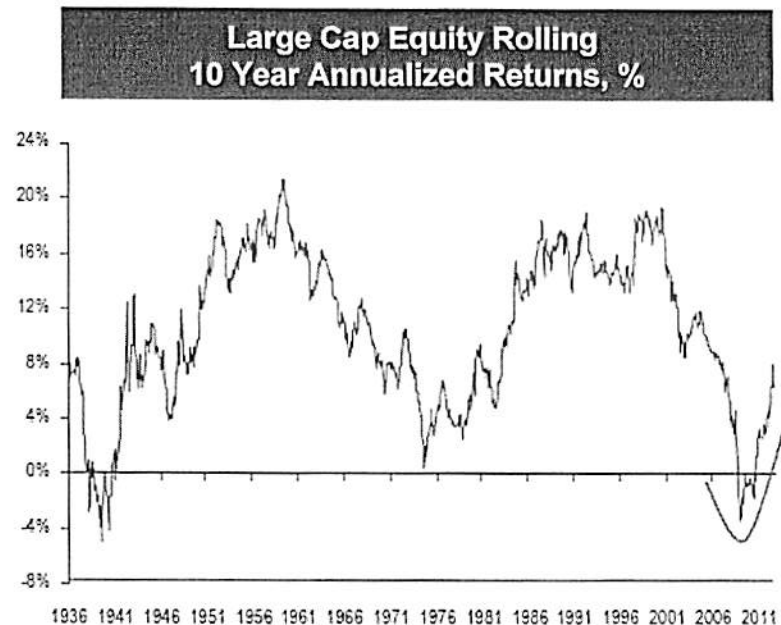
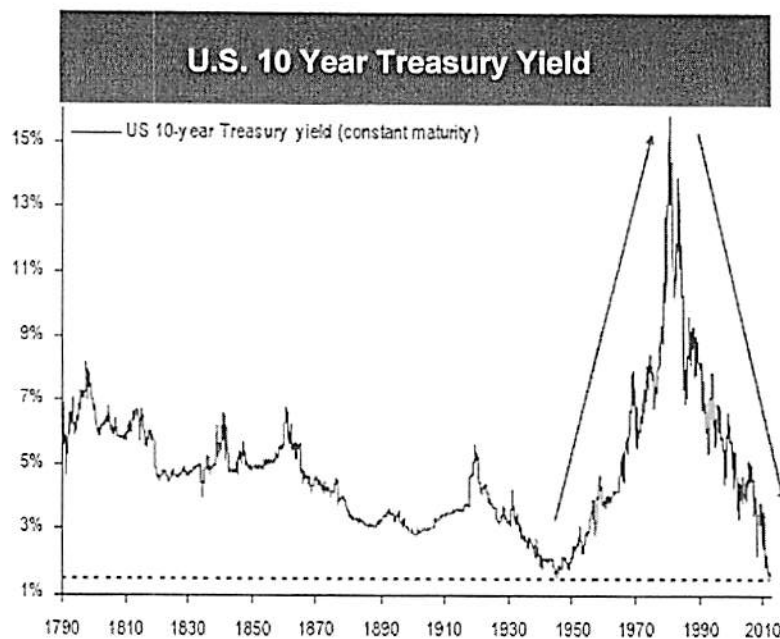
## Current Observations in the Equity Markets



- Equity volatility sits below long run average
- Correlations, while elevated, off significantly from 2011 highs
- Record cash levels from strong corporate balance sheets being put back to work on dividend increases and buybacks; M&A activity is on the rise
- Despite record high dividends, payout ratios remain near record lows
- Equity yields look attractive relative to historically low bond yields

Source: TDAM  
March 2013

## Equities Gaining Favour



Sources: BofA Merrill Lynch Global Investment Strategy, Global Financial Data, Bloomberg L.P., Ibbotson

**Record low bond yields versus rising equity returns**

# Appendix



# TD *Emerald* Canadian Bond Index Fund

## Tracking Variance Attribution – December 31, 2012



<b>Fund:</b>	<b>3 Months</b>	<b>1 Year</b>
Canadian Bond Index Fund	0.23%	3.44%
DEX Universe Bond Index	0.30%	3.60%
<b>Difference</b>	<b>-0.07%</b>	<b>-0.16%</b>
<b>Attribution:</b>		
Exclusion of BBBs ①	-0.02%	-0.06%
Transaction Costs ②	0.00%	-0.01%
Misweightings ③	-0.05%	-0.07%
Fund Expenses/Securities Lending ④	0.00%	-0.02%
<b>Total</b>	<b>-0.07%</b>	<b>-0.16%</b>

- ① Fund owns no BBB corporates, whereas the Index does. Spread changes cause tracking variance.
- ② Transaction costs, due to the bid/ask spread, are negative.
- ③ Other tracking variance, due to deviations from Index weights, is randomly positive or negative.
- ④ These include legal, custody and audit expenses net of any securities lending revenues.

Benchmark source: PC-Bond Analytics, Id. Slide 5  
Numbers may not add due to rounding

Please see end of document for important disclosure

# TD *Emerald* Canadian Equity Index Fund

## Tracking Variance Attribution – December 31, 2012



<b>Fund:</b>	<b>3 Months</b>	<b>1 Year</b>
Canadian Equity Index Fund	1.72%	7.16%
S&P/TSX Composite TR Index	1.72%	7.19%
<b>Difference</b>	<b>0.00%</b>	<b>-0.03%</b>
<b>Attribution:</b>		
Weighting Deviations ①	0.01%	0.01%
Transaction Costs ②	0.00%	-0.03%
Fund Expenses ③	-0.01%	-0.01%
Index Changes/Implementation/Other ④	0.00%	0.00%
<b>Total</b>	<b>0.00%</b>	<b>-0.03%</b>

- ① Portfolio weights may differ slightly from index weights, causing tracking variance.
- ② Commissions and bid/ask spread have negative impact.
- ③ These include legal, custody and audit fees, net of any securities lending revenue.
- ④ Index change implementation & trading, class action settlements and corporate actions can cause tracking variance.

Benchmark source: TMX Group  
Numbers may not add due to rounding

Please see end of document for important disclosure

# TD *Emerald* U.S. Market Index Fund

## Tracking Variance Attribution – December 31, 2012



<b>Fund:</b>	<b>3 Months</b>	<b>1 Year</b>
U.S. Market Index Fund	0.71%	13.01%
S&P 500 Total Return Index ND (C\$)	0.62%	12.67%
<b>Difference</b>	<b>0.09%</b>	<b>0.34%</b>
<b>Attribution:</b>		
Weighting Deviations ①	0.00%	-0.01%
Transactions Costs ②	0.00%	-0.01%
Fund Expenses ③	-0.01%	-0.03%
Withholding Tax Differential ④	0.10%	0.39%
Index Changes/Implementation/Other ⑤	0.00%	0.00%
<b>Total</b>	<b>0.09%</b>	<b>0.34%</b>

- ① Portfolio weights may differ slightly from index weights, causing tracking variance.
- ② Commissions and bid/ask spread have negative impact.
- ③ These include legal, custody and audit fees, net of any securities lending revenue.
- ④ The difference between withholding tax rates assumed by S&P in its index vs. actual withholding rate applicable to the fund.
- ⑤ Index change implementation & trading, class action settlements and corporate actions can cause tracking variance.

