

HEPATITIS C
CLASS ACTION SETTLEMENT
1986-1990

YEAR 14

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2013

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TAB 1

January 1, 1986 to July 1, 1990

HEPATITIS C

CLASS ACTION SETTLEMENT

YEAR 14

REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2013

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

EXECUTIVE SUMMARY

1. The 1986-1990 Hepatitis C Settlement (the “**Settlement**”) completed its fourteenth year of operations on December 31, 2013.
2. In 2013, the Administrator received 212 new claims as follows:
 - 21 Primarily Infected Transfused Claims
 - 1 Secondarily Infected Transfused Claim
 - 146 Family Member Transfused Claims
 - 44 Family Member Hemophiliac Claims

The Administrator did not receive any Primarily Infected or Secondarily Infected Hemophiliac Claims. As expected, the number of new claims received in 2013 was less than in prior years.¹ As of March 21, 2014, the Administrator had approved 30 claims under the first court approved protocol exception to the First Claim Deadline of June 30, 2010 (“**First Claim Deadline**”) and 26 claims under the second court approved protocol exception to the First Claim Deadline.

3. In 2013, the Administrator approved payments to new and existing approved claimants of approximately \$34.6 million, which was more than in the prior year.² Since its inception, the Administrator has paid out a total of approximately \$776.9 million³ in benefits in response to approximately 13,750 approved claims.

¹ In 2012, 298 new claims were received. In 2011, 355 new claims were received.

² In 2012, the amount paid out was approximately \$31.0 million. In 2011, it was approximately \$37.7 million.

³ This amount includes payments to HIV secondary claimants.

4. Financial Statements of the 1986-1990 Hepatitis C Trust Fund (the “**Trust Fund**”) attached at **Schedule A** indicate \$1.029 billion in assets held by the Trustee and a total unpaid liability of the provincial governments of about \$160.3 million for a total available to satisfy the claims of class members of about \$1.189 billion as at December 31, 2013.
5. During 2013, there was a 2.8% negative return on the total invested assets held by the Trustee, owing largely to the large negative returns on the Government of Canada real return bonds which comprise the vast majority of assets. The total invested assets decreased by about \$19.2 million net of payments out.⁴
6. Expenses for administration of the Settlement for 2013 totalled approximately \$3.1 million for all service providers, which is a 9.5% increase over the previous year.⁵

OVERVIEW

7. This is the fourteenth 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**”).
8. In 2013, 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.

⁴ In 2012, the invested assets grew by 1.5% (net of payments out). In 2011, the invested assets grew by 8.1% (net of payments out).

⁵ In 2012, the administration expenses totalled approximately \$2.8 million. In 2011, the administration expenses totalled approximately \$3.2 million.

9. The activities of the various service providers to the Settlement are discussed under the appropriate headings below and/or in their attached reports.
10. The budgeting process for 2013 commenced in late 2012 and annual budget approval orders were obtained from the Courts in January 2013. 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.

2013 EXPENSES

11. The expenses to the Settlement for the various service providers for 2013 are set out below.
12. The total expenses of the service providers supervised by the Joint Committee for general work (not including financial sufficiency review matters) for 2013 is \$2,089,917.10 (exclusive of taxes). Service providers were generally at or under budget except for TD Asset Management Inc. and the Joint Committee. Crawford incurred expenses for two unbudgeted projects, as further discussed below.
13. The following chart summarizes the budget versus actual expenses for 2013 for the service providers supervised by the Joint Committee for general services (exclusive of applicable taxes).

Service Provider	2013 Budget	2013 Actual	Variance from Budget	Note
Crawford Class Action Services Administration Contract	\$745,000.00	\$745,000.00		See paras. 41 to 45 and Tab G and H
Activity Level Adjustment	As incurred	0		
Third Party Expenses	As incurred	\$9,589.84		
Appeal Expenses	As incurred	\$4,028.34		
Drug Therapy Survey	0	\$12,437.00	\$12,437.00	

Notice - Late Claims Protocol	0	\$13,475.50	\$13,475.50	
Deloitte & Touche LLP Audit, financial statements (exclusive of travel expenses)	\$92,000.00	\$91,592.00	(\$408.00)	See paras. 18 to 21 and Tab A
Special Projects	\$25,000.00	0	(\$25,000.00)	
RBC Investor Services Trustee Services	\$110,000.00	\$94,879.36	(\$15,120.64)	See paras. 22 to 24 and Tab B
TD Asset Management Inc. Investment Management Services	\$210,000.00	\$216,388.84	\$6,388.84	See paras. 25 to 29 and Tab C and D
Budget for implementing duration matching of real return bond portfolio ⁶	2 basis points per annum	\$13,542.47	0	
Eckler Ltd. Actuarial Services & Investment Review	\$50,000.00	\$49,045.80	(\$954.70)	See paras. 30 to 35 and Tab E and F
Special Projects	\$25,000.00	0	(\$25,000.00)	
PriceWaterhouseCoopers LLP Income Loss Software	\$13,200.00	\$8,470.00	(\$4,730.00)	See paras. 46-47
Paula Frederick/ Cohen Hamilton Steger Inc. Income Loss Consulting	\$30,000.00	\$15,308.75	(\$14,691.25)	See paras. 48-49
Joint Committee General Services				See paras. 54 to 58 and Tabs I and J
Fees	\$500,000.00	\$740,596.50	\$240,596.50	
Disbursements	\$50,000.00	\$66,677.89	\$16,677.89	

⁶ As part of the Courts’ approval of amendments to the Investment Guidelines in 2013, the Courts approved a separate budget for the costs associated with rebalancing the real return bond portfolio in accordance with those amendments.

14. The following other service providers provided services in 2013 and were paid the following amounts (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	Actual 2013	Note
Fund Counsel		See paras. 63 to 67 and Tab K
Fees	\$267,512.00	
Disbursements	\$7,383.08	
Arbitrators and Referees		See paras. 68 to 70 and Tab L
Fees	\$30,979.58	
Disbursements	\$2,680.22	
Court Monitor		See paras. 71-72
Fees	\$21,720.00	
Disbursements	\$2,570.12	

15. In 2013, the following service providers performed services in connection with the financial sufficiency review triggered on December 31, 2013 (the “**2013 Financial Sufficiency Review**”) and were paid the following amounts (exclusive of taxes) pursuant to applicable Court orders:

Service Provider	Budget 2013	Actual 2013	Variance from Budget	Note
Eckler Ltd.				See para. 36
Fees	\$75,000.00	\$41,348.60	(\$33,651.40)	
Disbursements		\$1,345.00		
Joint Committee				See para. 59 to 60 and Tabs I and J
Fees	\$125,000.00	\$182,699.00	\$57,699.00	
Disbursements	\$25,000.00	\$9,270.39	(\$15,729.61)	
Medical Modelling Working Group				See para. 39 to 40
Fees ⁷	\$200,200.00	\$56,100.00	(\$144,100.00)	

16. As noted above, the total expenses for administration in 2013 totalled approximately \$3.1 million for all service providers.

⁷ In the fourth quarter of 2013, the Courts approved a separate budget for medical modelling work to be performed in connection with the 2013 Financial Sufficiency Review. The approved budget of \$200,200 includes a budget for work to be performed in 2014 in connection with that review.

2014 BUDGETS

17. The chart below compares the budgets for service providers in 2014 to their previous budgets:

Service Provider	2013 Budget	2014 Budget	Payment Methodology
Crawford Class Action Services (subject to adjustment for appeal and third party expenses and increase or decrease of certain measurable activities by more than 10% per annum)	\$745,000.00	\$735,000.00	\$61,250.00 monthly
Special Projects	0	\$25,000.00	
Deloitte & Touche LLP Audit and financial statements (exclusive of travel expenses)	\$92,000.00	\$91,592.00	\$7,632.67 monthly
Special Projects	\$25,000.00	\$35,000.00	subject to approval by the JC
RBC Investor Services Trustee Services	\$110,000.00	\$110,000.00	up to \$9,166.67 monthly
TD Asset Management Inc. Investment Services	\$210,000.00	\$220,000.00	up to \$18,333.00 monthly
Eckler Ltd. 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	\$75,000.00	\$604,000.00	
Medical Modelling Working Group Fees	\$200,200.00	\$144,100.00 ⁸	subject to approval by the JC
PriceWaterhouseCoopers LLP Income Loss computer programming	\$13,200.00	\$10,000.00	subject to approval by the JC
Paula Frederick/Cohen Hamilton Steger Specialized Income Loss and analysis	\$30,000.00	\$30,000.00	subject to approval by the JC

⁸ This is the amount remaining of the approved medical modelling budget for the 2013 Financial Sufficiency Review.

Service Provider	2013 Budget	2014 Budget	Payment Methodology
Joint Committee			
General services			
Fees	\$500,000.00	\$700,000.00	subject to Court order
Disbursements	\$50,000.00	\$50,000.00	
Financial Sufficiency Review			
Fees	\$125,000.00	\$400,000.00	
Disbursements	\$25,000.00	\$25,000.00	

DELOITTE & TOUCHE LLP

18. Deloitte & Touche LLP (“**Deloitte**”) was appointed auditor of the Trust Fund pursuant to orders of the Courts.
19. 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.
20. The Courts approved a budget for Deloitte for the audit and financial reports for 2013 of \$92,000.00 plus travel expenses and taxes. The total amount invoiced by Deloitte for these services of \$91,592.00 plus taxes was submitted for payment pursuant to the 2013 budget approval orders.
21. For 2013, the Courts also approved a special projects budget for Deloitte of \$25,000.00 plus travel expenses and taxes. The special projects budget was not expended as no special projects were undertaken by Deloitte in 2013.

RBC INVESTOR SERVICES

22. In 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.
23. Attached as **Schedule B** is a Report from RBC of its Custodial Trustee activities in the year ended December 31, 2013.

24. The Courts approved a budget for RBC for 2013 of \$110,000.00 plus applicable taxes. The actual charge to the Trust Fund by RBC of \$94,879.36 plus taxes was paid pursuant to the 2013 budget approval orders.

TD ASSET MANAGEMENT INC.

25. TD Asset Management Inc. (“**TDAM**”) was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts.
26. Attached as **Schedule C** is the Confirmation that TDAM has complied with the court approved Investment Guidelines.⁹
27. The Courts approved a budget for TDAM for 2013 of \$210,000.00 plus taxes. The actual charge by TDAM was \$216,388.84. The budget overrun was due to growth of some assets under management. The Joint Committee recommends approval of TDAM’s charges over budget.
28. In the third quarter of 2013, the Joint Committee proposed amendments to the Investment Guidelines of the Trust Fund to extend the duration of the real return bond portfolio to better match the duration of the Trust Fund’s liabilities. The Courts approved those amendments and also approved a budget to achieve that rebalancing of 2 basis point per annum on the total real return bond assets under management. The duration matching rebalancing began at the end of 2013 and was completed on April 4, 2014. The fees associated with rebalancing in 2013 were \$13,542.47, which was paid on approval of the Joint Committee pursuant to the rebalancing budget approval order.
29. Attached as **Schedule D** is the Portfolio Review of the Trust Fund assets.

⁹ In accordance with the Investment Guidelines, in January 2014, TDAM advised the Joint Committee that the real return bond allocation of the long-term fund as at December 31, 2013 was outside of its allowable asset mix range at the end of the quarter. The Joint Committee authorized the sale of approximately \$47 million of equities to purchase real return bonds in order to effect this rebalancing, which was completed at the beginning of February 2014.

ECKLER LTD.

30. 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.
31. 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 2005.
32. Attached as **Schedule E** is the Report of Eckler regarding its activities during 2013.
33. Attached as **Schedule F** is an Investment Summary provided by Eckler.
34. The Courts approved an annual budget for Eckler’s actuarial and investment review services of \$50,000.00 plus travel expenses and taxes for 2013 and a Special Projects budget of \$25,000.00. Eckler incurred charges of \$49,045.30 plus taxes for 2013 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 2013 budget approval orders.
35. The special projects budget of \$25,000.00 for Eckler was not expended in 2013.
36. For 2013, the Courts approved a financial sufficiency budget for Eckler of \$75,000.00 plus disbursements and taxes. Eckler provided services in 2013 in completing preliminary work for the 2013 Financial Sufficiency Review, which was triggered on December 31, 2013. Eckler’s accounts for financial sufficiency work total \$41,348.60 plus taxes for fees and disbursements of \$1,345.00 were paid pursuant to the 2013 budget approval orders.
37. The Courts have approved a financial sufficiency budget for Eckler for 2014 of \$604,000.00 (exclusive of taxes), to enable Eckler to perform work in respect of the 2013 Financial Sufficiency Review.
38. The Courts have also approved a Special Projects budget for Eckler for 2014 of \$25,000.00 (exclusive of taxes).

MEDICAL MODELLING

39. The medical modelling working group headed by Dr. Murray Krahn provides the Joint Committee medical modelling expert advice and reports in connection with the triennial financial sufficiency reviews.
40. In the fourth quarter of 2013, the Courts approved a budget for medical modelling for the 2013 Financial Sufficiency Review. The budget approved was \$200,200.00, which includes work to be performed in 2014. In 2013, the medical modelling working group commenced its work. Its fees were \$56,100.00, which were paid on approval of the Joint Committee pursuant to the medical modelling budget approval order.

CRAWFORD CLASS ACTION SERVICES

41. Crawford Class Action Services (“**Crawford**”) was appointed Administrator by orders of the Courts in March 2000. In 2013, the Courts approved an extension of Crawford’s appointment and renewal of the administration contract to the end of 2014.
42. The Report of the Administrator is attached as **Schedule G**.
43. 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.
44. In 2013, Crawford undertook two additional projects at the request of the Joint Committee. One project related to designing and implementing a Drug Therapy Survey aimed at obtaining data regarding the efficacy of certain drug therapies in approved claimants. This data was subsequently provided to the medical modelling working group and the actuaries retained by the Joint Committee and the Government of Canada in connection with the 2013 Fund Sufficiency Review. The cost of this project was \$12,437.00 (exclusive of taxes). The second project involved providing notice of the applications brought by Class Counsel seeking the Courts’ approval of a late claims

protocol relating to those persons seeking to make a claim after the First Claims Deadline who were not otherwise covered by the two previously court approved exception protocols. Written notice of these applications was provided to all known class members having an existing or future interest in the Trust Fund. The cost of this project was \$13,475.50 (exclusive of taxes). The Joint Committee recommends approval of these charges.

45. **Schedule H** is the Payment Reconciliation for Crawford for 2013. It reflects the Crawford budget, plus the sum of \$39,530.68 (plus taxes), comprised of the flow-through costs for appeals of \$4,028.34 and third party expenditures of \$9,589.84, as well as the Drug Therapy Survey cost of \$12,437.00 and the Notice Project cost of \$13,475.50, all exclusive of taxes. No adjustments were required in respect of actual activity levels in 2013. The Joint Committee recommends approval of these charges.

PRICEWATERHOUSECOOPERS LLP

46. 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.
47. The budget approved by the Courts for PriceWaterhouseCoopers LLP for 2013 was \$13,200.00 (exclusive of taxes). The actual amount charged to the Trust Fund by PriceWaterhouseCoopers LLP was \$8,470.00 (exclusive of taxes). It was paid on approval of the Joint Committee pursuant to the 2013 budget approval orders.