Benchmark source: Standard & Poor's  
Numbers may not add due to rounding

Please see end of document for important disclosure



# TD *Emerald* International Equity Index Fund

## Tracking Variance Attribution – December 31, 2012



<b>Fund:</b>	<b>3 Months</b>	<b>1 Year</b>
International Equity Index Fund	7.82%	14.90%
MSCI EAFE TR Index ND (C\$)	7.84%	14.72%
<b>Difference</b>	<b>-0.02%</b>	<b>0.18%</b>
<b>Attribution:</b>		
Weighting Deviations ①	0.01%	0.06%
Withholding Tax Differential ②	-0.04%	0.09%
Transaction Costs ③	0.00%	-0.02%
Pricing ④	0.00%	0.00%
Fund Expenses ⑤	0.02%	0.05%
Index Changes/Implementation/Other ⑥	-0.01%	0.00%
<b>Total</b>	<b>-0.02%</b>	<b>0.18%</b>

Benchmark source: Morgan Stanley Capital International Inc.  
Numbers may not add due to rounding

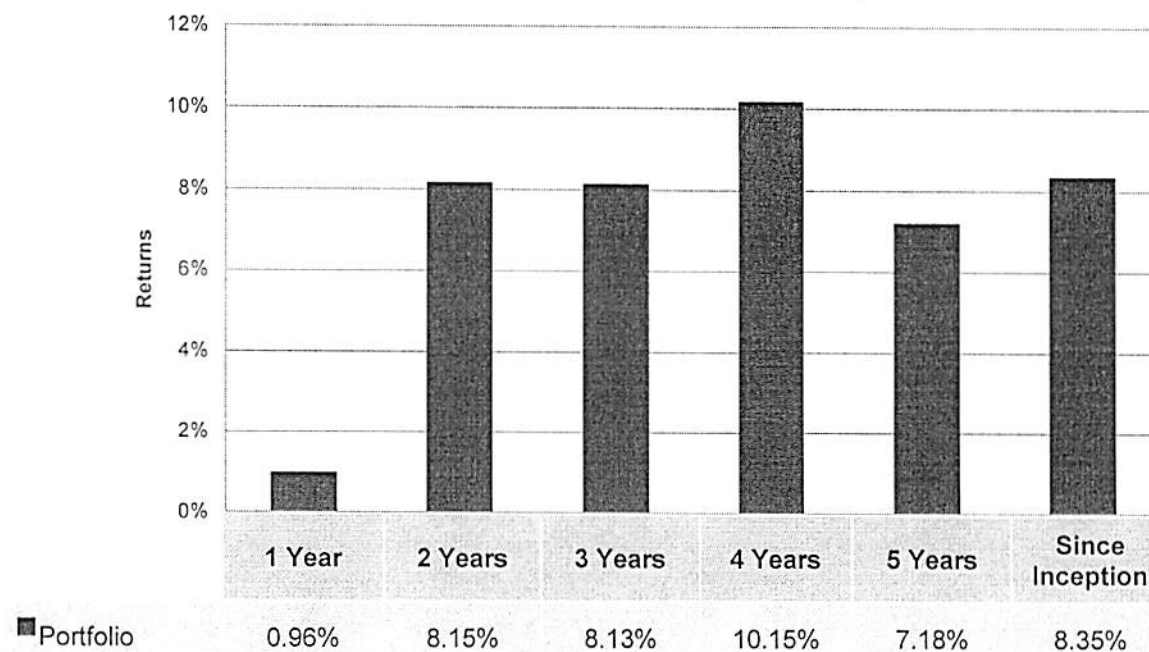
- ① Portfolio weights may differ slightly from index weights, causing tracking variance.
- ② Impact of differential between withholding tax rates assumed in MSCI indices and rates applicable to the fund.
- ③ Commissions and bid/ask spread have negative impact.
- ④ Difference in pricing between the fund pricing source and the benchmark.
- ⑤ These include legal, custody and audit fees, net of any securities lending revenue.
- ⑥ Index change implementation & trading, class action settlements and corporate actions can cause tracking variance.