COHEN HAMILTON STEGER INC.—PAULA FREDERICK

48. Cohen Hamilton Steger Inc. was retained by the Administrator to provide expert accounting services in respect of complex loss of income claims and appeals. Paula Frederick is responsible for this work.
49. The budget approved for Ms. Frederick's services in 2013 was \$30,000.00. Ms. Frederick's fees were \$15,308.75 (exclusive of taxes). These fees were paid on approval of the Joint Committee pursuant to the 2013 budget approval orders.

CANADIAN BLOOD SERVICES

50. 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.
51. In the last few years, the demand for and costs of such tracebacks has reduced significantly. A budget was not sought for CBS for traceback services for 2013 and no expenses were incurred. Similarly, the Joint Committee did not seek a budget for CBS for 2014.

HÉMA-QUÉBEC

52. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for 2013 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.
53. Héma-Québec has advised that it incurred costs of \$180.00 for 2013, but that it does not seek to be reimbursed this charge.

JOINT COMMITTEE

54. A Summary Report of the work of the Joint Committee in 2013 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.
55. The budget for the Joint Committee for general administration and supervision services work for 2013 was \$500,000.00 for fees and \$50,000.00 for disbursements, exclusive of taxes. The Joint Committee’s actual fees in 2013 for this work were \$740,596.50 exclusive of taxes and its disbursements were \$66,677.89 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**.
56. 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 applications brought by Class Counsel before each of the Courts (1) seeking approval of a protocol in connection with claims received after the June 30, 2010 First Class Deadline (the “**Late Claims Protocol**”); and (2) relating to the jurisdiction of the Courts to conduct hearings outside of their respective provincial boundaries, and appeals from decisions relating to these matters. The Government of Ontario also filed an application in Ontario relating to the jurisdiction of the courts in that province.
57. Concerning the Late Claims Protocol, the Ontario Superior Court of Justice conditionally approved the Protocol. The Supreme Court of British Columbia and the Superior Court of Quebec dismissed the applications. As the three courts did not reach the same conclusion, the proposed Protocol cannot be implemented. Appeals relating to the decision rendered by the Ontario Superior Court of Justice are pending.
58. Concerning the jurisdiction issue, each of the three Courts decided that they could sit outside of their provincial boundaries. Appeals were filed in respect of the decisions of the Supreme Court of British Columbia and the Ontario Superior Court of Justice. The appeal of the decision in Ontario is scheduled to be heard in September 2014. The Court

of Appeal of British Columbia determined that a judge can only sit outside that province if the judge is connected by telephone to a court in that province. Class Counsel have filed an application seeking leave to appeal that decision to the Supreme Court of Canada. The Court has ordered that that the materials required to perfect that application may await the outcome of the decision of the Court of Appeal for Ontario. The related application of the Government of Ontario is scheduled to be heard at the same time as the appeal in Ontario.

59. The Courts have approved an increased budget for general administration and supervision services for the Joint Committee for 2014 of \$700,000.00 for fees and \$50,000.00 for disbursements, exclusive of taxes,
60. Concerning financial sufficiency, for 2013, the Courts approved a financial sufficiency budget for the Joint Committee of \$125,000.00 plus disbursements of \$25,000.00 and taxes. The Joint Committee's actual fees for financial sufficiency for 2013 were \$182,699.00 exclusive of taxes and its disbursements were \$9,270.39 exclusive of taxes.
61. The Joint Committee's fees for financial sufficiency were over budget largely as a result of the jurisdiction related applications brought by Class Counsel and by the Government of Ontario, which work is accounted for in equal parts against the Joint Committee's budgets for financial sufficiency and general services. These accounts have been paid based upon orders received from the appropriate Courts.
62. The Courts have approved a financial sufficiency budget for the Joint Committee for 2014 of \$400,000.00 for fees and \$25,000.00 for disbursements, exclusive of taxes, to enable the Joint Committee to undertake work in respect of the 2013 Financial Sufficiency Review.

FUND COUNSEL

63. 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.
64. Attached as **Schedule K** is the Report of Fund Counsel on their activities and their fees incurred in 2013.
65. In 2013, the following appeals were dealt with in each jurisdiction:

2013 Appeal Status Report	ON¹⁰	BC	QUE	Total
Appeals received	2	2	1	5
Appeals completed	5	0	2	7
Appeals withdrawn	2	0	0	2
Denials rescinded	0	0	0	0
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	1	0	1	2
Judicial decisions	1	0	1	2
Appeals pending (including appeals sent back to Referees)	20	5	0	25

66. Fund Counsel estimates that the volume of appeal work in 2014 will either remain the same or decrease slightly depending on the number of appeals raising complex issues requiring expert evidence.
67. In 2013, Fund Counsel fees were \$267,512.00 and disbursements were \$7,383.08 exclusive of taxes. All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

¹⁰ Ontario covers all provinces and territories other than Quebec and British Columbia.

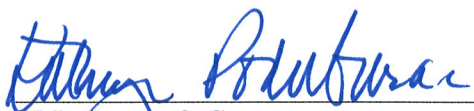
REFEREES AND ARBITRATORS

68. Referees and Arbitrators were appointed for each jurisdiction by court orders.
69. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for 2013 is set out in **Schedule L**.
70. In 2013, the fees for Arbitrators and Referees were \$30,979.58 and the disbursements were \$2,680.22 exclusive of taxes. Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.

THE MONITOR

71. In 2013, Luisa Ritacca of Stockwoods was appointed by order of the Ontario Superior Court and by order of the Supreme Court of British Columbia in 2014 as Monitor.
72. In 2013, the total fees of the Monitor were \$21,720.00 exclusive of taxes and total disbursements were \$2,570.12 exclusive of taxes. Accounts for the Monitor are paid based on court order.

Dated: June 27, 2014


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

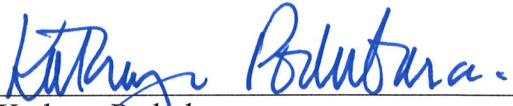
Dated: June 27, 2014


for: Michel Savonitto
Savonitto & Ass. Inc.

Dated: June 27, 2014


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

Dated: June 27, 2014


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, 2013
31 décembre 2013*



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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 statement of financial position as at December 31, 2013, and the statements of expenses and revenue and of cash flows for the year then ended, 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.

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.

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 le bilan au 31 décembre 2013, et les états des résultats et des flux de trésorerie de l'exercice clos à cette date, 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.

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.

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Rapport de l'auditeur indépendant (suite)

Responsabilité de l'auditeur (suite)

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 au 31 décembre 2013 ainsi que de ses résultats d'exploitation et de ses flux de trésorerie pour l'exercice clos à cette date conformément aux Normes comptables canadiennes pour les organismes sans but lucratif.



Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

March 25, 2014

Comptables professionnels agréés, Comptables agréés
Experts-comptables autorisés

Le 25 mars 2014

THE 1986 - 1990 HEPATITIS C FUND
Financial Statements
December 31, 2013

FONDS HÉPATITE C 1986 - 1990
États financiers
31 décembre 2013

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THE 1986 - 1990 HEPATITIS C FUND
Statement of Financial Position
as at December 31, 2013
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
Bilan
au 31 décembre 2013
(en milliers de dollars)

	<u>2013</u>	<u>2012</u>	
ASSETS			ACTIF
Cash	\$ -	\$ 47	Encaisse
Investments (note 3)	1,027,249	1,084,126	Placements (note 3)
Contributions receivable	1,820	1,546	Apports à recevoir
	\$ 1,029,069	\$ 1,085,719	
LIABILITIES			PASSIF
Accounts payable and accrued liabilities	\$ 1,189	\$ 884	Créditeurs et charges à payer
Accrued claims in process of payment	5,257	4,342	Demandes accumulées en cours de paiement
Funding held for future expenses (note 4)	1,022,623	1,080,493	Financement pour charges futures (note 4)
	\$ 1,029,069	\$ 1,085,719	

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

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

Barbara Brubaker
Michel Simon-Hopart
Harvey T. Shosberg per HTP
J. J. Camp per EDM

THE 1986 - 1990 HEPATITIS C FUND
Statement of Expenses and Revenue
year ended December 31, 2013
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
État des résultats
de l'exercice clos le 31 décembre 2013
(en milliers de dollars)

	<u>2013</u>		<u>2012</u>	
EXPENSES				DÉPENSES
Claims (note 5)	\$ 34,608	\$	31,034	Demandes (note 5)
Operating (note 6)	3,090		2,820	Frais d'exploitation (note 6)
	<u>37,698</u>		<u>33,854</u>	
REVENUE	<u>37,698</u>		<u>33,854</u>	REVENUS
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$	-	EXCÉDENT DES REVENUS SUR LES DÉPENSES

THE 1986 - 1990 HEPATITIS C FUND
Statement of Cash Flows
year ended December 31, 2013
(in thousands of dollars)

FONDS HÉPATITE C 1986 - 1990
État des flux de trésorerie
de l'exercice clos le 31 décembre 2013
(en milliers de dollars)

	<u>2013</u>	<u>2012</u>	
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:			RENTRÉES (SORTIES) NETTES D'ENCAISSE LIÉES AUX ACTIVITÉS SUIVANTES :
OPERATING			EXPLOITATION
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	(91,942)	20,446	(Gains) pertes réalisés sur placements
Change in unrealized (gains) losses on investments	151,729	(18,068)	Variation des (gains) pertes non réalisés sur placements
	59,787	2,378	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	(274)	193	Apports à recevoir
Accounts payable and accrued liabilities	305	106	Créditeurs et charges à payer
Accrued claims in process of payment	915	(788)	Demandes accumulées en cours de paiement
Funding held for future expenses	(57,870)	15,639	Financement pour charges futures
	2,863	17,528	
INVESTING			INVESTISSEMENT
Purchase of investments	(344,615)	(222,545)	Acquisition de placements
Proceeds on sale of investments	341,705	205,013	Produits de la vente de placements
	(2,910)	(17,532)	
NET CASH OUTFLOW	(47)	(4)	DIMINUTION NETTE DE L'ENCAISSE
CASH, BEGINNING OF YEAR	47	51	ENCAISSE AU DÉBUT
CASH, END OF YEAR	\$ -	\$ 47	ENCAISSE À LA FIN

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, 2013, those obligations including interest are estimated to be \$160,331,000 (2012 - 169,014,000).

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. 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 payable 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.

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^{er} janvier 1986 au 1^{er} 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 2013, ces obligations, intérêts compris, sont estimées à 160 331 000 \$ (169 014 000 \$ en 2012).

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. 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 méthodes comptables suivantes :

Instruments financiers

Les instruments financiers comprennent l'encaisse, les apports à recevoir, les placements, crédettes 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.

2. 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.

2. 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.

2. 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 the amount of 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.

3. INVESTMENTS

Investments are summarized as follows:

	2013		
	(in thousands of dollars) (en milliers de dollars)		
	Fair Value <u>Juste valeur</u>	Cost <u>Coût</u>	
Cash	\$ 523	\$ 523	Encaisse
Investment earnings receivable	1,584	1,584	Revenus de placement à recevoir
Fixed income	843,489	641,991	Titres à revenu fixe
Equities	181,653	158,084	Actions
	\$ 1,027,249	\$ 802,182	

2. 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 le montant 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.

3. PLACEMENTS

Les placements se résument ainsi :

3. INVESTMENTS (continued)

3. PLACEMENTS (suite)

	2012		
	(in thousands of dollars)		
	(en milliers de dollars)		
	Fair Value <u>Juste valeur</u>	Cost <u>Coût</u>	
Cash	\$ 469	\$ 469	Encaisse
Investment earnings receivable	2,248	2,248	Revenus de placement à recevoir
Fixed income	931,536	546,533	Titres à revenu fixe
Equities	149,873	158,080	Actions
	<u>\$ 1,084,126</u>	<u>\$ 707,330</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, 2013, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 12.7 years (2012 - 9.9 years).

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

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.

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 2013, la durée moyenne des obligations et des débetures du portefeuille, pondérée selon la juste valeur, était de 12.7 ans (9,9 ans en 2012).

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

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.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2013

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2013

3. INVESTMENTS (continued)

Investment risk (continued)

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:

	<u>2013</u>	<u>2012</u>	
	% of Fair Value % de la juste valeur	% of Fair Value % de la juste valeur	
Investment earnings receivable and cash	-	1	Revenus de placement à recevoir et encaisse
Fixed income			Titres à revenu fixe
Government of Canada	72	77	Gouvernement du Canada
Corporate	3	3	Sociétés
Provinces of Canada	1	1	Provinces du Canada
Fixed income pooled funds	6	5	Fonds communs à revenu fixe
	<u>82</u>	<u>86</u>	
Equities - Pooled Funds			Actions - Fonds communs
Canadian	8	7	Canadiennes
Foreign			Étrangères
U.S.	5	3	Américains
International	5	3	Internationaux
	<u>18</u>	<u>13</u>	
	<u>100</u>	<u>100</u>	

b) Foreign currency risk

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

	<u>2013</u>	<u>2012</u>	
Equities - Pooled Funds			Actions - Fonds communs
U.S.	\$ 49,555	\$ 35,944	Américains
International	49,520	38,818	Internationaux
	<u>\$ 99,075</u>	<u>\$ 74,762</u>	

3. PLACEMENTS (suite)

Risque de placement (suite)

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 :

b) Risque de change

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 :

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2013

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2013

4. FUNDING HELD FOR FUTURE EXPENSES

4. FINANCEMENT POUR CHARGES FUTURES

	<u>2013</u>	<u>2012</u>	
	(in thousands of dollars) (en milliers de dollars)		
Balance, beginning of year	\$ 1,080,493	\$ 1,064,854	Solde au début
Changes during the year			Variation au cours de l'exercice
Investment earnings (losses)	(30,464)	40,266	Revenus (pertes) de placement
Amounts recognized as revenue	(27,416)	(24,627)	Montants constatés comme revenu
Additional funding received	10	-	Financement additionnel reçu
	<u>\$ 1,022,623</u>	<u>\$ 1,080,493</u>	Solde à la fin
Comprised of:			Composé de :
Funding contributed by the Government of Canada	\$ 1,022,609	\$ 1,080,489	Financement contribué par le gouvernement du Canada
Contributions prepaid by provincial governments	14	4	Apports versés à l'avance par des gouvernements provinciaux
	<u>\$ 1,022,623</u>	<u>\$ 1,080,493</u>	

5. CLAIMS

5. 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 :

	<u>2013</u>	<u>2012</u>	
	(in thousands of dollars) (en milliers de dollars)		
Approved by the Administrator of the Fund			Demandes approuvées par l'Administrateur du Fonds
Disbursed	\$ 33,393	\$ 31,822	Décaissements
Net change in accrued claims in process of payment	915	788	Variation nette des demandes accumulées en cours de paiement
	<u>\$ 34,608</u>	<u>\$ 31,034</u>	

The claims include payments totalling \$NIL (2012 - \$240,000) for HIV secondary claimants.

Les demandes incluent des paiements au total de nul \$ (240 000 \$ en 2012) pour les requérants infectés indirectement par le VIH.