Please see end of document for important disclosure



# Segregated Real Return Bonds

## Performance as at February 28, 2013

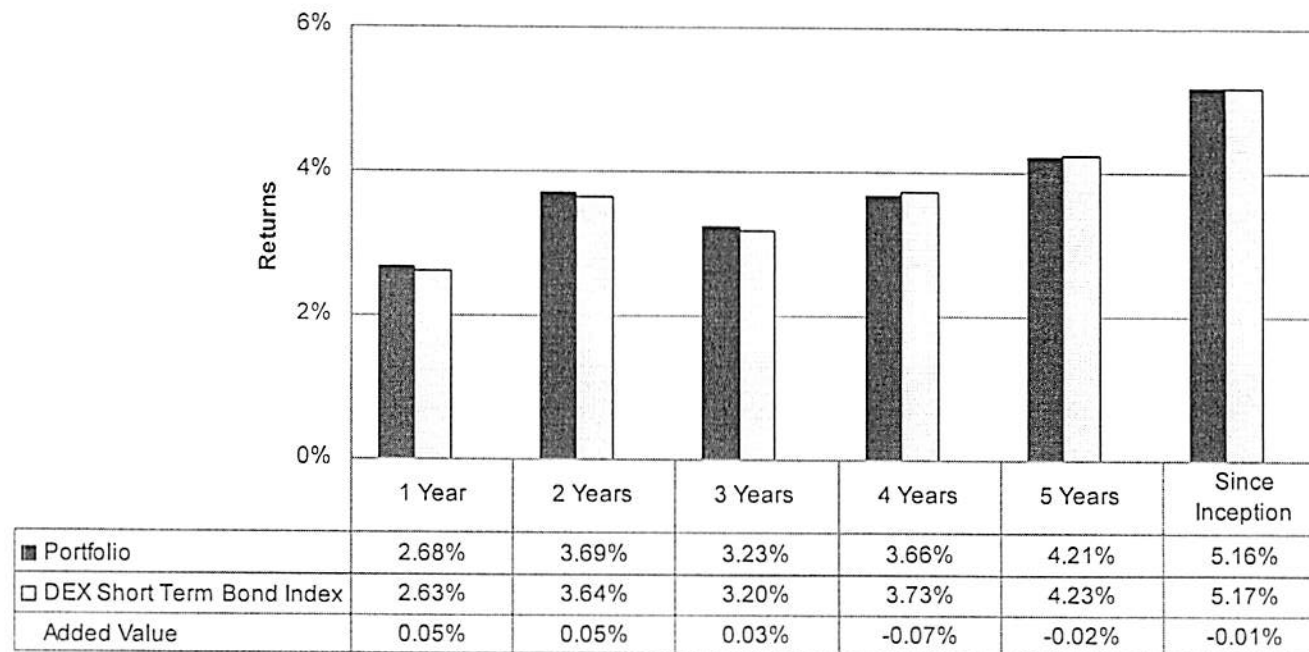


Inception Date: February 29, 2000  
Returns over one year are annualized

Assets as at February 28, 2013:  
\$771,110,475

# Segregated Short Term Bonds

## Performance as at February 28, 2013

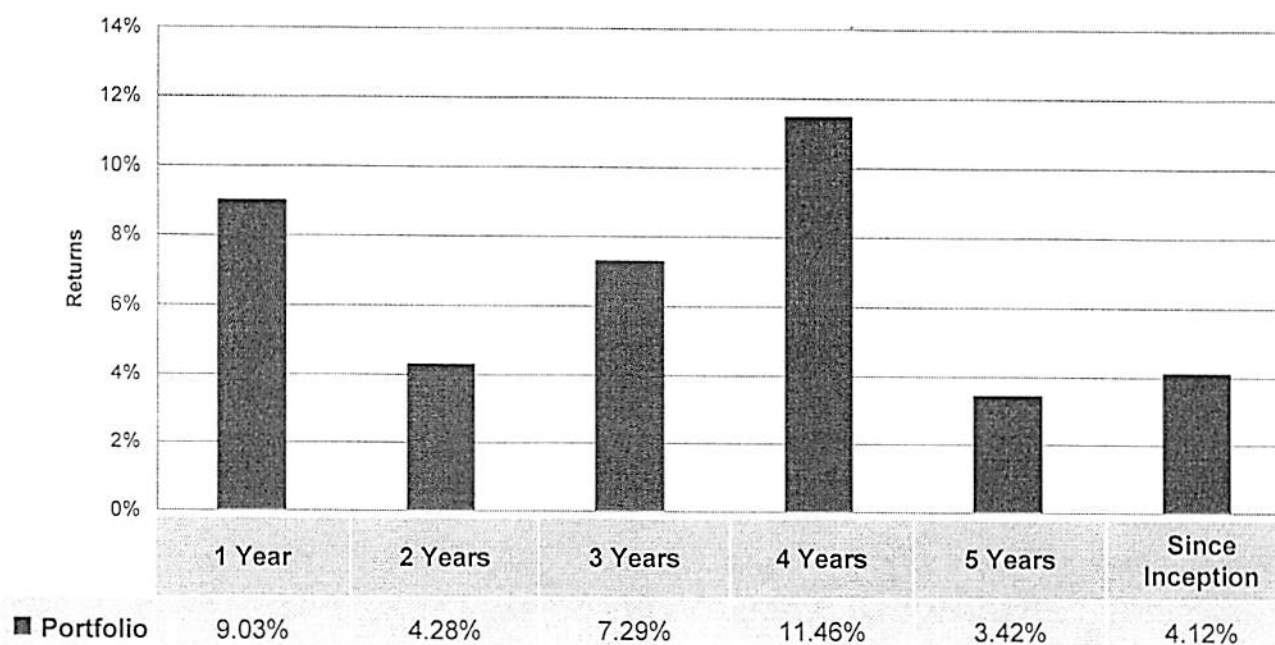


Inception Date: February 29, 2000  
 Returns: Post-Expense; numbers may not add due to rounding  
 Returns over one year are annualized  
 Benchmark Source: PC-Bond Analytics, Id. Slide 5

**Assets as at February 28, 2013:**  
**\$83,600,824**

# Pooled Fund Mandates

Performance as at February 28, 2013



Inception Date: February 29, 2000  
Returns over one year are annualized

Assets as at February 28, 2013:  
\$213,807,076

# Pooled Fund Mandates

Performance by Asset Class as at February 28, 2013



TD Emerald Funds	Annualized Returns						Assets as at 02/28/2013
	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	
Canadian Bond Index Fund	3.59%	6.77%	5.96%	6.31%	5.86%	6.45%	
DEX Universe Bond Index	3.75%	6.84%	6.03%	6.47%	5.99%	6.51%	\$58,690,554
Difference	-0.16%	-0.07%	-0.07%	-0.16%	-0.13%	-0.06%	
Canadian Equities <sup>1</sup>	4.29%	-2.44%	5.75%	14.67%	1.25%	5.17%	
Blended Benchmark <sup>2</sup>	4.29%	-2.44%	5.76%	14.68%	1.22%	4.98%	\$75,755,891
Difference	0.00%	0.00%	-0.01%	-0.01%	0.03%	0.19%	
U.S. Market Index Fund	17.99%	11.77%	12.06%	15.72%	5.61%	-0.33%	
S&P 500 Total Return Index ND (C\$)	17.62%	11.43%	11.73%	15.40%	5.26%	-0.53%	\$38,726,039
Difference	0.37%	0.34%	0.33%	0.32%	0.35%	0.20%	
International Equity Index Fund	14.83%	3.72%	6.02%	11.27%	-0.14%	-0.33%	
MSCI EAFE Total Return Index ND (C\$)	14.64%	3.55%	5.87%	11.18%	-0.30%	-0.32%	\$40,570,513
Difference	0.19%	0.17%	0.15%	0.09%	0.16%	-0.01%	

Returns: Post-expense, numbers may not add due to rounding

Account Inception Date: February 29, 2000

Benchmark Sources:

DEX Universe: PC-Bond Analytics, Id. Slide 5

S&P/TSX Equity: TMX Group

S&P 500: Standard & Poor's

MSCI EAFE: Morgan Stanley Capital Int'l. Inc.

<sup>1</sup>Canadian Equity exposure:

November 15, 2012 to present: TD *Emerald* Canadian Equity Index Fund; November 18, 2005 to November 15, 2012: TD *Emerald* Canadian Equity Market PFT II; July 8, 2003 to November 18, 2005: TD *Emerald* Canadian Market Capped PFT; February 29, 2000 to July 8, 2003: Canadian Equity Index Fund

<sup>2</sup>S&P/TSX Equity and S&P/TSX Composite TRI (C\$)

<sup>3</sup>includes Cash assets of \$64,079

Assets as at February 28, 2013:  
\$213,807,076<sup>3</sup>

# Biographies



## Portfolio Management

**Michelle Hegeman CFA, Vice President & Director**

**22 years experience**

Michelle joined TD Asset Management Inc. in June 2005. Her responsibilities include overseeing the passive fixed income team, managing and trading fixed income solutions. Prior to joining TDAM, Michelle spent 14 years at TAL Global Asset Management as an analyst and portfolio manager working in active and passive Canadian Fixed Income. She obtained her undergraduate degree in political science and economics from the University of Western Ontario, and is a CFA charter holder. In her volunteer life, Michelle is a board member of Women in Capital Markets responsible for the Mentorship program and is actively involved with the Junior League of Toronto.

## Relationship Management

**Rachna de Koning, FCIA, FSA Vice President & Director**

**21 years experience**

Rachna joined TD Asset Management Inc. in September 2010. Her primary responsibility is for the quality of our overall client service relationship. She maintains ongoing dialogue with our clients to ensure that we fully understand their current and evolving needs, and that we take a proactive approach to providing investment solutions and operational excellence. In addition, her responsibilities include marketing and business development. Prior to joining TDAM, Rachna worked at a global consulting firm as a lead pension consulting actuary. In her role she assisted organizations with all aspects of the financial and risk management of their defined benefit and defined contribution pension plans. Rachna has an Honours Bachelor of Mathematics degree from the University of Waterloo. She is a fellow of the Canadian Institute of Actuaries and the Society of Actuaries, having completed her actuarial designation in the investment specialty track.

**Shari Fung, Associate**

**15 years experience**

Shari Fung joined TD Asset Management Inc in March 2007 where she is responsible for servicing our institutional clients and consultants with a primary focus on contributing to our "best in class" client experience. Prior to joining Relationship Management team, Shari spent nine years as an Associate with TD Waterhouse Private Investment Counsel, where she assisted portfolio managers with servicing high net-worth clients. Shari has held several supervisory roles and advisory roles during her nine year tenure at TD Canada Trust.

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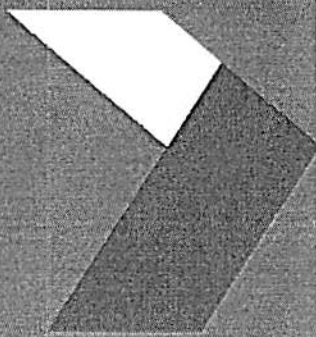
# **TAB E**

## **REPORT OF ECKLER LTD. ACTIVITIES**

The firm of Eckler Ltd. was engaged to provide the Trust Fund with continuing actuarial advice during the period from January to December, 2012. During this fiscal year Eckler Ltd completed a supplementary report regarding the financial sufficiency of the Trust Fund as at December 31, 2010, and provided continuing assistance to the Joint Committee on a number of issues including analysis of impact of Late Claims CAPS, review of TD asset reports; review of Royal Trust asset statements, checking Royal Trust quarterly interest calculations/allocations, reconciling various asset statements, reviewing/updating investment results, preparation of investment summary for the Joint Committee, updating payment amounts for the change in the Pension Index for 2013, various discussions with counsel, and other miscellaneous items.



**TAB F**



# Hepatitis C Settlement Trust Fund

## Investment Summary as at December 31, 2012

March 28, 2013

***Eckler***

CONSULTANTS + ACTUARIES

A MEMBER OF ABELICA GLOBAL

# Overview

- > **Total assets consist of two main components:**
  - An Investible Fund, split into two portfolios
    - Long Term Fund investing in real return bonds, equities and other bonds
    - Short Term Fund investing in short term bonds
  - A Notional Fund, consisting of amounts owed by the provincial and territorial governments
- > **Investible assets are managed by TD Asset Management, either passively or on an indexed basis**
- > **RBC Dexia are the custodians of the investible assets**
- > **Our analysis is based on statements provided by both RBC Dexia and TD Asset Management**
- > **In particular:**
  - All dollar amounts, including asset values and cashflows, are taken from RBC Dexia accounts
  - Returns are derived from the TD quarterly statements and have not been independently verified
- > **TD Asset Management is required to certify that it has complied with the investment guidelines specified by the trustees. We have not verified that this has taken place or that the guidelines have been complied with.**

# Asset Summary

(\$,000's)

Fund	Portfolio	Strategy	Bench- mark	Dec-12			Dec-11		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long Term	Real Return Bonds	Passive	80.0%	786,027	79.0%		813,077	82.4%	
	Universe Bonds	Index	6.0%	59,076	5.9%		58,481	5.9%	
	Canadian Equity	Index	7.0%	75,112	7.5%		54,388	5.5%	
	US Equity	Index	3.5%	35,944	3.6%		30,907	3.1%	
	EAFE Equity	Index	3.5%	38,818	3.9%		30,158	3.1%	
	Cash		0.0%	218	0.0%		218	0.0%	
			100.0%	995,194	100.0%	79.3%	987,228	100.0%	79.1%
Short Term									
	Short Term Bonds	Index		89,506			82,446		
	Cash			252			61		
				89,758		7.1%	82,507		6.6%
Total Invested Assets *				1,084,952		86.4%	1,069,735		85.7%
Provinces/Territories' Notional Assets (net of prepayments/include outstanding payments)				170,559		13.6%	178,427		14.3%
Total Assets				1,255,512		100.0%	1,248,162		100.0%

\* Total Invested Assets includes prepayments from Yukon

Split of Invested Assets between:		Dec-12	Dec-11
	Long Term Fund	91.7%	92.3%
	Short Term Fund	8.3%	7.7%
	Total Invested Assets	100.0%	100.0%

Totals may not add due to rounding

**Eckler**

# Comments on Asset Summary

As of December 31, 2012

- > **Weighting for real return bonds is currently 1% below their benchmark of 80% of the Long Term Fund**
  - This is a decrease from December 31, 2011 (2.4% above benchmark)
- > **Universe bonds are 0.1% below their benchmark of 6%**
  - This is unchanged from the weight as at December 31, 2011
- > **Equities are above their benchmark by 1%**
  - At December 31, 2011 they were 2.3% below their benchmark
- > **Provinces/Territories' Notional Assets are net of prepayments by Yukon**
  - See further detail on page 7
- > **As a percentage of the Invested Assets, the Long Term Fund has decreased from 92.3% to 91.7%, while the Short Term Fund has increased from 7.7% to 8.3% during the fiscal year**

# Asset Development

(\$,000's)

	Invested Assets <sup>1</sup>				Provinces/ Territories' Notional Assets <sup>1</sup>	Total Assets
	Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Total Invested Assets		
Initial, at December 31, 2011	813,230	173,998	82,507	1,069,735	178,427	1,248,162
Investment Income (realized and unrealized)	22,433	16,295	1,604	40,332	1,555	41,887
Inflow: Recoveries from Provinces Additional prepayments	-	-	9,422	9,422	(9,422)	(0)
Outflow: Benefit Payments Expenses	-	-	(31,822)	(31,822)	-	(31,822)
	-	-	(2,714)	(2,714)	-	(2,714)
Transfers between funds	(49,482)	18,721	30,761	-	-	-
Closing, at December 31, 2012	786,181 <sup>2</sup>	209,014 <sup>2</sup>	89,758	1,084,952	170,559	1,255,512

1. Invested Assets include provinces/territories' prepayments; Provinces/Territories' Notional Assets are net of prepayments and include outstanding payments

2. These figures differ slightly from those on page 3 because of allocation of cash balances

## Notes:

Based on RBC Dexia statements

Totals may not add due to rounding



# Comments on Asset Development

- > **Total invested assets (i.e. excluding Provinces/Territories' Notional Assets) have increased since December 31, 2011 by \$15.2m**
  - As a result of positive investment returns and the "federal" 8/11ths share of the total payouts
- > **The Provinces/Territories' Notional Assets have decreased by \$7.9m**
  - As a result of their 3/11ths share of the total payout exceeding interest credits at T-bill rates
- > **Total assets (i.e. including Provinces/Territories' Notional Assets) have increased by \$7.3m**
- > **Benefits are paid from the Short Term Fund**
- > **From June 2002 onwards all recoveries from the provinces were allocated to the Short Term Fund**
  - This practice is expected to continue in the future
- > **TD Asset Management made net transfers from the Long Term Fund to the Short Term Fund of \$31m**
  - \$22m from real return bonds in June and December 2012
  - \$9m from other long term funds - spread over the period
- > **TD Asset Management made transfers from the Real Return Bond Fund to the other long term funds of \$28m in July 2012**

# Provinces/Territories' Notional Assets

(\$,000's)

	Gross Provinces/Territories' Notional Assets	Less Yukon prepayments	Net Provinces/Territories' Notional Assets
Initial, at December 31, 2011	178,434	8	178,427
Interest Credits	1,555	-	1,555
Additional Prepayments	-	-	-
3/11th share of benefits/expenses	(9,425)	(3)	(9,422)
Closing, at December 31, 2012	170,564	4	170,559