THE 1986 - 1990 HEPATITIS C FUND
Notes to the Financial Statements
year ended December 31, 2013

FONDS HÉPATITE C 1986 - 1990
Notes complémentaires
de l'exercice clos le 31 décembre 2013

6. OPERATING EXPENSES

6. FRAIS D'EXPLOITATION

	<u>2013</u>	<u>2012</u>	
	(in thousands of dollars) (en milliers de dollars)		
Administrator	\$ 887	\$ 831	Administrateur
Legal (claims' appeal costs, Fund counsel)	445	313	Frais juridiques (frais des demandes en appel, avocats du Fonds)
Joint committee - Administration	910	691	Comité mixte - Administration
Joint committee - Sufficiency Review	216	240	Comité mixte - Réévaluation de la suffisance
Investment management	260	234	Gestion des placements
Audit and related services	104	108	Honoraires d'audit et de services connexes
Custodial trustee	107	112	Frais de garde
Actuarial	52	30	Honoraires d'actuariat
Actuarial - Sufficiency Review	43	251	Honoraires d'actuariat - Réévaluation de la suffisance
Trace-back fees	-	2	Frais d'enquête
Medical and other consulting	66	8	Frais médicaux et autres frais de consultation
	<u>\$ 3,090</u>	<u>\$ 2,820</u>	

TAB B



RBC Investor &
Treasury Services

Information Brief

RBC Investor Services Trust, Trustee and Custodian –
Hepatitis C Trust Fund

Prepared for:

The Joint Committee of the Hepatitis C Trust Fund

April 2014

Prepared by:
Patricia Budrow
Client Manager
RBC Investor & Treasury Services

About the trustee

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 on June 15, 1999. RBCIS is part of a leading provider of financial services, RBC Investor & Treasury Services.

RBC Investor & Treasury Services (RBC I&TS) is a leading specialist provider of asset servicing, custody, payments and treasury services for financial and other institutional investors worldwide. We serve clients from 19 locations across North America, Europe and the Asia-Pacific region. We deliver custodial, advisory, financing and other services to safeguard clients' assets, maximize liquidity and manage risk in multiple jurisdictions. RBC I&TS is ranked among the world's top 10 global asset servicing businesses, with CAD 3.4 trillion (USD 3 trillion) in client assets under administration (as of February 26, 2014).

We focus on helping our clients through our global reach, strength and stability, product innovation, and dedication to client service excellence:

- A worldwide network of offices across four continents
 - Part of RBC, among the top 5 strongest banks in the world¹ and the top 15 largest banks globally based on market capitalization²
 - Top 10 global asset servicing business, as measured by AUA, with the highest credit ratings among our peers
 - Market leader in Canadian clearing, cash management and trade finance for financial institutions worldwide
 - Top rated foreign exchange solutions, supporting clients' needs around effective governance, cash management and currency hedging with dealing in 80 currencies
 - Leading securities lending and finance services focused on maximizing returns for clients, with securities lending coverage across 27 global markets
- Custody services across 87 global markets
 - Extensive transfer agency capabilities globally
 - Fund administration services in 13 global markets
 - More than 100 years of experience in institutional financial services
 - Top ratings for client service in industry client satisfaction surveys

Products and Services

RBC I&TS' comprehensive product and service offering includes custody, fund/investment administration, shareholder services, performance management and compliance monitoring, distribution, transaction banking including trade finance, insourced solutions and broker dealer services, and treasury services, including cash/liquidity management, foreign exchange services and global securities lending.

¹ As at market close September 4, 2013; Bloomberg

² Market data from Bloomberg as at February 24, 2014

Duties and responsibilities of the trustee/custodian

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.

Custody and safeguarding of securities

RBCIS holds in trust the cash and securities of the Trust Fund. The assets of the Trust Fund are invested and reinvested by RBCIS strictly in accordance with the directions of the Joint Committee or the investment manager appointed by the Courts. RBCIS 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

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

Collection of income

RBCIS 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 RBCIS actually receives the funds. RBCIS 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

RBCIS receives all contributions flowing into the Trust Fund. RBCIS 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

RBCIS 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 value, market value, and accrued income. Day-to-day activity is reported in chronological order.
 - **Quarterly notional reports:** RBCIS 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 2013, the fourteenth year of operation of the Hepatitis 'C' Trust Fund, the Trust Fund received contributions totaling CAD 10,008,036.50 representing payments from Provincial and Territorial Governments.

In addition, the Hepatitis 'C' Trust Fund has earned CAD 121,285,146.70 (includes investment income, realized and unrealized capital gains and losses). The closing market value of the fund at December 31, 2013 was CAD 1,028,047,570.01.

Payments from the Trust Fund

Disbursements from the Trust Fund in 2013 totaled CAD 36,477,932.11 representing CAD 33,693,080.46 to the Administrator for the claimants and CAD 2,784,851.65 to service providers for fees and expenses (including RBCIS' trustee and custodial fees).

For the period January 1, 2013 to December 31, 2013 the Courts approved a budget of CAD 110,000 for RBCIS' trustee and custodial fees. The actual charge to the Trust Fund in 2013 for performing various activities and services was CAD 109,399.74 representing fees for 2012 of CAD 21,038.68 and fees for 2013 of CAD 88,361.06.

The total fees of CAD 109,399.74 represent: Custody of assets under administration of CAD 53,127.77, Transaction Fees of CAD 9,286.10, Plan/Reporting/Accounting Charges of CAD 30,900, Special Reports of CAD 3,500.04 and Taxes (GST/HST) of CAD 12,585.83.

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TAB C

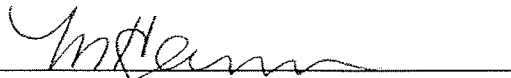
1986-1990 Hepatitis C Settlement Trust Fund

Annual Certificate of Compliance

For the year ending: December 31, 2013

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: February 4th, 2014

TAB D

1986 - 1990 Hepatitis C Settlement Trust Fund

Portfolio Review

March 25, 2014

Rachna de Koning, FCIA, FSA
Vice President & Director

Matthew Pauls, CFA
Vice President



Agenda



- TD Asset Management Inc. (TDAM) Update
- Portfolio Review
 - Fixed Income Mandates
 - Equities Mandates

Appendix:

- Supplemental Information

TD Asset Management Update – 2013 Year in Review



■ Industry recognition

- TDAM ranked #1 in AUM by *Benefits Canada* 2013 for total Canadian, pension, and defined benefit assets¹
- TD Bank Group named the safest North American bank²

■ Expansion in breadth and experience

- TD Bank Group's acquisition of Epoch Investment Partners, Inc. (Epoch) adds to U.S. and global equities capabilities
- Launch of two global and two U.S. equity funds sub-advised by Epoch
- Launch of TD *Emerald* Low Volatility Emerging Market Equity PFT³ and TD *Emerald* Core Canadian Equity PFT

■ Commitment to client education

- Record attendance for our 10th Annual Sharing of Knowledge Learning Series in April, 2013. The synopsis, *Living with low interest rates*, is available upon request.

■ Significant business growth

- The asset management businesses of TD collectively reach milestone, exceeding C\$250 billion⁴ in AUM
- Over C\$7 billion in AUM for TD Asset Management Inc.'s low volatility equities⁵
- 83 new institutional mandates⁴ in 2013; 51 for active mandates

¹ "The Top 40 Money Managers (as at June 30, 2013)", Benefits Canada, November 2013.

² World's 50 Safest Banks: April 2013, Global Finance Magazine

³ PFT = Pooled Fund Trust

⁴ As of December 31, 2013, capturing assets under management (AUM) for TD Asset Management Inc. (TDAM), TDAM USA Inc. and Epoch Investment Partners, Inc. (Epoch); includes transition mandates

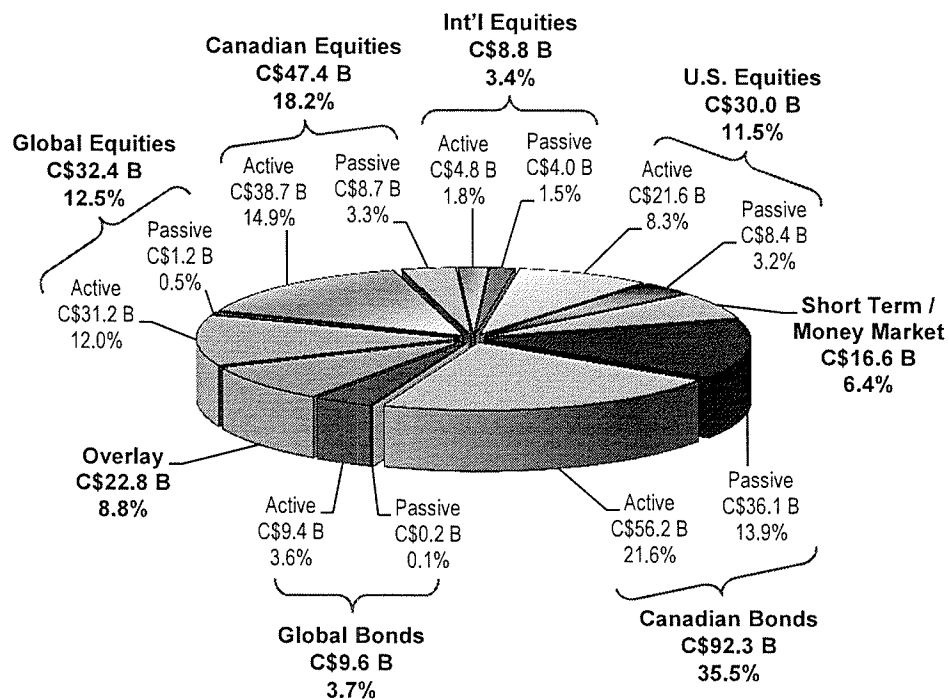
⁵ As of December 31, 2013, capturing assets under management (AUM) for TD Asset Management Inc

Note: TD Asset Management operates in Canada as TD Asset Management Inc. and in the United States as TDAM USA Inc. Epoch is an affiliate of TD Asset Management.

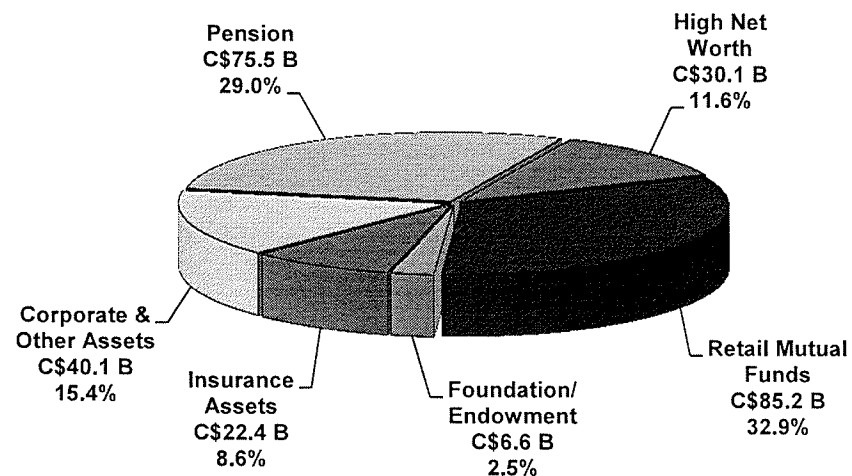
Asset Management at TD



By Asset Type



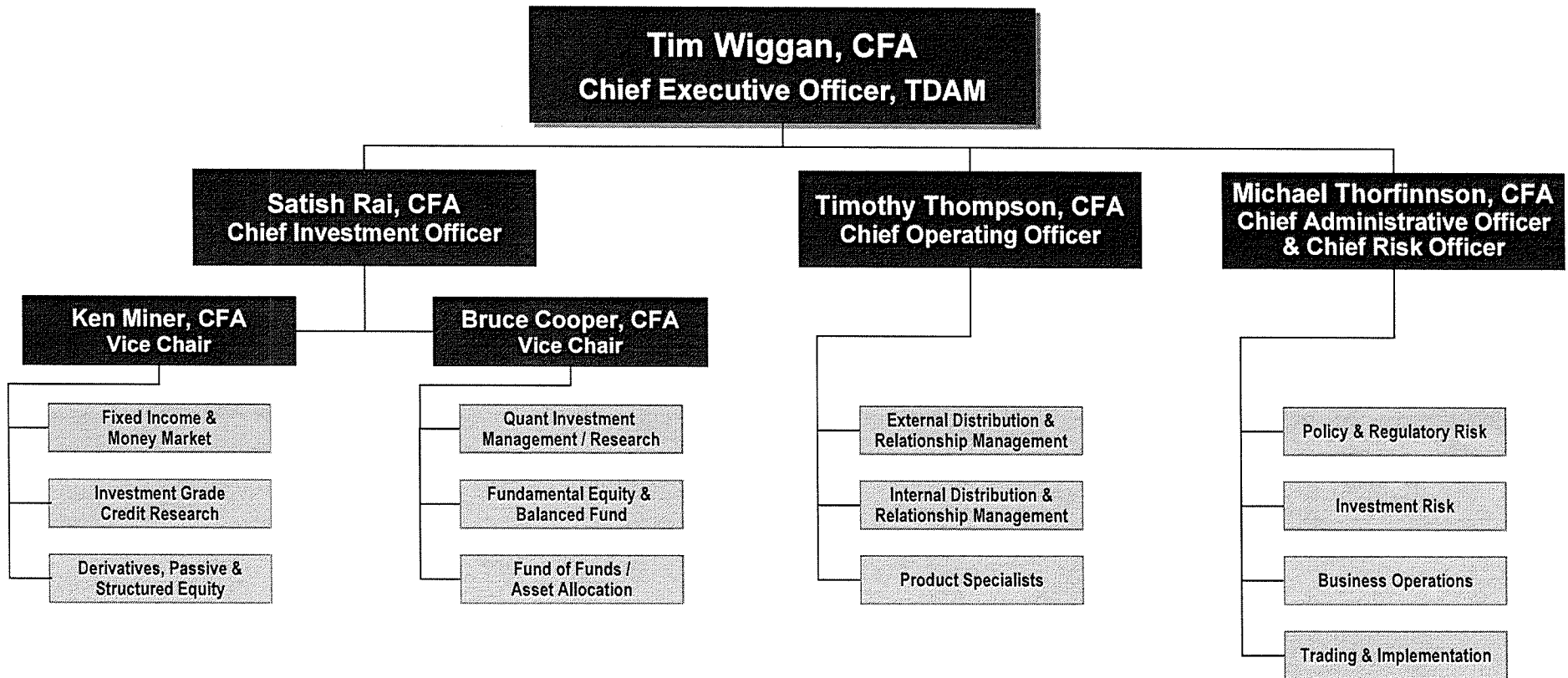
By Client Type



Note: Assets under management (AUM) as of December 31, 2013, capturing AUM for TD Asset Management Inc., TDAM USA Inc. and Epoch Investment Partners, Inc. (Epoch). Active AUM include both active fundamental and active enhanced assets. Numbers may not add due to rounding. Overlay AUM do not include C\$4.98 B of currency hedging programs in place within TD Asset Management pooled funds accounted for in other asset classes. The TD Bank Group (TD) means The Toronto-Dominion Bank and its affiliates, who provide deposit, investment, loan, securities, trust, insurance and other products or services. TD Asset Management operates in Canada as TD Asset Management Inc. and in the United States as TDAM USA Inc. Epoch is an affiliate of TD Asset Management.

Total Assets Under Management: C\$259.9 Billion

Investment Management Division Organizational Structure



TD Asset Management operates as TD Asset Management Inc. in Canada and TDAM USA Inc. in the U.S.

TD Asset Management Inc. and TDAM USA Inc. are wholly-owned subsidiaries of The Toronto-Dominion 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	AUM	Performance	Tracking Target (%)		
			1 Year	Over 1 Year	Over 4 Years	
Fixed Income	Segregated Real Return Bonds (buy-and-hold)	N/A	\$698,316,581	-8.54%	N/A	N/A
	Segregated Short-Term Bonds	DEX Short Term Bond Index	\$92,103,872	1.78%	± 0.20	± 0.10
	Universe Bonds (no BBB-rated corporates)	DEX Universe Bond Index	\$56,153,665	-1.34%	± 0.20	± 0.10
Equities	Canadian Equities ¹	S&P/TSX Composite Total Return Index	\$80,148,554	12.99%	± 0.30	± 0.15
	U.S. Equities	S&P 500 Total Return Index ND (C\$)	\$48,731,778	40.76%	± 0.30	± 0.15
	International Equities	MSCI EAFE Total Return Index ND (C\$)	\$48,076,976	31.12%	± 0.60	± 0.30

¹ Canadian Equity exposure history:

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

² Does not include cash assets of \$64,079

As at December 31, 2013

Source: TDAM, Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2010)

Total Assets Under Management (AUM)²
\$1,023,531,426

Tracking within expected tolerances

Fixed Income Fund Mandates

Performance as at December 31, 2013



Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	-8.54%	2.67%	4.25%	5.81%	5.89%	7.28%
Segregated Short Term Bonds	1.78%	2.85%	3.02%	3.24%	4.04%	4.92%
DEX Short Term Bond Index	1.74%	2.79%	2.98%	3.29%	4.04%	4.93%
Difference	0.04%	0.06%	0.04%	-0.05%	0.00%	-0.01%
TD <i>Emerald</i> Canadian Bond Index Fund	-1.34%	3.86%	4.55%	4.63%	5.08%	5.93%
DEX Universe Bond Index	-1.19%	3.93%	4.63%	4.78%	5.16%	6.00%
Difference	-0.14%	-0.07%	-0.08%	-0.15%	-0.08%	-0.07%

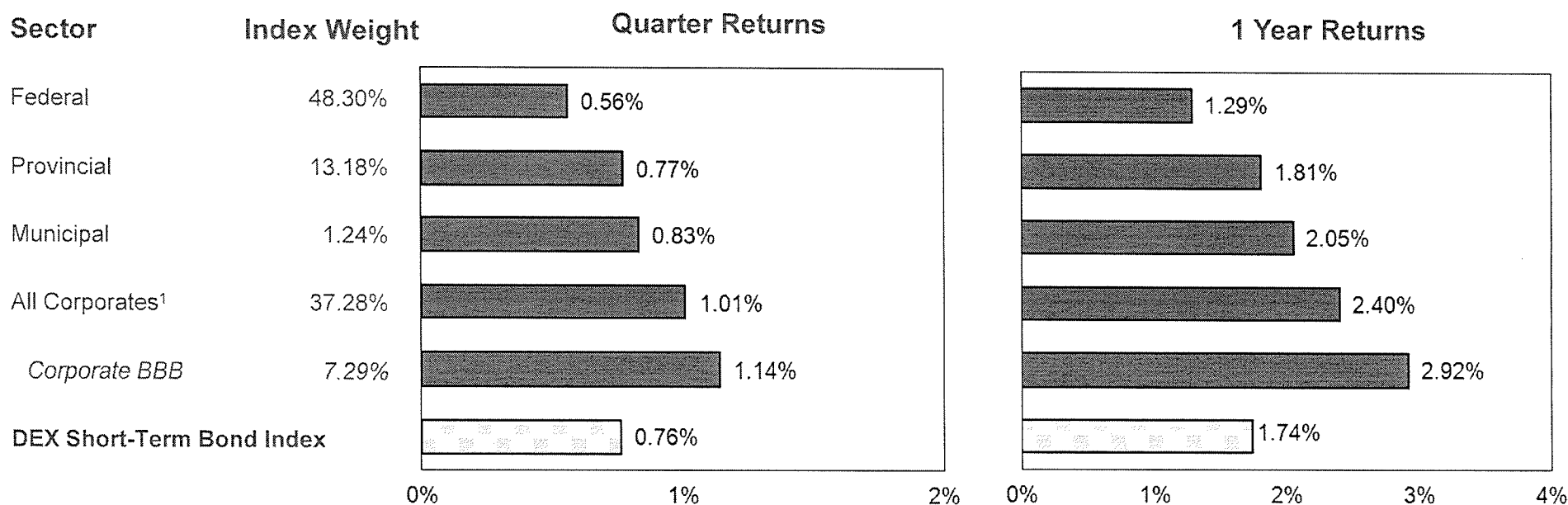
Accounts Inception Date: February 29, 2000

Source: TDAM, PC-Bond Analytics

Returns: Net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized

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Short-Term Bond Market Update as at December 31, 2013



3-Month Commentary

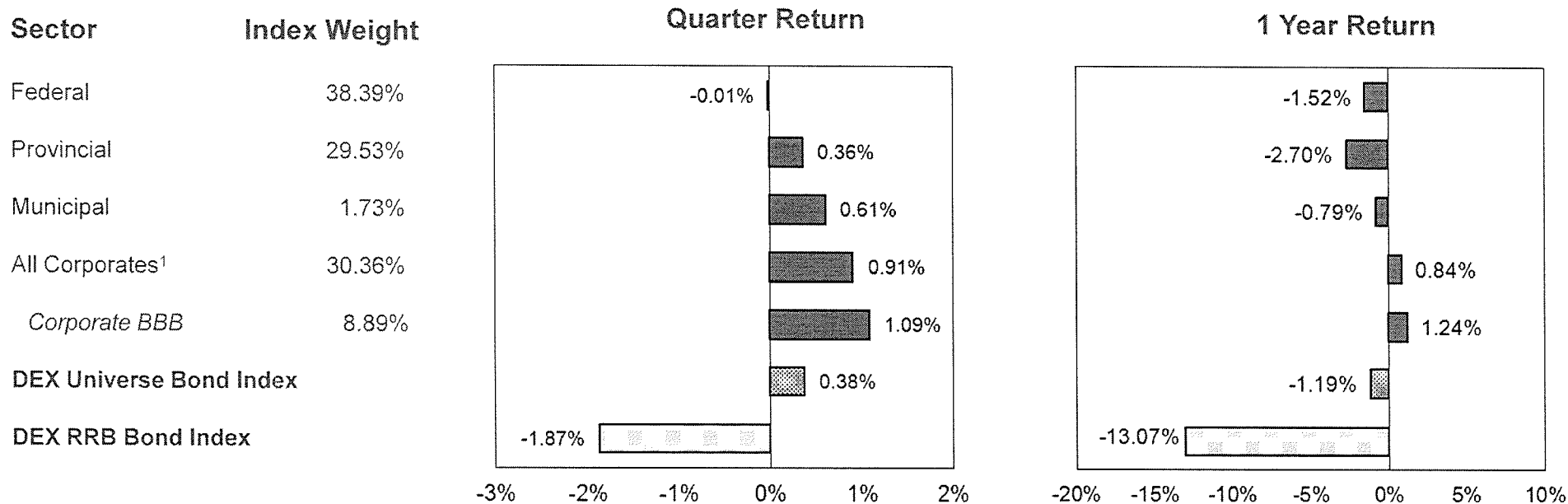
- Short-term Canadian bonds generated modestly positive returns for the quarter and for 2013. The DEX Short-Term Bond Index rose 0.76% from October through December and was up 1.74% for 2013. All segments of the short-term bond market rose during the quarter and the year.
- Overall, quarterly gains were led by corporate BBB bonds. In the government sector, municipal bonds were the strongest performers. Corporate bonds continued to outperform governments during the quarter.
- The average yield on the DEX Short-Term Bond Index declined 3 basis points from October through December, finishing at 1.77%.

¹ Including BBB Corporates

Source: TDAM, PC-Bond Analytics

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Universe Bond Market Update as at December 31, 2013



3-Month Commentary

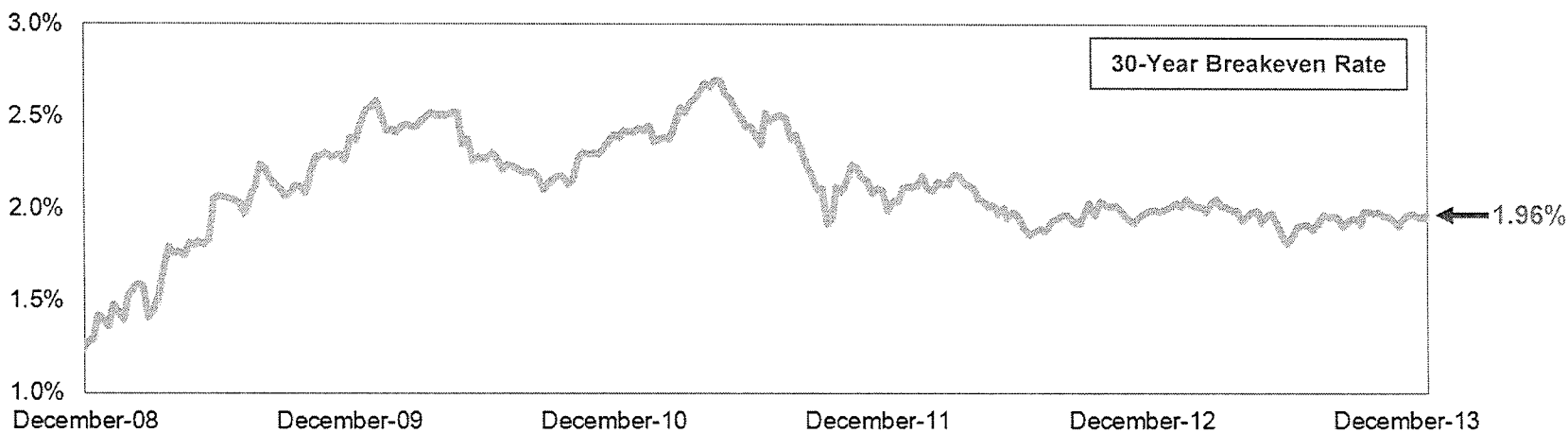
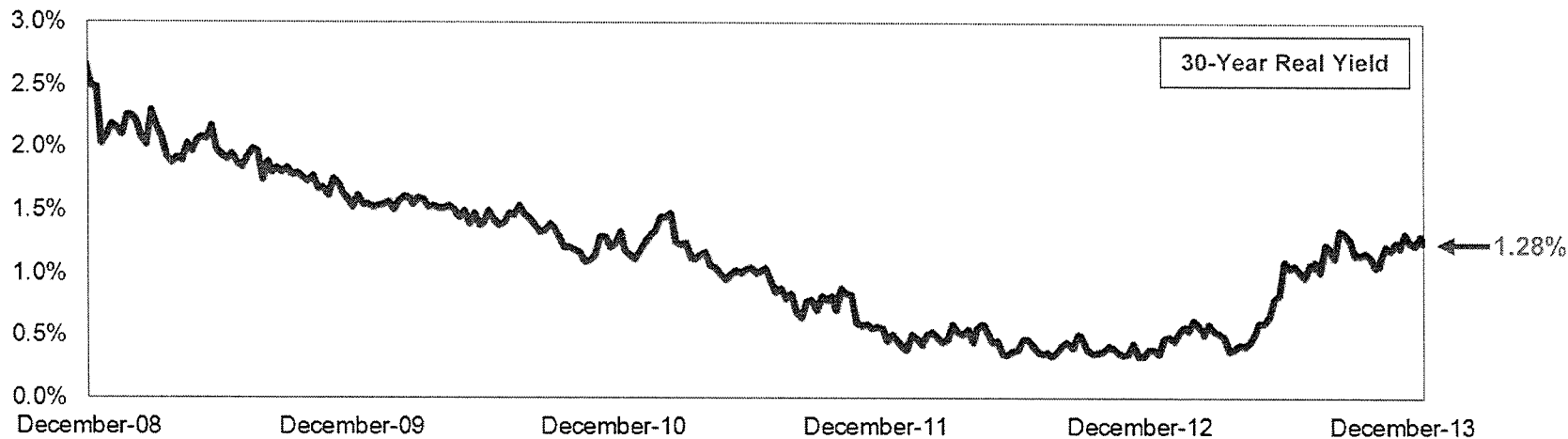
- Canadian fixed income returns were modest over the quarter. Overall, corporate bonds outperformed government bonds, and short-term bonds outperformed mid- and long-term bonds.
- Yields finished the quarter up as mid- and long-term yields increased in response to improving economic data and the U.S. Federal Reserve's announcement that it would begin reducing its monthly asset purchase program in January 2014. The average yield on the DEX Universe Bond Index finished the quarter at 2.75%, up 4 basis points from the start of the quarter.
- The Bank of Canada (BoC) held the overnight rate at 1% in its December 4, 2013 policy announcement. With household debt still elevated and inflation restrained, the BoC believes that its current level of stimulus remains appropriate.