**Notes:**

Ontario's prepayments were used up by August 2002

Alberta's prepayments were used up by June 2011

Totals may not add due to rounding



# Investment Returns

Fund	Portfolio	Fiscal Year ending			Quarterly Returns Fiscal Dec 2012			
		Dec-10	Dec-11	Dec-12	Mar-12	Jun-12	Sep-12	Dec-12
Long term	Real Return Bonds	9.2%	15.2%	2.7%	-0.9%	2.6%	1.0%	0.0%
	Universe Bonds	6.6%	9.8%	3.4%	-0.3%	2.2%	1.2%	0.2%
	Canadian Equity	16.9%	-9.5%	6.9%	4.4%	-5.9%	7.1%	1.7%
	US Equity	8.7%	4.3%	13.0%	10.4%	-0.9%	2.6%	0.7%
	EAFE Equity	2.2%	-9.8%	14.9%	8.7%	-5.1%	3.3%	7.8%
	Total	9.3%	11.9%	4.0%	0.0%	1.8%	1.6%	0.5%
Short Term	Short Term Bonds	3.5%	4.7%	2.1%	0.1%	0.9%	0.7%	0.3%
Total Invested Assets		8.9%	11.4%	3.8%	0.0%	1.7%	1.6%	0.5%
Provinces/Territories' Notional Assets		0.5%	0.9%	0.9%	0.2%	0.2%	0.2%	0.2%
Total Assets		7.5%	9.8%	3.4%	0.1%	1.5%	1.4%	0.4%

## Notes:

The 2010, 2011 and 2012 annual and quarterly returns for the component portfolios are as reported by TD Asset Management in their quarterly investment reports. Eckler has not independently verified these.

Aggregated annual and quarterly returns (Total Long Term, Total Invested Assets and Total Assets) are calculated by Eckler taking into account the relative market values, cashflows and investment returns of the component portfolios.

Eckler returns are calculated on an approximate basis, using average cashflows; they may differ slightly from returns calculated by a performance measurement service using daily cashflows.

# Comments on Investment Returns

- > The overall return of 3.4% for the 2012 calendar year is the result of positive returns from all the component portfolios
- > EAFE equities produced the best returns in 2012 of 14.9%, followed by the US equities of 13.0%
- > Real Return Bonds produced the worst returns in 2012 of 2.7% in long term fund, as a result of stable real return bond yield
- > The Provinces/Territories' Notional Assets increase with interest at the 3-month T-bill rate; in 2012, these rates were significantly lower than the returns on the invested assets

# Tracking Error

		Fiscal Year ending				4 years to Dec 2012	Target tracking error	
		Dec-09	Dec-10	Dec-11	Dec-12		1 year	4 years
Universe Bonds	Actual	5.0%	6.6%	9.8%	3.4%	6.18%	0.20%	0.10%
	Index	5.4%	6.7%	9.7%	3.6%	6.33%		
	t/e	-0.4%	-0.1%	0.1%	-0.2%	-0.15%		
Canadian Equity	Actual	34.5%	16.9%	-9.5%	6.9%	11.03%	0.30%	0.15%
	Index	34.5%	16.9%	-9.6%	6.9%	11.05%		
	t/e	0.0%	0.0%	0.1%	0.0%	-0.02%		
US Equity	Actual	7.0%	8.7%	4.3%	13.0%	8.21%	0.30%	0.15%
	Index	7.0%	8.4%	4.0%	12.7%	7.98%		
	t/e	0.0%	0.3%	0.3%	0.3%	0.23%		
EAFE Equity	Actual	12.0%	2.2%	-9.8%	14.9%	4.36%	0.60%	0.30%
	Index	11.9%	2.1%	-10.0%	14.7%	4.23%		
	t/e	0.1%	0.1%	0.2%	0.2%	0.13%		
Short Term Bonds	Actual	4.1%	3.5%	4.7%	2.1%	3.61%	0.20%	0.10%
	Index	4.5%	3.6%	4.7%	2.0%	3.68%		
	t/e	-0.4%	-0.1%	0.0%	0.1%	-0.07%		

## Comments on Tracking Error

- > Universe Bonds and US Equity had a tracking error outside the target range for 4 years ending 2012, but was inside the 1 year target range for 2012
- > All other portfolios met their tracking error target over both one and four years for 2012

**TAB G**

# **1986-1990 Hepatitis C Claims Centre**

## **Annual Report for the Period Ending December 31, 2012**

### **Appointment**

Crawford and Company Canada Inc. has been administering the 1986-1990 Hepatitis C Class Action Settlement since our appointment by the Courts March 9, 2000.

### **Activities of Year 13**

1. Complied with all Administrator duties as outlined in Article Five of the Settlement Agreement.
2. Worked in collaboration with the auditors from Deloitte to complete the year-end audit process.
3. Met with the Joint Committee in March; provided and discussed updated claim statistics.
4. Implemented two Court Approved Protocols with respect to the June 30, 2010 First Claim Deadline.
5. Continued to provide statistics, feedback and general claim information to the Joint Committee with regards to individuals who are seeking to submit a claim after the June 30, 2010 first claim deadline but who do not meet the criteria set out in the two Court Approved Protocols.
6. Continued to work in collaboration with Canadian Blood Services, Héma-Québec, provincial hepatitis c programs, and medical experts.
7. Updated the [www.hepc8690.ca](http://www.hepc8690.ca) website monthly and as needed.
8. Prepared files for Fund Counsel, Referees, and Arbitrators and attended three (3) in person hearings and one (1) by conference call.

### **Key Claims Evaluation Statistics as of December 31, 2012**

Funds disbursed	\$737,936,799.41
Claims received	16,832
Claims approved	13,526
Claims denied	2,498
Claims in progress	808
Appeals	465
Decisions Rendered	325
Mediated/Withdrawn/Rescinded/Archived	110
Traceback requests initiated	4,932

Crawford continues to meet or exceed all service performance criteria.

**TAB H**

# CCAS HEP C 86 - 90 Reconciliation 2012

Balance owing December 31, 2011

\$ 93,672.68

2012 Budgeted Amounts

Hep C

\$ 720,000.00

GST / HST

\$ 93,600.00

Total Budget Year 2012

\$ 813,600.00

Activity Adjustment

\$ 2,995.80

HST 13%

\$ 389.45

Third Party Expenses

\$ 8,336.15

HST 13%

\$ 1,083.70

Appeals Cost

\$ 4,058.27

HST 13%

\$ 527.57

Total Quarterly, Third Party, Appeal and Taxes

\$ 17,390.94

Payments made in 2011

Re Budget Year 2011

\$ 93,672.68

Re Budget Year 2012

\$ 745,800.00

Total Paid in 2012

\$ 839,472.68

Balance owing to HEP C Settlement Fund  
at December 31, 2012 re 2012

\$ 85,190.94

Note:

Dec 31 Balance

HEP C Budget 2013787-1 \$67,800.00 Paid Jan 14, 2013

Quarterly Adjustment, ect \$17,390.94

\$85,190.94



**TAB I**

## **SUMMARY OF JOINT COMMITTEE WORK DURING THIRTEENTH YEAR OF OPERATIONS (2012)**

### **OVERVIEW**

1. The Joint Committee has a mandate to implement the 1986-1990 Hepatitis C Settlement Agreement and Plans, to supervise the ongoing administration of claims, to oversee the performance of the Trust Fund investment portfolio, to oversee services providers and to undertake the triennial fund sufficiency review.
2. In Year 13 (2012), approximately \$31 million in claims were paid. Operating expenses of administration and all service providers were approximately \$2.8 million. The total amount paid for claims over the life of the settlement now totals approximately \$738 million.
3. In Year 13 (2012), the invested assets held by the Trustee increased approximately \$16 million, representing growth of approximately 1.5% (net of payments out). As at December 31, 2012, the value of the Trust Fund was approximately \$1.086 billion and the unpaid liability of the provincial and territorial governments was approximately \$169 million, such that there was a total of approximately \$1.255 billion available to satisfy the claims of class members.
4. The most time consuming issues for the Joint Committee in Year 13 (2012) were:
  - (a) preparing the material and motion for the court approval of the 2011 Annual Report and Financial Statements;
  - (b) drafting revised protocols and preparing motion materials in connection with those who contacted the Administrator after the First Claim Deadline, and discussing these issues with representatives of the federal and provincial governments;
  - (c) completing additional work in connection with the 2010 Financial Sufficiency review, including:
    - reviewing and analyzing the responding actuarial report prepared by Morneau Shepell for the federal government;
    - consulting with the Administrator and the Joint Committee's actuary regarding the number of persons who contacted the Administrator after the First Claim Deadline to estimate the potential liability in respect of each category of these claimants;
    - consulting in connection with the preparation of a reply actuarial report to the Morneau Shepell report by the Joint Committee's actuary; and

- preparing a joint statement of the Joint Committee and the federal government regarding the 2010 Financial Sufficiency Review.
  - (d) communicating with the federal and provincial governments and preparing motion materials to clarify the jurisdiction of the supervising courts to conduct hearings outside of their respective provincial boundaries; and
  - (e) preparing the material and motion for approval of the 2013 Annual Budget.
5. Other projects commenced and/or completed by the Joint Committee in Year 13 (2012) were:
- (a) the selection and appointment of new medical advisors for the Joint Committee;
  - (b) consideration of the impact of new drugs, Telaprevir and Boceprevir, including discussions with medical advisors as well as the Administrator regarding provincial drug plan coverage and payment for these drugs absent drug plan or insurance coverage;
  - (c) reviewing with RBC Investor Services its record keeping and payment procedures to ensure only amounts within the approved annual budget are paid to service providers;
  - (d) preparing motion materials in connection with stale-dated cheques to permit such cheques to be declared void and no longer accounted for as liabilities;
  - (e) preparing motion materials in connection with deficient claims, duplicate claims or where the claimant cannot be located;
  - (f) negotiating the terms of a contract extension with the Administrator; and
  - (g) responding to various policy issues raised by the Administrator for direction from the Joint Committee.

#### **FINANCIAL MATTERS AND BUDGETARY PROCESS**

6. The Joint Committee is responsible for making recommendations to the Courts pertaining to the appointment of service providers, negotiating budgets for service providers, obtaining orders pertaining to approval of the budgets, instructing service providers and receiving and assessing advice and reports from service providers. The service providers to which this description applies include:
- (a) the administrator;
  - (b) the trustee;

- (c) the investment managers;
  - (d) the investment consultants;
  - (e) the auditors;
  - (f) the actuaries;
  - (g) physicians who assist in medical modelling; and
  - (h) epidemiologists.
7. The material and court application for the Year 13 (2012) budgets was gathered and prepared during the fourth quarter of Year 12 (2011) and submitted to the courts in January and February 2012.

**CLAIMANTS WISHING TO MAKE A CLAIM AFTER THE JUNE 30, 2010 DEADLINE**

8. In Year 13 (2012), the Administrator continued to be contacted by persons seeking to make a claim after the First Claims Deadline of June 30, 2010 contained in sections 3.08 of the Transfused HCV Plan and section 3.07 of the Hemophiliac HCV Plan.
9. The Joint Committee prepared two protocols in respect of the persons who (i) made a claim within one year of the person attaining his or her age of majority; or (ii) made a claim within 3 years after first learning of his or her infection with HCV. These two categories of claimants are identified exceptions in the above-noted sections of the Plans. The Courts approved those two protocols.
10. As at February 28, 2013, the Centre had not been contacted by anyone seeking to make a claim under the first protocol within 1 year of reaching his/her age of majority. As at February 28, 2013, the Centre had been contacted by 86 individuals seeking to make a claim under the second, recent HCV diagnosis protocol. To date, 50 completed claims have been received. Of those 50, 10 have been approved, 17 have been rejected and 23 have been advised by the Administrator that their submission is deficient.
11. Class counsel have brought a motion seeking court approval of a third protocol for individuals who have contacted the Administrator seeking to make a claim after the First Claims Deadline who do not fall within the two above-noted exceptions. A hearing date has not been set for this motion. As at February 28, 2013, the Centre had been contacted by 186 such individuals. Those 186 individuals are comprised of 99 primary, 16 estate and 71 family member potential claimants.

12. The Joint Committee worked closely with its actuary and the Administrator regarding all three categories of claimants/potential claimants to estimate the financial impact/potential liability of each of the three categories of claimants/potential claimants.

### **FINANCIAL SUFFICIENCY REVIEW**

13. In Year 13 (2012), the Joint Committee undertook further work in connection with the Financial Sufficiency Review triggered at December 31, 2010. That work included reviewing and analyzing the responding actuarial report prepared by Morneau Shepell for the federal government and consulting in the preparation of a reply report by the Joint Committee's actuary. While the results and analysis of the actuaries differ, both actuaries have concluded that there is financial sufficiency as at December 31, 2010.
14. It is expected that the 2010 Financial Sufficiency Review will conclude in 2013 with court orders confirming financial sufficiency, similar to the financial sufficiency reviews completed in prior years.

### **PORTFOLIO OVERSIGHT**

15. In Year 13 (2012), the invested portion of the Trust Fund closed at \$1.086 billion, up approximately \$16 million from the previous year. Approximately \$31 million in claims were paid, which was less than the previous year.<sup>1</sup> Approximately \$2.8 million in administration and service provider expenses were paid, which is a 12.5% reduction in expenses from the previous year.<sup>2</sup> The obligation of the provinces which fund on a pay as you go basis is estimated to be about \$169 million as at December 31, 2012.
16. The investment portfolio is largely in fixed income instruments, with the greatest portion of the fixed income instruments being real return bonds. A small portion is held in equities. There was a 3.8% return of the total invested assets in Year 13 (2012), which was substantially less than in prior years.<sup>3</sup> The value of the invested assets of the Trust Fund increased by 1.5% in Year 13 (2012) (net of payments to claimants and expenses of administration of the Settlement). This growth was substantially less than in previous years.<sup>4</sup>
17. The vast majority of the assets (approximately \$813.2 million) are invested in Government of Canada Real Return Bonds, which produced a return of 2.7% in 2012.

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<sup>1</sup> In 2011, approximately \$37.4 million in claims were paid.

<sup>2</sup> In 2011, the operating expenses were approximately \$3.2 million.

<sup>3</sup> In 2011, the return on total invested assets was 11.4%. In 2011, the return was 8.9%.

<sup>4</sup> In 2011, the growth (net of payments out) was 8.1%. In 2010, the growth was 5.4%.

This was substantially less than the return on these bonds in previous years.<sup>5</sup> The performance is driven by nominal bond performance, which is driving Real Return Bonds yields lower. The return on these bonds since inception is 8.6%.