¹ Including BBB Corporates

Sources: TDAM, PC-Bond Analytics,

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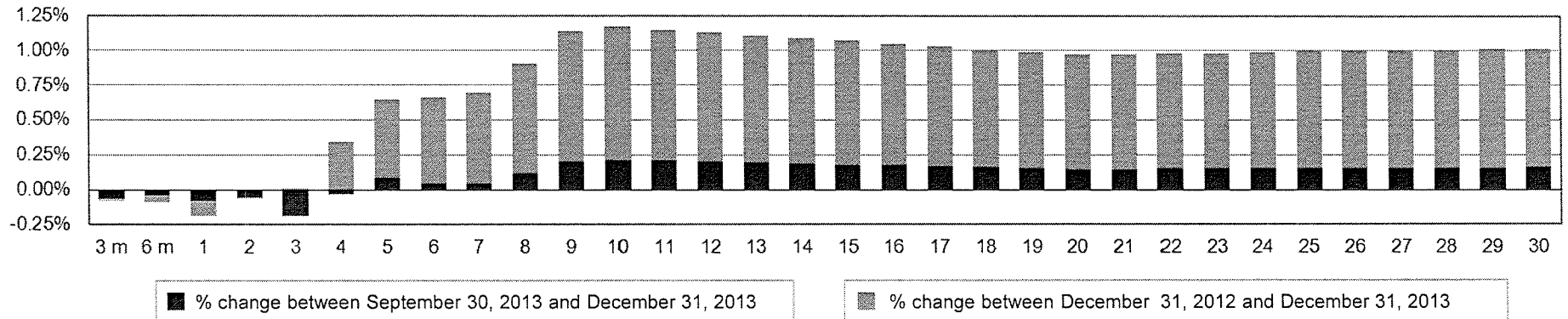
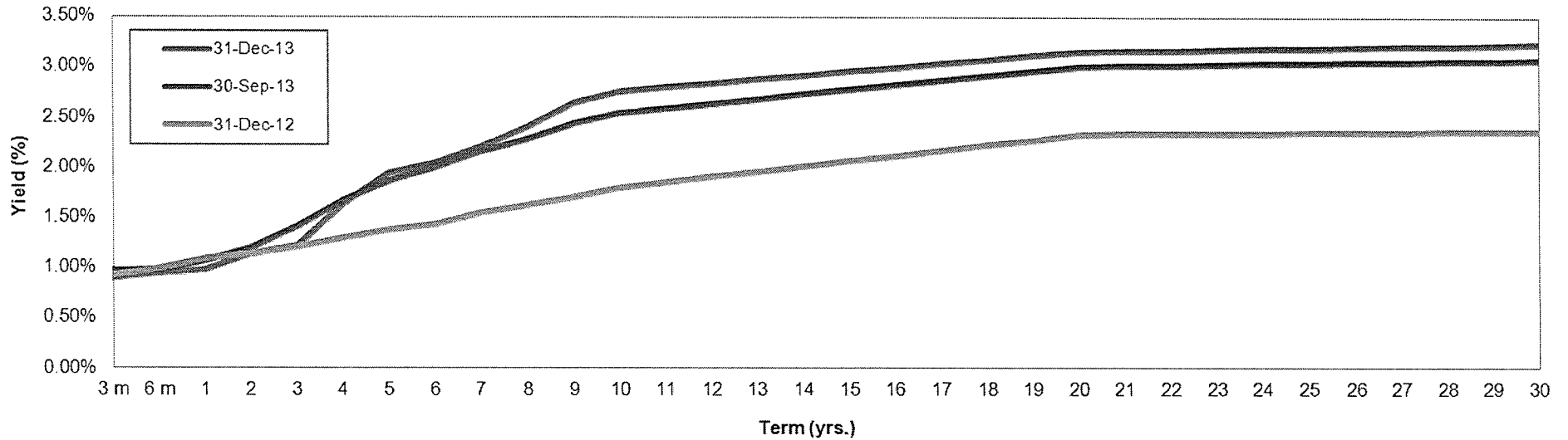
Real Return Bond (RRB) Yields



Source: Bloomberg Finance L.P.
Data to December 31, 2013

Nominal bonds driving RRB yields higher

Canada Yield Curves

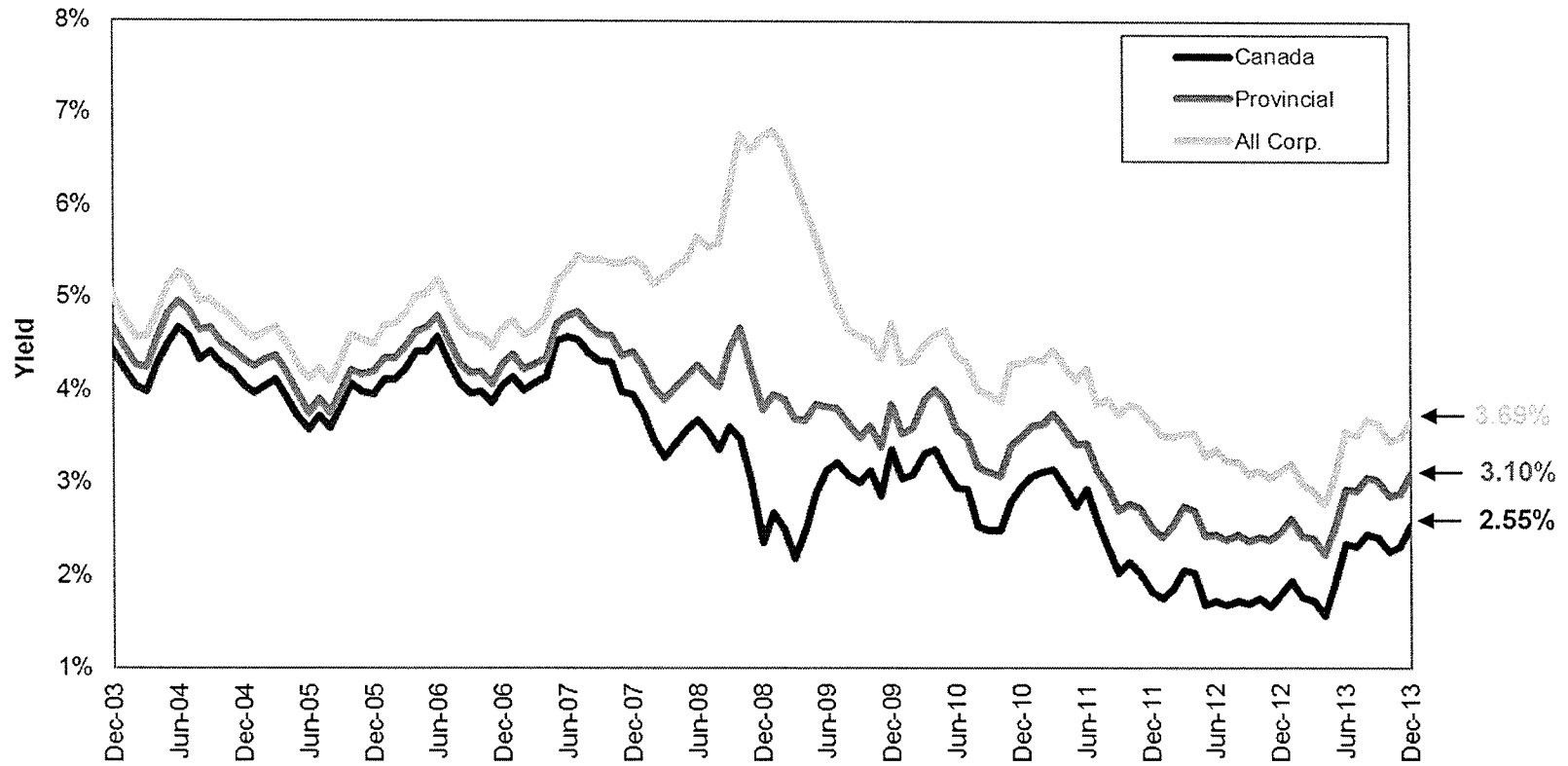


Source: TDAM

Modest upward shift in the yield curve during fourth quarter

Canadian Yield Profiles

DEX Mid-Term Index Components



Source: PC-Bond Analytics
Data to December 31, 2013

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Yields have recently trended up but remain near record lows

Fixed Income Investment Themes



Macroeconomic	Interest Rate	Credit
Central Banks to maintain their accommodative stance	Short term interest rates to remain low for an extended period of time	Revenue and operating income remain strong
Global fiscal policies to continue along austere lines	Long term interest rates likely to increase in the medium term	Leverage is modest with large cash balances on corporate balance sheets
Continued economic improvements evident in the U.S.		Corporate debt issuance continues to meet with strong demand
		Demand is stimulated by the search for yield

Source: TDAM
December 2013

Probability of extreme economic outcomes has decreased

Equities Mandates

Performance as at December 31, 2013



TD Emerald Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Canadian Equities ¹	12.99%	3.00%	6.30%	11.42%	7.91%	5.52%
Blended Benchmark ²	12.99%	3.00%	6.31%	11.43%	7.90%	5.33%
Difference	0.00%	0.00%	-0.01%	-0.01%	0.01%	0.19%
U.S. Market Index Fund	40.76%	18.38%	15.89%	14.06%	4.97%	1.48%
S&P 500 Total Return Index ND (C\$)	40.37%	18.04%	15.55%	13.71%	4.67%	1.27%
Difference	0.39%	0.34%	0.34%	0.35%	0.30%	0.21%
International Equity Index Fund	31.12%	10.76%	8.56%	9.24%	4.94%	1.12%
MSCI EAFE Total Return Index ND (C\$)	31.02%	10.61%	8.42%	9.11%	4.84%	1.12%
Difference	0.10%	0.15%	0.14%	0.13%	0.10%	0.00%

¹ Canadian Equity exposure history:

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

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

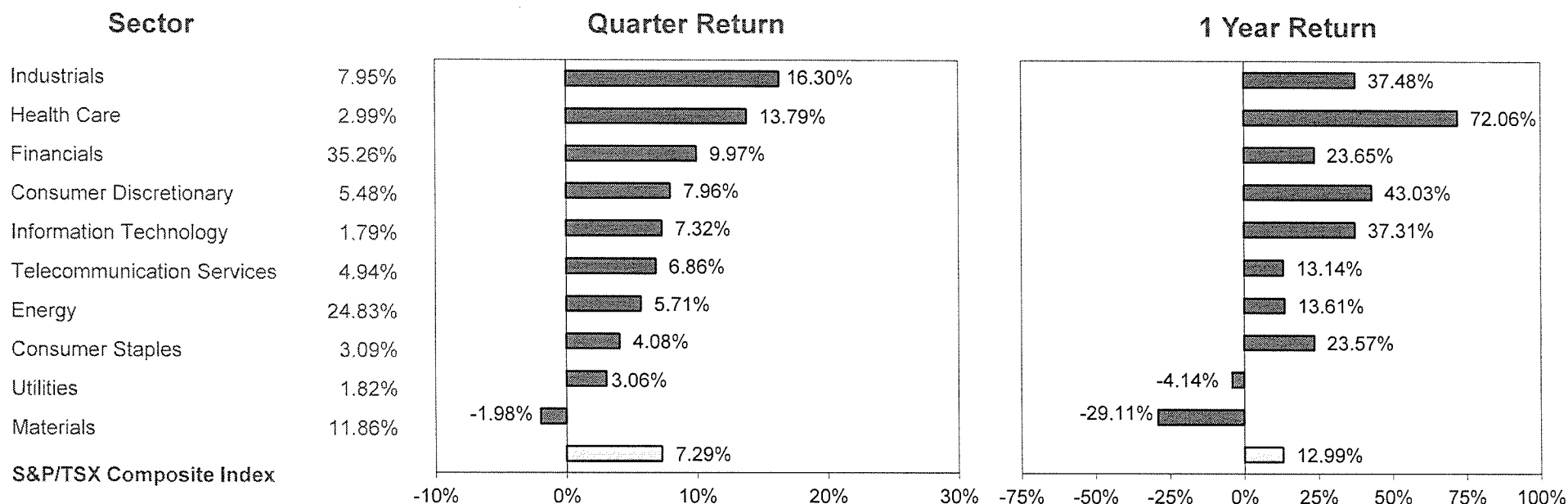
Account Inception Date: February 29, 2000

Source: TDAM, TMX Group, Standard & Poor's, MSCI

Returns: Net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized

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Canadian Equity Market Update as at December 31, 2013

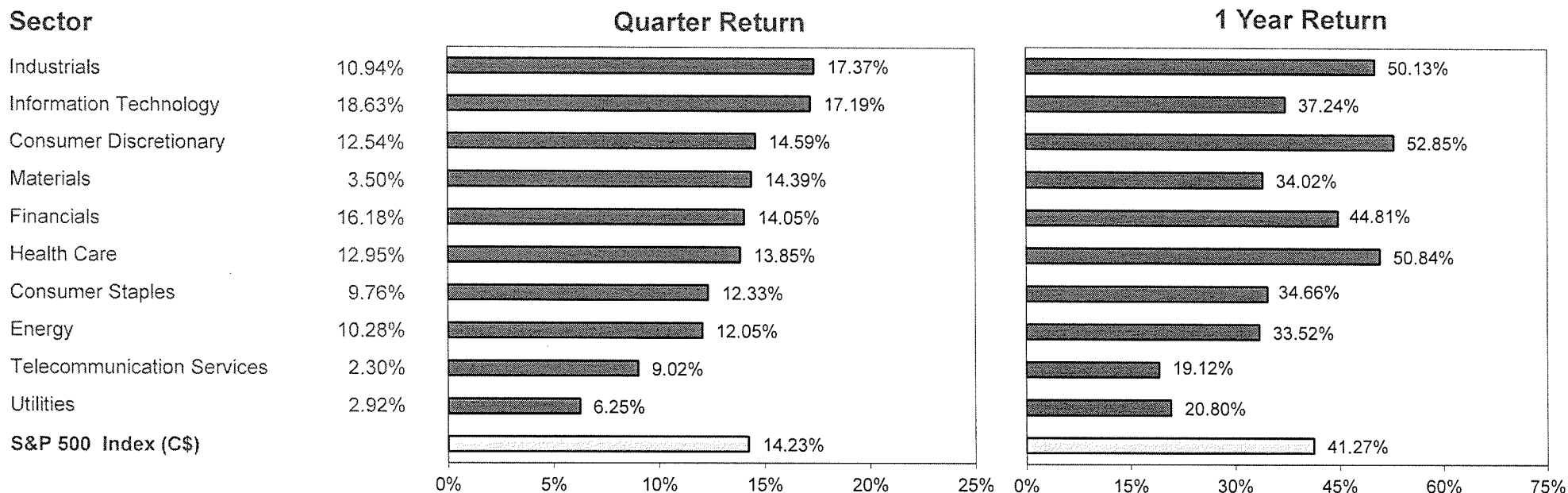


3-Month Commentary

- The S&P/TSX Composite Index gained 7% during the fourth quarter. Nine of its ten sectors rose, led by Industrials, Health Care and Financials. Materials was the only sector to decline.
- Investor sentiment was largely positive over the quarter as headwinds abated and central banks indicated that interest rates are likely to remain low for some time to come, which should be positive for equity markets. Industrial, Health Care and Financial stocks did particularly well, with each of these sectors posting strong quarterly returns.
- Although Canadian equities finished up for both the quarter and the year, they lagged many of their developed-market counterparts as gains were restrained by the struggling Materials sector, which was dragged down by declining gold and precious metal prices.

Sources: TDAM, TMX Group

U.S. Equity Market Update as at December 31, 2013



3-Month Commentary

- The S&P 500 Index rose 14% during the quarter (C\$) and reached yet another all-time high. The Index's gains were broadly based as all ten of its sectors rose, led by Industrials, Information Technology and Consumer Discretionary. The Canadian dollar weakened against its U.S. counterpart, which enhanced returns in Canadian dollar terms.
- The quarter began with investors nervously eyeing Washington as the U.S. government struggled to resolve funding issues and political brinkmanship led to a partial shutdown of federal offices. Fortunately, these setbacks were resolved in mid-October when politicians reached a compromise to temporarily suspend the debt ceiling limit. Following this, investor sentiment was largely positive for the remainder of the quarter as economic data continued to improve, global central banks maintained their supportive policies, and many U.S. companies reported strong profits resulting from extensive cost control initiatives.
- Even the U.S. Federal Reserve's (the Fed) December announcement that it would reduce its monthly asset purchases by \$10-billion didn't seem to dampen sentiment, as investors appeared reassured by the Fed's commitment to keep interest rates low for some time to come, which should be positive for equity markets.

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

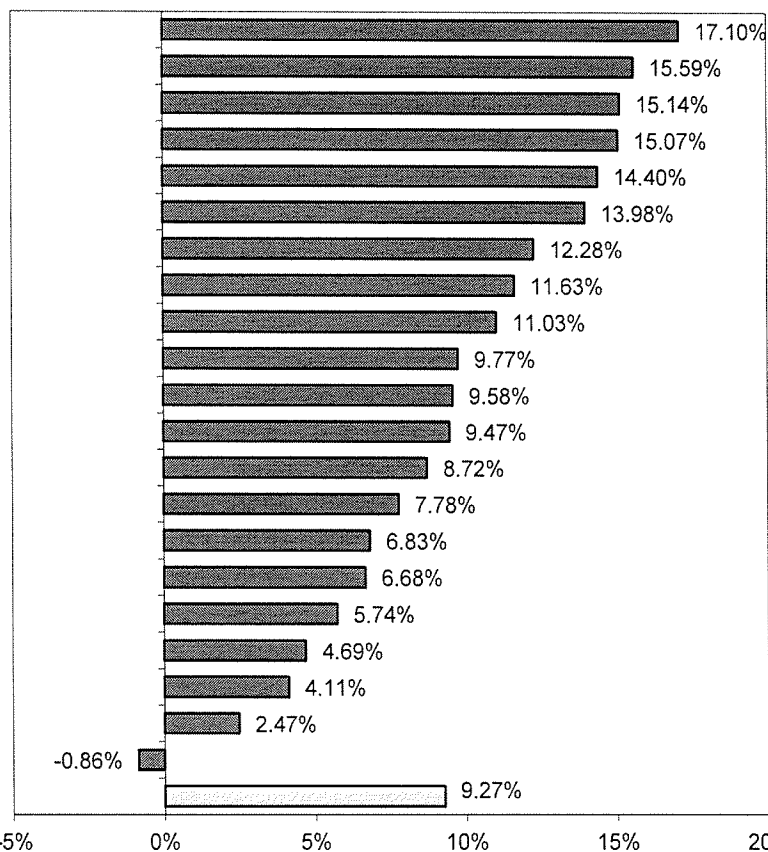
International Equity Market Update as at December 31, 2013



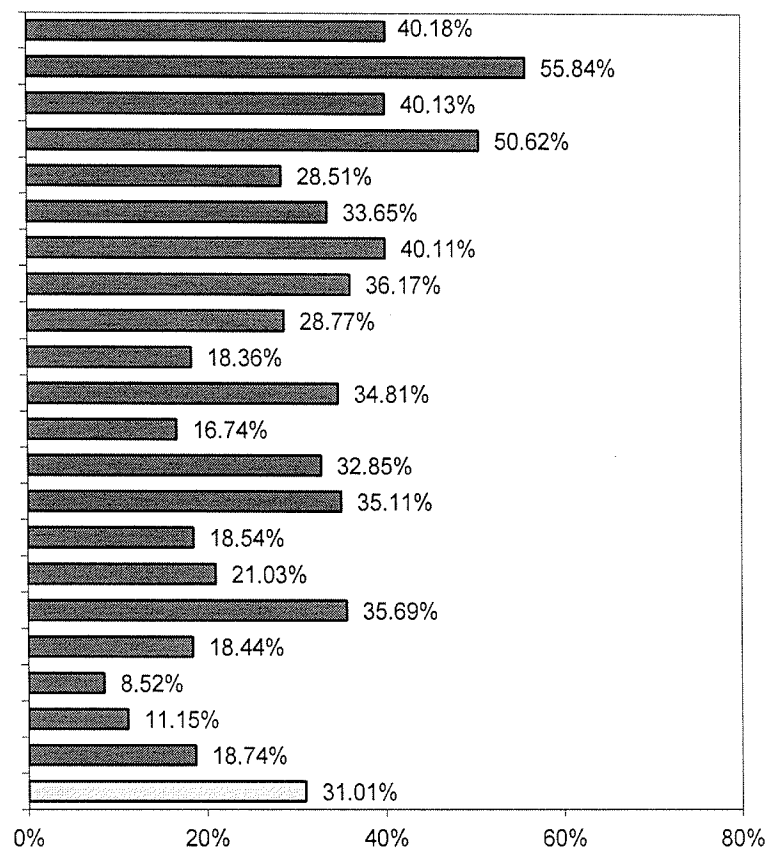
Country Index Weight

Germany	9.49%
Finland	0.91%
Spain	3.36%
Ireland	0.29%
Italy	2.23%
Denmark	1.17%
Netherlands	2.72%
Belgium	1.19%
United Kingdom	21.95%
Israel	0.44%
France	10.03%
Norway	0.81%
Sweden	3.24%
Switzerland	8.91%
Hong Kong	2.84%
Austria	0.27%
Japan	20.92%
Portugal	0.18%
Singapore	1.47%
Australia	7.45%
New Zealand	0.12%

Quarter Return



1 Year Return



3-Month Commentary

- Internationally, equities posted positive returns for the quarter as the MSCI EAFE Index gained 9% in C\$. The Canadian dollar was mixed relative to other major currencies, gaining versus the Japanese yen but declining against the euro and the British pound.
- The quarter began slowly as investors nervously eyed Washington while the U.S. government struggled to resolve funding issues and political brinkmanship led to a partial shutdown of federal offices. Fortunately, these setbacks were resolved in mid-October. Following this, investor sentiment was largely positive for the remainder of the quarter as economic data in the U.S. and Europe continued to improve, and global central banks maintained their supportive policies.
- European stocks were notably strong during the fourth quarter as economic data in the region continued to improve. Equities also benefitted when the European Central Bank cut rates to a historically low 0.25% and pledged to remain accommodative for as long as necessary to foster sustainable economic recovery in Europe.

Sources: TDAM, MSCI Inc.

Equity Market Investment Themes



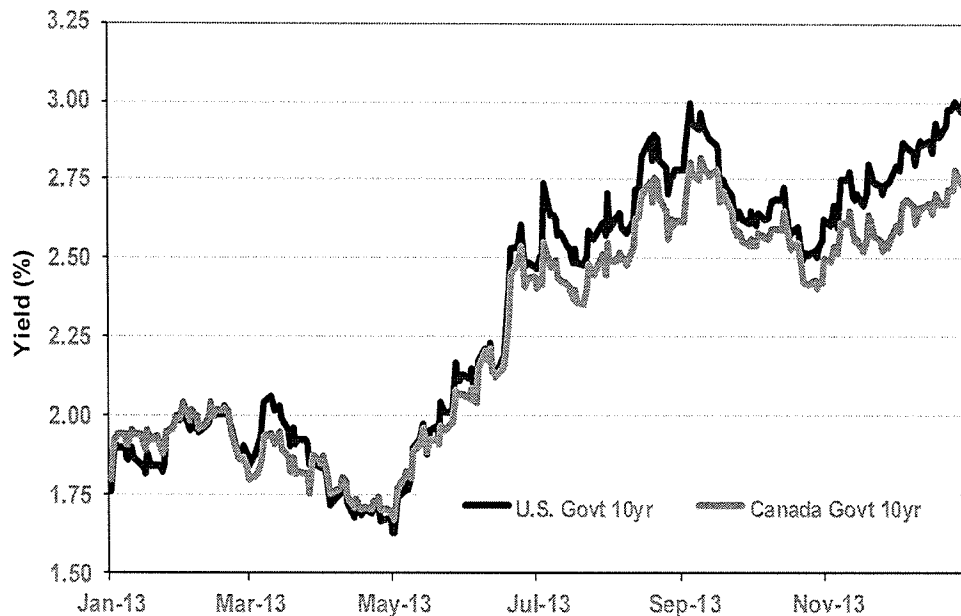
- Correlations between and within global equity markets remains low
- Many corporate balance sheets remain flush with cash – dividend increases and buybacks abound
- Equity yields look attractive relative to historically low bond yields

Source: TDAM
February 2014

Q4 2013 Themes Looking Back

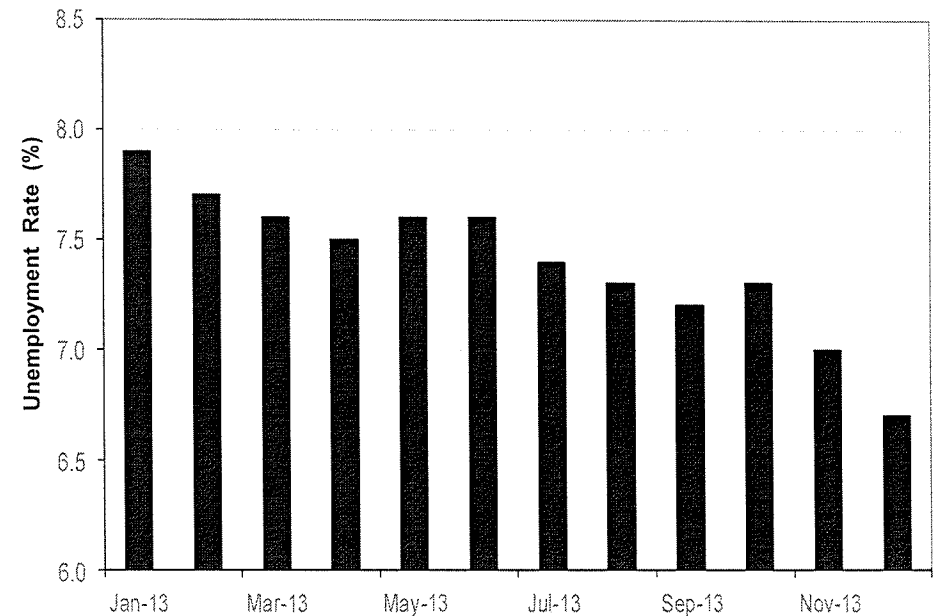
- The U.S. Federal Reserve announced tapering of its Quantitative Easing program
- U.S. debt ceiling averted with interim solution
- Improved U.S. fundamentals supporting economic recovery
- Global equity markets increased on ultra accommodative monetary policy

Yields have trended upwards



Sources: TDAM, Bloomberg Finance L.P.
Data to December 31, 2013

U.S. labour market improved



Sources: TDAM, Bloomberg Finance L.P.
Data to December 31, 2013

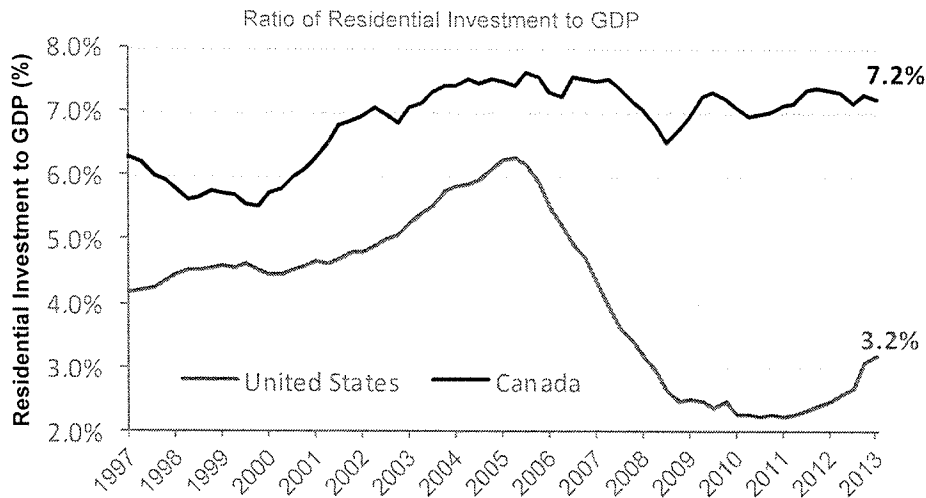
Central Banks remained extremely accommodative

TDAM's Macroeconomic Overview – Looking Forward

U.S. economy and monetary policy

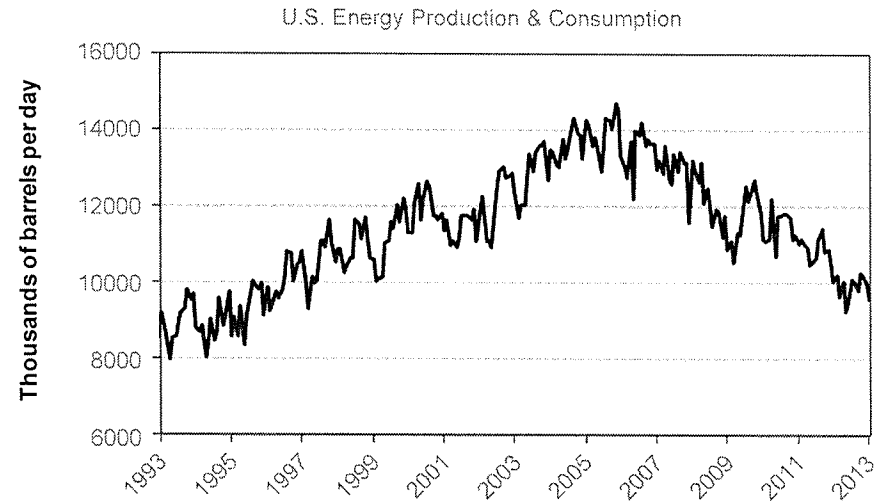


U.S. housing activity has room to rise



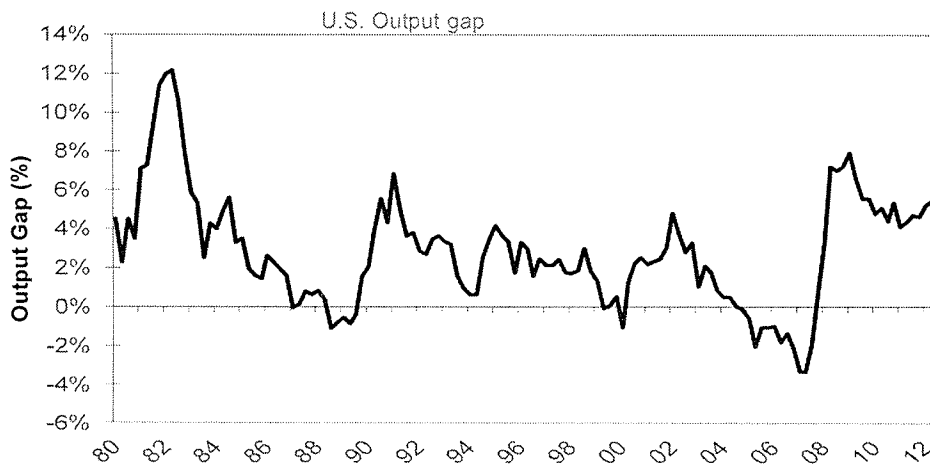
Sources: Statistics Canada, Bloomberg Finance L.P. Data to September 30, 2013.

North America headed to self-sufficiency



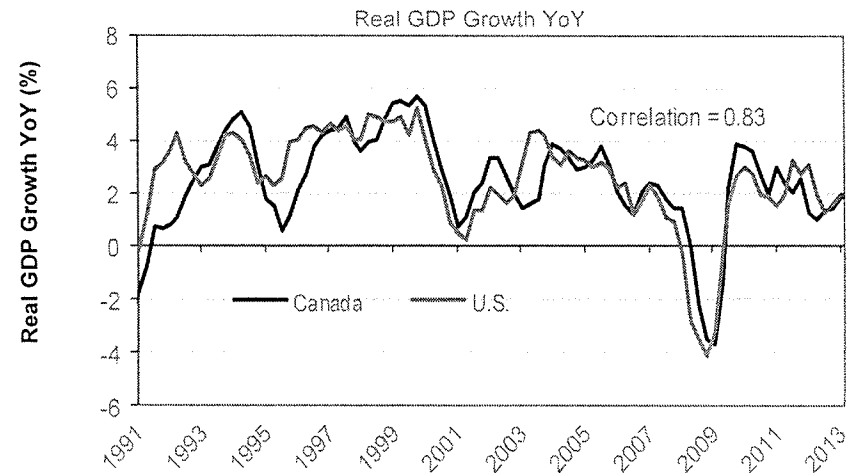
Sources: TDAM, U.S. Energy Information Administration. Data to October 31, 2013.