18. The next largest asset class is short term bonds, which produced a return of 2.1% in 2012. Again, this was less than in previous years.<sup>6</sup> The return on these bonds since inception is approximately 5.2%.
19. The “other” invested assets, which include Canadian and foreign equities and bond funds, performed much more favourably. The return on Canadian equities was 6.9%, which was a substantial improvement over prior years.<sup>7</sup> The return on Canadian equities since inception is 6.5%. The return on international equities was 14.9%, which was also a substantial improvement over prior years.<sup>8</sup> The return on international equities since inception is -0.9%. The return on Canadian bonds was 3.4%, which was less than in prior years.<sup>9</sup> The return on Canadian bonds since inception is 6.5%. The return on US bonds was 13.0%, which was a substantial improvement over prior years.<sup>10</sup> The return on US bonds since inception is -1.1%.
20. In 2010, the Investment Guidelines for the Trust Fund were revised. The Trust Fund was inside the Guideline’s one year tracking range for Year 13 (2012). Universe Bonds and US Equity had a tracking error outside the target range for the four years ending 2012, but was inside the one year target range for 2012. All other portfolios met their tracking error target over both one year and four years for 2012.
21. In 2013, the Joint Committee will undertake a project to implement revised investment guidelines to match the duration of the Trust Fund’s assets to projected liabilities. The Courts had previously deferred this project until the 2010 Financial Sufficiency Review was concluded.

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<sup>5</sup> In 2011, the return on Government of Canada Real Return Bonds was 8.8%. In 2011, the return was 8.9%.

<sup>6</sup> In 2011, the return on short term bonds was 4.7%. In 2010, the return was 3.5%.

<sup>7</sup> In 2011, the return on Canadian equities was -1.7%. In 2010, the return was 4.2%.

<sup>8</sup> In 2011, the return on international equities was 1.8%. In 2010, the return was 1.9%

<sup>9</sup> In 2011, the return on Canadian bonds was 6.6%. In 2010, the return was also 6.6%.

<sup>10</sup> In 2011, the return on US bonds was 8.6%. In 2010, the return was also 8.6%.

**TAB J**

**YEAR 13 JC FEES****Joint Committee Fees and Disbursements Incurred in the Period from  
January 1, 2012 to December 31, 2012****GENERAL**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>General Fees</b>	152,505.00	153,255.00	107,990.00	160,244.00	573,994.00
<b>General Disbursements</b>	16,541.31	2,657.38	1,607.93	6,174.82	26,981.44
<b>GST</b>	n/a	7,795.62	n/a	n/a	7,795.62
<b>PST</b>	n/a	15,552.26	n/a	n/a	15,552.26
<b>HST</b>	20,226.52	n/a	14,247.73	21,634.45	56,108.70
<b>Total</b>	189,272.83	179,260.26	123,845.66	188,053.27	680,432.02

**SUFFICIENCY-RELATED**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Sufficiency Fees</b>	83,407.50	36,682.50	10,972.50	77,220.00	208,282.50
<b>Sufficiency Disbursements</b>	7,257.55	1,217.35	668.85	1,884.73	11,028.48
<b>GST</b>	n/a	1,894.99	n/a	n/a	1,894.99
<b>PST</b>	n/a	3,780.51	n/a	n/a	3,780.51
<b>HST</b>	10,879.81	n/a	1,426.43	10,283.62	22,589.86
<b>Total</b>	101,544.866	43,575.35	13,067.78	89,388.35	247,576.34

**TOTAL FEES AND DISBURSEMENTS  
(GENERAL PLUS SUFFICIENCY-RELATED)**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Total Fees</b>	235,912.50	189,937.50	119,539.50	237,464.00	782,853.50
<b>Total Disbursements</b>	23,798.86	3,874.73	2,276.78	8,059.55	38,009.92
<b>GST</b>	n/a	9,690.61	n/a	n/a	9,690.61
<b>PST</b>	n/a	19,332.77	n/a	n/a	19,332.77
<b>HST</b>	31,106.33	n/a	15,674.16	31,918.07	78,698.56
<b>Total</b>	290,817.69	222,835.61	137,490.44	277,441.62	928,585.36



**TAB K**

## **REPORT OF FUND COUNSEL**

1. The duties and responsibilities of Fund Counsel are defined by Section 7.01 of the January 1, 1986 - July 1, 1990 Hepatitis C Settlement Agreement. These duties and responsibilities include:
  - (a) defending decisions made by the Administrator;
  - (b) defending and advancing the interests of the Trust Fund;
  - (c) receiving financial statements and actuarial and other reports relating to the financial sufficiency of the Trust Fund from time to time;if deemed necessary or desirable by Fund Counsel, making applications to courts pursuant to Section 10.01 of the Settlement Agreement.
2. John Callaghan and Belinda Bain have been appointed as Fund Counsel for the Ontario Class Actions by Order of the Ontario Superior Court of Justice. Mason Poplaw was appointed Fund Counsel for the Quebec Class Actions by Order of the Quebec Superior Court. William Ferguson was appointed Fund Counsel for the British Columbia Class Actions by Order of the British Columbia Supreme Court.
3. During the fiscal period January 1, 2012 to December 31, 2012, Fund Counsel were primarily involved in defending decisions made by the Administrator on appeals instituted by claimants. The appeals are conducted either as References or Arbitrations. Appeals can be conducted in writing or in person. In each case, written submissions are delivered to the claimant and the Referee/Arbitrator in advance of the appeal. When the appeal is conducted in person, Fund Counsel attends the hearing. The hearing is held where the claimant resides.
4. If the appeal is conducted by way of Reference, the Referee's decision is final and binding within 30 days of the release of the decision unless a claimant opposes confirmation within the 30 day period. If confirmation of the Referee's decision is opposed by the claimant, the Referee's decision is reviewed by the Court.
5. In addition to the appeals, Fund Counsel have also handled claims where court approval was necessary for payments involving minors or a mentally incompetent adult.
6. Fund Counsel also receive and review financial statements and other reports relating to the financial sufficiency of the Trust Fund.

7. Below is a report of the activities of each Fund Counsel in relation to the appeals conducted:

(a) **Ontario Fund Counsel**

Ontario Fund Counsel handles appeals from Claimants in Alberta, Manitoba, Ontario, Saskatchewan, New Brunswick, Newfoundland, Nova Scotia, Prince Edward Island, Yukon Territory, The Northwest Territories and Nunavut.

Number of total appeals received from the beginning to Dec 31, 2012	316
Number of appeals received from January 1, 2012 to December 31, 2012	4
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2012	215
Number of completed appeals (decisions rendered) from January 1, 2012 to December 31, 2012	8
Number of total withdrawals from the beginning to December 31, 2012	41
Number of withdrawals from January 1, 2012 to December 31, 2012	3
Number of total rescissions of denial from the beginning to December 31, 2012	22
Number of rescissions of denial from January 1, 2012 to December 31, 2012	2
Number of total Mediated Appeals from January 1, 2012 to December 1, 2012	7
Number of Mediated appeals from January 1, 2012 to December 31, 2012	0
Number of Archived Appeals	6
Number of pending Appeals as of December 31, 2012 (subtotal-see below)	25
Number of total requests for judicial confirmation from the beginning to December 31, 2012	53
Number of requests for judicial confirmation from January 1, 2012 to December 31, 2012	0
Number of total judicial decisions from the beginning to December 31, 2012	***39
Number of judicial decisions from January 1, 2012 to December 31, 2012	1

Number of Appeals Justice Winkler has sent back to Referee up to December 31, 2012	4
Number of Appeals that have been sent back that now have Final Decision	2
Number of Appeals sent back by Justice Winkler that have been withdrawn by claimant up to December 31, 2012	1
Total Number of pending Appeals as of December 31, 2012 including Appeals sent back to Referee by Justice Winkler	26

\*\*\* These numbers do not include the decisions from Justice Winkler sending them back to the Referee to be reheard.