Higher growth opportunity with limited inflation



Sources: TDAM, Bloomberg Finance L.P. Data to April 30, 2013.

U.S. and Canadian GDP closely related



Sources: TDAM, Bloomberg Finance L.P. Data to September 30, 2013.

TDAM's Macroeconomic Overview – Looking Forward

Asset allocation investment themes



- High government and household debt implies a persistent low-growth, low-return environment
- We remain overweight equities and very underweight fixed income
- Our underweight in fixed income is driven by low yields; we expect short-term rates to remain low for the balance of 2014; we prefer corporate bonds over government bonds
- Continued improvements in the U.S. economy, led by housing, lead us to favour U.S. equities and the U.S. dollar over other geographies
- We expect monetary policy to enter a new regime of decelerating easing, which may create headwinds for highly leveraged, low earnings growth companies with high payout ratios whose main attraction has been yields

Source: TDAM
December 2013

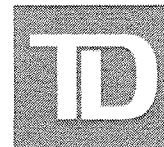
- Preserving capital in a rising rate environment
 - revisiting policy constraints
 - redefining the role of fixed income

- Investors seeking global opportunities
 - home country bias diminishing

- Reassessing asset mix
 - Asset Liability Management studies
 - glide path
 - asset classes (e.g. real assets, absolute return strategies)

Source: TDAM
December 2013

Appendix



TD *Emerald* Canadian Bond Index Fund

Tracking Variance Attribution – December 31, 2013



Fund:	3 Months	1 Year
Canadian Bond Index Fund	0.33%	-1.34%
DEX Universe Bond Index	0.38%	-1.19%
Difference	-0.05%	-0.14%
Attribution:		
Exclusion of BBBs ❶	-0.03%	-0.12%
Transaction Costs ❷	0.00%	-0.01%
Misweightings ❸	-0.02%	-0.01%
Fund Expenses/Securities Lending ❹	0.00%	0.00%
Total	-0.05%	-0.14%

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

Sources: TDAM, PC-Bond Analytics
 Numbers may not add due to rounding
 Please see Slide 27 for standard fund performance data

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TD *Emerald* Canadian Equity Index Fund

Tracking Variance Attribution – December 31, 2013



Fund:	3 Months	1 Year
Canadian Equity Index Fund	7.28%	12.99%
S&P/TSX Composite TR Index	7.29%	12.99%
Difference	-0.01%	0.00%
Attribution:		
Weighting Deviations ❶	-0.01%	-0.01%
Transaction Costs ❷	0.00%	-0.01%
Fund Expenses ❸	0.00%	0.02%
Index Changes/Implementation/Other ❹	0.00%	0.00%
Total	-0.01%	0.00%

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

Source: TDAM, TMX Group

Numbers may not add due to rounding

Please see Slide 27 for standard fund performance data

TD *Emerald* U.S. Market Index Fund

Tracking Variance Attribution – December 31, 2013



Fund:	3 Months	1 Year
U.S. Market Index Fund	14.12%	40.76%
S&P 500 Total Return Index ND (C\$)	14.05%	40.37%
Difference	0.07%	0.38%
Attribution:		
Weighting Deviations ❶	-0.02%	-0.04%
Transactions Costs ❷	0.00%	0.00%
Fund Expenses ❸	0.00%	-0.03%
Withholding Tax Differential ❹	0.09%	0.45%
Index Changes/Implementation/Other ❺	0.00%	0.00%
Total	0.07%	0.38%

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

Source: TDAM, Standard & Poor's
 Numbers may not add due to rounding
 Please see Slide 27 for standard fund performance data

TD *Emerald* International Equity Index Fund

Tracking Variance Attribution – December 31, 2013



Fund:	3 Months	1 Year
International Equity Index Fund	9.26%	31.12%
MSCI EAFE TR Index ND (C\$)	9.27%	31.01%
Difference	-0.01%	0.11%
Attribution:		
Weighting Deviations ①	0.01%	0.01%
Withholding Tax Differential ②	-0.02%	0.05%
Transaction Costs ③	0.00%	-0.01%
Pricing ④	0.00%	0.00%
Fund Expenses ⑤	0.00%	0.06%
Index Changes/Implementation/Other ⑥	0.00%	0.00%
Total	-0.01%	0.11%

- 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.

Source: TDAM, MSCI
 Numbers may not add due to rounding
 Please see Slide 27 for standard fund performance data

TD *Emerald* Pooled Funds

Performance as at December 31, 2013



TD <i>Emerald</i> Funds	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	AUM as at 12/31/2013 (billion)
Canadian Bond Index Fund	0.33%	-1.34%	3.86%	4.63%	5.08%	7.47%		
DEX Universe Bond Index	0.38%	-1.19%	3.93%	4.78%	5.16%	7.51%	Aug. 7, 1991	\$5.180
Difference	-0.05%	-0.14%	-0.07%	-0.16%	-0.09%	-0.04%		
Canadian Equity Index Fund	7.28%	12.99%	3.41%	11.91%	7.99%	8.88%		
S&P/TSX Composite TRI	7.29%	12.99%	3.40%	11.92%	7.97%	8.73%	Jul. 4, 1991	\$5.229
Difference	-0.01%	0.00%	0.01%	-0.01%	0.02%	0.15%		
U.S. Market Index Fund	14.12%	40.76%	18.38%	14.06%	4.97%	4.34%		
S&P 500 TRI ND (C\$)	14.05%	40.37%	18.04%	13.71%	4.67%	4.17%	Aug. 29, 1997	\$2.174
Difference	0.07%	0.38%	0.35%	0.35%	0.29%	0.17%		
International Equity Index Fund	9.26%	31.12%	10.76%	9.24%	4.94%	3.75%		
MSCI EAFE TRI ND (C\$)	9.27%	31.01%	10.61%	9.11%	4.84%	3.82%	Jul. 31, 1995	\$3.065
Difference	-0.01%	0.11%	0.15%	0.13%	0.10%	-0.07%		

Sources: TDAM, PC-Bond Analytics, TMX Group, Standard & Poor's, MSCI

Returns: Net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized

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Investment Mandates



Mandates	Benchmark Index	AUM	Performance	Tracking Target (%)		
			1 Year	Over 1 Year	Over 4 Years	
Fixed Income	Segregated Real Return Bonds (buy-and-hold)	N/A	\$786,305,828	-1.04%	N/A	N/A
	Segregated Short-Term Bonds	DEX Short Term Bond Index	\$90,420,707	2.12%	± 0.20	± 0.10
	Universe Bonds (no BBB-rated corporates)	DEX Universe Bond Index	\$57,396,159	1.36%	± 0.20	± 0.10
Equities	Canadian Equities ¹	S&P/TSX Composite Total Return Index	\$70,129,098	14.33%	± 0.30	± 0.15
	U.S. Equities	S&P 500 Total Return Index ND (C\$)	\$34,757,562	34.51%	± 0.30	± 0.15
	International Equities	MSCI EAFE Total Return Index ND (C\$)	\$34,645,749	28.58%	± 0.60	± 0.30

¹ Canadian Equity exposure history:

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

² Does not include cash assets of \$64,079

As at February 28, 2014

Source: TDAM, Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2010)

Total Assets Under Management (AUM)²
\$1,073,655,103

Tracking within expected tolerances

Fixed Income Fund Mandates

Performance as at February 28, 2014



Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	-1.04%	5.00%	5.76%	7.82%	6.02%	7.65%
Segregated Short Term Bonds	2.12%	3.17%	2.95%	3.35%	3.93%	4.94%
DEX Short Term Bond Index	2.10%	3.12%	2.92%	3.40%	3.93%	4.95%
Difference	0.02%	0.05%	0.03%	-0.05%	0.00%	-0.01%
TD <i>Emerald</i> Canadian Bond Index Fund	1.36%	4.93%	4.79%	5.30%	5.11%	6.08%
DEX Universe Bond Index	1.48%	5.02%	4.87%	5.46%	5.19%	6.15%
Difference	-0.12%	-0.09%	-0.08%	-0.16%	-0.08%	-0.07%

Accounts Inception Date: February 29, 2000

Sources: TDAM, PC-Bond Analytics

Returns: Net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized

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Equities Mandates

Performance as at February 28, 2014



TD <i>Emerald</i> Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Canadian Equities ¹	14.33%	2.86%	7.84%	14.60%	7.68%	5.80%
Blended Benchmark ²	14.34%	2.86%	7.85%	14.62%	7.67%	5.62%
Difference	-0.01%	0.00%	-0.01%	-0.02%	0.01%	0.18%
U.S. Market Index Fund	34.51%	18.89%	17.30%	19.26%	4.77%	1.83%
S&P 500 Total Return Index ND (C\$)	34.15%	18.54%	16.96%	18.92%	4.47%	1.61%
Difference	0.36%	0.35%	0.34%	0.34%	0.30%	0.22%
International Equity Index Fund	28.58%	11.42%	11.26%	14.53%	4.73%	1.50%
MSCI EAFE Total Return Index ND (C\$)	28.44%	11.26%	11.11%	14.43%	4.62%	1.50%
Difference	0.14%	0.16%	0.15%	0.10%	0.11%	0.00%

¹ Canadian Equity exposure history:

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

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

Account Inception Date: February 29, 2000

Source: TDAM, TMX Group, Standard & Poor's, MSCI

Returns: Net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized

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Portfolio Management

Matthew Pauls CFA, Vice President

18 years experience

Matthew Pauls joined TD Asset Management Inc. (TDAM) in 2004 after 9 years of experience with TD Canada Trust. Matthew is a Senior Portfolio Manager responsible for managing retail and institutional fixed income portfolios. This responsibility includes mandates for TD Mutual Funds and TD Private Funds, as well as insurance, corporate, pension, endowment and union clients. Prior to joining the Fixed Income Team, Matthew managed a team responsible for the implementation of portfolio strategies for the discretionary management programs of TD Wealth. Matthew received his Bachelor of Commerce degree from the University of Toronto and is a CFA charterholder.

Relationship Management

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

22 years experience

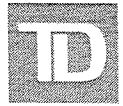
Rachna joined TD Asset Management Inc. (TDAM) in September 2010. Her primary responsibility is for the quality of our overall client service relationship. She maintains ongoing dialogue with our clients to ensure that we fully understand their current and evolving needs, and that we take a proactive 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

16 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 9 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 9 year tenure at TD Canada Trust.

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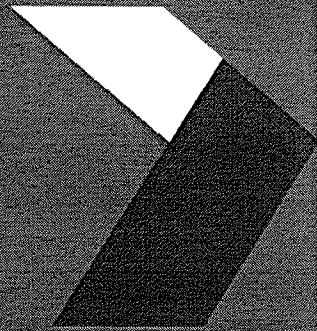
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TAB E

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, 2013. During this fiscal year Eckler Ltd completed a review of the duration matching strategy of the Trust Fund as at December 31, 2010 and recommended a revised Real Return Bond allocation, and provided continuing assistance to the Joint Committee on a number of issues including: preparation for 2013 Fund Sufficiency Review; 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 2014; various discussions with counsel; and other miscellaneous items.

TAB F



Hepatitis C Settlement Trust Fund

Investment Summary as at December 31, 2013

April 17, 2014

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-13			Dec-12		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long Term	Real Return Bonds	Passive	80.0%	697,549	74.5%		786,027	79.0%	
	Universe Bonds	Index	6.0%	56,253	6.0%		59,076	5.9%	
	Canadian Equity	Index	7.0%	82,677	8.8%		75,112	7.5%	
	US Equity	Index	3.5%	49,555	5.3%		35,944	3.6%	
	EAFE Equity	Index	3.5%	49,420	5.3%		38,818	3.9%	
	Cash		0.0%	475	0.1%		218	0.0%	
			100.0%	935,929	100.0%	78.6%	995,194	100.0%	79.3%
Short Term									
	Short Term Bonds	Index		92,072			89,506		
	Cash			47			252		
				92,119		7.7%	89,758		7.1%
Total Invested Assets *				1,028,048		86.4%	1,084,952		86.4%
Provinces/Territories' Notional Assets (net of prepayments/include outstanding payments)				162,152		13.6%	170,559		13.6%
Total Assets				1,190,199		100.0%	1,255,512		100.0%

* Total Invested Assets includes prepayments from Yukon

Split of Invested Assets between:	Dec-13	Dec-12
Long Term Fund	91.0%	91.7%
Short Term Fund	9.0%	8.3%
Total Invested Assets	100.0%	100.0%

Totals may not add due to rounding

Comments on Asset Summary

As of December 31, 2013

- > **Weighting for real return bonds is currently 5.5% below their benchmark of 80% of the Long Term Fund**
 - This is a decrease from December 31, 2012 (1.0% below benchmark)

- > **Universe bonds are right at their benchmark of 6%**
 - This is slightly increased from the weight as at December 31, 2012 of 5.9%

- > **Equities are above their benchmark by 5.4%**
 - At December 31, 2012 they were around 1.0% above 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 91.7% to 91.0%, while the Short Term Fund has increased from 8.3% to 9.0% during the fiscal year**

Asset Development

(\$,000's)

	Invested Assets ¹				Provinces/ Territories' Notional Assets ¹	Total Assets
	Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Total Invested Assets		
Initial, at December 31, 2012	786,181	209,014	89,758	1,084,952	170,559	1,255,512
Investment Income (realized and unrealized)	(66,751)	34,809	1,471	(30,471)	1,611	(28,860)
Inflow: Recoveries from Provinces Additional prepayments	-	-	10,008	10,008	(10,008)	0
	-	-	10	10	(10)	-
Outflow: Benefit Payments Expenses	-	-	(33,667)	(33,667)	-	(33,667)
	-	-	(2,785)	(2,785)	-	(2,785)
Transfers between funds	(21,470)	(5,854)	27,324	(0)	-	-
Closing, at December 31, 2013	697,959 ²	237,969 ²	92,119	1,028,048	162,152	1,190,199

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 decreased since December 31, 2012 by \$56.9m**
 - As a result of negative investment returns and the "federal" 8/11ths share of the total payouts
- > **The Provinces/Territories' Notional Assets have decreased by \$8.4m**
 - 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 decreased by \$65.3m**
- > **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 \$27m**
 - \$21m from real return bonds in June and December 2013
 - \$6m from other long term funds - spread over the period

Provinces/Territories' Notional Assets

(\$,000's)

	Gross Provinces/Territories' Notional Assets	Less Yukon prepayments	Net Provinces/Territories' Notional Assets
Initial, at December 31, 2012	170,564	4	170,559
Interest Credits	1,611	-	1,611
Additional Prepayments	-	10	(10)
3/11th share of benefits/expenses	(10,008)	-	(10,008)
Closing, at December 31, 2013	162,166	14	162,152