*Archived – Represents appeals where the Claimant cannot be located before a decision has been rendered or the Arbitrator or Referee has agreed to an adjournment.*

Ontario Fund Counsel incurred fees of \$99,441.00 plus GST/HST on fees of \$12,927.34. With respect to disbursements, Ontario Fund Counsel incurred disbursements in the total sum of \$6,991.17, \$1,535.14 of which related to travel expenses. No expert witness expenses were incurred. With taxes, the total amount of fees and disbursements incurred is \$119,359.51.

(b) Quebec Fund Counsel

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2012:	78
Number of appeals received from January 1, 2012 to December 31, 2012:	1
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2012:	61
Number of completed appeals (decisions rendered) from January 1, 2012 to December 31, 2012:	0
Number of total withdrawals from the beginning to December 31, 2012:	10
Number of withdrawals from January 1, 2012 to December 31, 2012:	0
Number of total mediated appeals from the beginning to December 31, 2012:	1

Number of mediated appeals from January 1, 2012 to December 31, 2012:	0
Number of total rescissions of denial from the beginning to December 31, 2012:	5
Number of rescissions of denial from January 1, 2012 to December 31, 2012:	0
Number of pending appeals as of December 31, 2012:	1
Number of total requests for Judicial confirmation from the beginning to December 31, 2012:	21
Number of requests for Judicial confirmation from January 1, 2012 to December 31, 2012:	1
Number of total Judicial decisions from the beginning to December 31, 2012:	20
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2012:	1
Number of judicial decisions from January 1, 2012 to December 31, 2012:	1

Quebec Fund Counsel has incurred fees of \$20,235.00 plus tax and disbursements of \$1,005.15 plus tax. There were no costs incurred with respect to expert fees or travel. With taxes, the total amount of fees and disbursements incurred in Quebec is \$23,997.36.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2012:	71
Number of appeals received from January 1, 2012 to December 31, 2012:	1
Number of total completed appeals (dec rendered) from the beginning to December 31, 2012:	49
Number of completed appeals (dec rendered) from January 1, 2012 to December 31, 2012:	1
Number of total withdrawals from the beginning to December 31, 2012:	14
Number of withdrawals from January 1, 2012 to December 31, 2012:	0

Number of total rescissions from the beginning to December 31, 2012:	0
Number of rescissions from January 1, 2012 to December 31, 2012:	0
Number of total mediated appeals from the beginning to December 31, 2012:	1
Number of mediated appeals from January 1, 2012 to December 31, 2012:	0
Number of Archived Appeals	3
Number of pending appeals as of December 31, 2012:	4
Number of total request for judicial confirmation from the beginning to December 31, 2012:	19
Number of requests for judicial confirmation from January 1, 2012 to December 31, 2012:	0
Number of total judicial decisions from the beginning to December 31, 2012:	19
Number of judicial decisions from January 1, 2012 to December 31, 2012:	0

B.C. Fund Counsel has incurred fees of \$23,167.50 plus tax and disbursements of \$316.62 plus tax. There were no costs incurred with respect to expert fees or travel. With taxes, the total amount of fees and disbursements incurred in B.C. is \$26,302.21.

Appeals that are pending generally fall into one of the following categories:

- (a) Appeals that have been requested but not yet commenced. Some Arbitrators and Referees schedule a pre-appeal conference call before a date for the appeal is set. This can result in the delay in scheduling a date for the appeal. Often, claimants require additional time to collect evidence before commencing the appeal. Fund Counsel generally consent to a reasonable period of delay for the benefit of the claimant.
- (b) Appeals that have been commenced but not yet concluded. Appeals are often adjourned to allow the claimant an opportunity to collect and provide additional evidence. Fund Counsel generally consent to these adjournments. The Referee/Arbitrator usually monitors the adjournment to ensure that the appeal resumes in a reasonable period of time.

- (c) Appeals that have been concluded and the decision from the Arbitrator or Referee is pending.

Pursuant to the Court Approved Protocol for Arbitration/References and subject to the discretion of the Referees and Arbitrators, Fund Counsel endeavour to conduct the appeals in the simplest, least expensive and most expeditious procedure. When practical and reasonable to do so, evidence from witnesses is introduced in writing or by telephone to eliminate the expense of having the witness testify in person. However, in some appeals, it is preferable to have the witness testify in person and on these occasions the expense is unavoidable.

- 8. Fund Counsel anticipates that the time required to handle appeals during this fiscal year will either remain the same or decrease slightly. This will depend upon the number of appeals which raise complicated medical and other issues and which might require expert evidence.

**TAB L**



## **Annual Report 2012**

### **Prepared for:**

The Joint Committee of the Hepatitis C 86-90 Trust Fund

### **Prepared by:**

Reva Devins

Associate Chair, Ontario Roster of Arbitrators and Referees

## **Duties and Responsibilities of Arbitrators and Referees**

1. Under the terms of the Court approved settlement, Arbitrators and Referees are responsible for determining all appeals brought by claimants seeking review of the decision of the Administrator. An appeal may proceed by Arbitration or Reference, either by an in person hearing or by review of the written material submitted by the parties. Arbitrators and Referees are to conduct their review using the simplest, least expensive and most expeditious procedure.
2. Upon conclusion of the appeal, the Arbitrator or Referee must release their decision within thirty days of completion of an oral hearing or within thirty days following receipt of final written submissions. Reasons for Decision are released in writing to the individual claimant and to Fund Counsel representing the Administrator. In all decisions, the Arbitrator or Referee must state the facts and conclusion without identifying the claimant; decisions are then posted on the Website.

## **Roster of Arbitrator/Referees**

3. There are currently 16 Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, four in British Columbia, and 7 in Ontario, including a French speaking Arbitrator/Referee who conducts all French language appeals outside of Quebec and British Columbia.

## **Appeal Activity**

4. The number of appeals assigned to Arbitrators and Referees has remained consistent with the volume of cases assigned over the last few years.

## **Financial Activity to December 31, 2012**

5. The fees and expenses incurred by the Arbitrators and Referees are summarized below:

	<u>British Columbia</u>	<u>Quebec</u>	<u>Ontario (includes all remaining provinces)</u>
Fees:	\$ 13,475.00	\$ 637.50	\$ 45,466.25
Disbursements:	\$ 306.44	\$ 42.91	\$ 2,007.91
Taxes on fees:	\$ 1,785.08	\$ 105.26	\$ 5,920.70
<b>TOTALS</b>	<b>\$ 15,566.52</b>	<b>\$ 785.67</b>	<b>\$ 53,394.26</b>

In the past fiscal year, there was no case requiring approval for payment in excess of the tariff rate.

### **Proposed Budget**

6. As in previous years, the number and complexity of appeals pursued by claimants will determine the fiscal needs of Appeal administration. Consequently, absent a reliable predictor of incoming Appeals, the proposed budget for Arbitrators and Referees should be based on expenses, fees and related expenses incurred in the preceding year. We would therefore recommend that the 2013 Budget be set at an amount equal to that actually paid in 2012.