Note: Totals may not add due to rounding

Investment Returns

Fund	Portfolio	Fiscal Year ending			Quarterly Returns Fiscal Dec 2013			
		Dec-11	Dec-12	Dec-13	Mar-13	Jun-13	Sep-13	Dec-13
Long term	Real Return Bonds	15.2%	2.7%	-8.5%	-0.6%	-7.0%	0.0%	-1.0%
	Universe Bonds	9.8%	3.4%	-1.3%	0.7%	-2.4%	0.1%	0.3%
	Canadian Equity	-9.5%	6.9%	13.0%	3.3%	-4.1%	6.2%	7.3%
	US Equity	4.3%	13.0%	40.8%	12.8%	6.8%	2.5%	14.1%
	EAFE Equity	-9.8%	14.9%	31.1%	7.3%	2.9%	8.7%	9.3%
	Total	11.9%	4.0%	-3.2%	0.5%	-5.5%	1.0%	0.9%
Short Term	Short Term Bonds	4.7%	2.1%	1.8%	0.9%	-0.6%	0.7%	0.8%
Total Invested Assets		11.4%	3.8%	-2.8%	0.6%	-5.2%	1.0%	0.9%
Provinces/Territories' Notional Assets		0.9%	0.9%	1.0%	0.2%	0.2%	0.3%	0.2%
Total Assets		9.8%	3.4%	-2.3%	0.5%	-4.4%	0.9%	0.8%

Notes:

The 2011, 2012 and 2013 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 negative 2.3% for the 2013 calendar year is the result of all negative returns on real return and universe bonds, offset somewhat by positive returns on all other component portfolios.
- > US equities produced the best returns in 2013 of 40.8%, followed by the EAFE equities of 31.1%
- > Real Return Bonds produced the worst returns in 2013 of negative 8.5%, as a result of the increase in real return bond yield
- > The Provinces/Territories' Notional Assets increase with interest at the 3-month T-bill rate; in 2013, these rates were higher than the returns on the invested assets

Tracking Error

		Fiscal Year ending				4 years to Dec 2013	Target tracking error	
		Dec-10	Dec-11	Dec-12	Dec-13		1 year	4 years
Universe Bonds	Actual	6.6%	9.8%	3.4%	-1.3%	4.55%		
	Index	6.7%	9.7%	3.6%	-1.2%	4.63%		
	t/e	-0.1%	0.1%	-0.2%	-0.1%	-0.08%	0.20%	0.10%
Canadian Equity	Actual	16.9%	-9.5%	6.9%	13.0%	6.31%		
	Index	16.9%	-9.6%	6.9%	13.0%	6.31%		
	t/e	0.0%	0.1%	0.0%	0.0%	0.00%	0.30%	0.15%
US Equity	Actual	8.7%	4.3%	13.0%	40.8%	15.89%		
	Index	8.4%	4.0%	12.7%	40.4%	15.55%		
	t/e	0.3%	0.3%	0.3%	0.4%	0.34%	0.30%	0.15%
EAFE Equity	Actual	2.2%	-9.8%	14.9%	31.1%	8.56%		
	Index	2.1%	-10.0%	14.7%	31.0%	8.42%		
	t/e	0.1%	0.2%	0.2%	0.1%	0.14%	0.60%	0.30%
Short Term Bonds	Actual	3.5%	4.7%	2.1%	1.8%	3.02%		
	Index	3.6%	4.7%	2.0%	1.7%	2.98%		
	t/e	-0.1%	0.0%	0.1%	0.1%	0.04%	0.20%	0.10%

Comments on Tracking Error

- > US Equity had a tracking error outside the target range for both one and four years ending 2013,
- > All other portfolios met their tracking error target over both one and four years for 2013

TAB G

**1986-1990 Hepatitis C Claims Centre
Annual Report for the Period Ending December 31, 2013**

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 14

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. Updated the list of HCV Approved Medications as new treatments became generally accepted by the medical community.
5. Prepared required claim and financial data with respect to the triennial financial sufficiency review as of December 31, 2013.
6. Distributed notice to Class Members regarding the proposed protocol for claim requests received after the First Claim Deadline of June 30, 2010.
 - a. Updated the www.hepc8690.ca website frequently to keep Class Members informed of the progress of the hearings regarding the proposed protocol and to allow them to view the application material filed with the Courts.
 - b. 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 and who may meet the criteria for the proposed protocol.
7. Continued to work in collaboration with Canadian Blood Services, Héma-Québec, provincial hepatitis c programs, and medical experts.
8. Updated the www.hepc8690.ca website monthly and as needed.
9. Prepared files for Fund Counsel, Referees, and Arbitrators and attended four (4) in person hearings and nine (9) by conference call.

Key Claims Evaluation Statistics as of December 31, 2013

Funds disbursed	\$776,887,119.43
Claims received	17,061
Claims approved	13,750
Claims denied	2,526
Claims in progress	785
Appeals	470
Decisions Rendered	332
Mediated/Withdrawn/Rescinded/Archived	113
Traceback requests initiated	4,963

Crawford continues to meet or exceed all service performance criteria.

TAB H

CCAS HEP C 86 - 90 Reconciliation 2013

Balance owing December 31 2012		<u>\$ 85,190.94</u>
2013 Budgeted Amounts		
HEP C		\$ 745,000.00
GST / HST		\$ 96,850.00
Total Budget Year 2013		<u>\$ 841,850.00</u>
Activity Adjustment	\$ -	
HST 13%	\$ -	
Third Party Expenses	\$ 9,589.84	
HST 13%	\$ 1,246.68	
Appeals Cost	\$ 4,028.34	
HST 13%	\$ 523.68	
Notice Project Cost	\$ 13,475.50	
HST 13%	\$ 1,751.82	
Drug Therapy Survey Cost	\$ 12,437.00	
HST 13%	\$ 1,616.81	
Total Activity, Third Party, Appeals, Notice, Drug Therapy & Taxes		<u>\$ 44,669.67</u>
Payments made in 2013		
Re Budget Year 2012		\$ 85,190.94
Re Budget Year 2013		\$ 841,849.44
Total Paid in 2013		<u>\$ 927,040.38</u>
Balance owing from HEP C Settlement Fund at December 31 2013 re 2013		<u>\$ 44,669.67</u>

TAB I

**SUMMARY OF JOINT COMMITTEE WORK
DURING FOURTEENTH YEAR OF OPERATIONS (2013)**

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. The maximum obligations to the Trust 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%).
2. In 2013, approximately \$33.4 million in claims were paid. Operating expenses of administration and all service providers were approximately \$3.1 million. The total amount paid for claims over the life of the settlement now totals approximately \$776.9 million.
3. In 2013, the invested assets held by the Trustee decreased by about \$19.2 million (net of payments out) as there was a 2.8 % negative return on the total invested assets. As at December 31, 2013, the value of the Trust Fund was approximately \$1.029 billion and the unpaid liability of the provincial and territorial governments was approximately \$160.3 million, such that there was a total of approximately \$1.189 billion available to satisfy the claims of class members.
4. The most time consuming issues for members of the Joint Committee in 2013 were:
 - (a) preparing the material and motion for the court approval of the 2012 Annual Report and Financial Statements;
 - (b) the applications filed by Class Counsel seeking approval of a protocol in connection with those who contacted the Administrator after the First Claim Deadline who did not meet the requirements of the two previously approved protocols;
 - (c) the applications filed by Class Counsel relating to the jurisdiction of the Court to conduct hearings outside their respective provincial boundaries, appeals relating to those applications, and a related application issued by the Province of Ontario;
 - (d) overseeing the design, implementation and reporting of the Drug Therapy Survey of approved claimants conducted by the Administrator;
 - (e) seeking an amendment of the investment guidelines of the Trust Fund and coordinating with TD Asset Management the rebalancing of the Real Return Bond portfolio to better match the Trust Fund's liabilities;

- (f) conducting preliminary work in connection with the financial sufficiency review triggered at December 31, 2013 (the “**2013 Financial Sufficiency Review**”), including discussions with the medical model working group, the Joint Committee’s actuaries, and the federal government;
 - (g) preparing the material and motion for approval of the 2014 Annual Budget.
5. Other projects commenced and/or completed by the Joint Committee in 2013 were:
- (a) gathering medical information regarding newly licensed Hepatitis C drug treatments that are not insured treatments and discussing these treatments and the funding of them with the Joint Committee’s medical consultants and the Administrator;
 - (b) considering amendments to the existing two court approved protocols in respect of late claims;
 - (c) preparing motion materials approving a budget for the medical model working group for its work in connection with the 2013 Financial Sufficiency Review; and
 - (d) 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.

PORTFOLIO OVERSIGHT

7. In 2013, the invested portion of the Trust Fund closed at \$1.029 billion, which was down approximately \$57 million from the previous year. Approximately \$33.4 million in claims were paid, which was more than the previous year.¹ Approximately \$3.1 million in administration and service provider expenses were paid, which is a 9.5% increase in expenses from the previous year.² The obligation of the provinces which fund on a pay as you go basis is estimated to be about \$160.3 million as at December 31, 2013.
8. 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. Overall, there was a 2.8% negative return on the total invested assets in 2013. Investment returns have declined over the last two years along with the bond market.³ In 2013, the value of the invested assets of the Trust Fund decreased by about \$19.2 million (net of payments to claimants and expenses of administration of the Settlement).
9. The vast majority of the assets (approximately \$698.3 million) are invested in Government of Canada Real Return Bonds, which produced a negative return of 8.54% in 2013. This was a marked departure from the return on these bonds in previous years.⁴ The negative performance is a result of the increase in real return bond yield. The return on these bonds since inception is 7.28%.
10. The next largest asset class is short term bonds, which produced a return of 1.8% in 2013. Again, this was less than in previous years.⁵ The return on these bonds since inception is approximately 4.9%.
11. The “other” invested assets, which include Canadian and foreign equities and bond funds, performed much more favourably. The return on Canadian equities was 13.0%, which was a substantial improvement over prior years.⁶ The return on Canadian equities since inception is 5.5%. The return on US equities was a staggering 40.8%, which was a substantial improvement over prior years.⁷ The return on US equities since inception is 1.5%. The return on international equities was also very favourable at 31.1%, which was

¹ In 2012, approximately \$31.0 million in claims were paid. In 2011, approximately \$37.7 million was paid.

² In 2012, the operating expenses were approximately \$2.8 million.

³ In 2012, the return on total invested assets was 1.5%. In 2011, the return was 8.1%.

⁴ In 2012, the return on Government of Canada Real Return Bonds was 2.7%. In 2011, the return was 15.2%.

⁵ In 2012, the return on short term bonds was 2.1%. In 2011, the return was 4.7%.

⁶ In 2012, the return on Canadian equities was 6.9%. In 2010, the return was -9.5%.

⁷ In 2012, the return on US equities was 13.0%. In 2010, the return was 4.3%.

also a substantial improvement over prior years.⁸ The return on international equities since inception is 1.1%. The return on Canadian bonds was -1.3%, which was less than in prior years.⁹ The return on Canadian bonds since inception is 5.9%. The return on short term bonds was 1.8%, which was less than in prior years.¹⁰ The return on short term bonds since inception is 4.9%.

12. The Trust Fund met the one year and four year tracking ranges set in the Investment Guidelines for the Trust Fund (as revised in 2010) for all portfolios except US equities, which had a tracking error outside the one year and four year target range ending 2013.
13. In accordance with the Investment Guidelines, in January 2014, TDAM advised the Joint Committee that the real return bond allocation of the long-term fund as at December 31, 2013 was outside of its allowable asset mix range at the end of the quarter. The Joint Committee authorized the sale of approximately \$47 million of equities to purchase real return bonds in order to effect this rebalancing, which was completed at the beginning of February 2014.
14. In 2013, the Joint Committee sought and received the Courts' approval to revise the Investment Guidelines to better match the duration of the Trust Fund's assets to projected liabilities. This process commenced at the end of 2013 and was completed on April 4, 2014.

⁸ In 2012, the return on international equities was 14.9%. In 2011, the return was -9.8%.

⁹ In 2012, the return on Canadian bonds was 3.4%. In 2011, the return was 9.8%.

¹⁰ In 2012, the return on short term bonds was 2.1%. In 2011, the return was 4.7%.

TAB J

YEAR 14 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2013 to December 31, 2013**

GENERAL

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
General Fees	\$234,577.50	\$131,622.50	\$148,526.50	\$225,870.00	\$740,596.50
General Disbursements	\$26,683.14	\$6,755.15	\$12,343.77	\$20,895.83	\$66,677.89
GST	\$13,030.14	\$6,918.88	\$0.00	\$0.00	\$19,949.02
PST	\$3,484.24	\$13,803.17	\$0.00	\$0.00	\$17,287.41
HST	\$0.00	\$0.00	\$20,160.62	\$32,079.55	\$52,240.17
Total	\$277,775.02	\$159,099.70	\$181,030.89	\$278,845.38	\$896,750.99

SUFFICIENCY-RELATED

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Sufficiency Fees	\$67,630.00	\$12,407.50	\$5,060.00	\$97,601.00	\$182,699.00
Sufficiency Disbursements	\$2,134.60	\$686.74	\$0.00	\$6,449.05	\$9,270.39
GST	\$17,209.14	\$654.72	\$0.00	\$0.00	\$17,863.86
PST	\$4,770.08	\$1,306.15	\$0.00	\$0.00	\$6,076.23
HST	\$0.00	\$0.00	\$657.80	\$13,526.64	\$14,184.44
Total	\$91,743.82	\$15,055.11	\$5,717.80	\$117,577.69	\$230,093.42

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

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Total
Total Fees	\$302,207.50	\$138,377.65	\$153,586.50	\$323,472.00	\$917,643.65
Total Disbursements	\$28,817.50	\$13,094.24	\$12,343.77	\$27,344.88	\$81,600.39
GST	\$30,239.28	\$7,573.60	\$0.00	\$0.00	\$37,812.88
PST	\$8,254.32	\$15,109.32	\$0.00	\$0.00	\$23,363.64
HST	\$0.00	\$0.00	\$20,818.42	\$45,606.19	\$66,424.61
Total	\$369,518.60	\$174,154.81	\$186,748.69	\$396,423.07	\$1,126,845.17

TAB K

**REPORT OF FUND COUNSEL
(FOR 2013 YEAR END)**

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, 2013 to December 31, 2013**, 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, 2013	318
Number of appeals received from January 1, 2013 to December 31, 2013	2
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2013	220
Number of completed appeals (decisions rendered) from January 1, 2013 to December 31, 2013	5
Number of total withdrawals from the beginning to December 31, 2013	43
Number of withdrawals from January 1, 2013 to December 31, 2013	2
Number of total rescissions of denial from the beginning to December 31, 2013	22
Number of rescissions of denial from January 1, 2013 to December 31, 2013	0
Number of total Mediated Appeals from January 1, 2013 to December 1, 2013	7
Number of Mediated appeals from January 1, 2013 to December 31, 2013	0
Number of Archived Appeals	6
Number of pending Appeals as of December 31, 2013 (subtotal-see below)	20
Number of total requests for judicial confirmation from the beginning to December 31, 2013	54
Number of requests for judicial confirmation from January 1, 2013 to December 31, 2013	1
Number of total judicial decisions from the beginning to December 31, 2013	43
Number of judicial decisions from January 1, 2013 to December 31, 2013	4
Number of Appeals Justice Winkler has sent back to Referee up to December	4

31, 2013	
Number of Appeals that have been sent back that now have Final Decision	3
Number of Appeals sent back by Justice Winkler that have been withdrawn by claimant up to December 31, 2013	1
Total Number of pending Appeals as of December 31, 2013 including Appeals sent back to Referee by Justice Winkler	20

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

Ontario Fund Counsel incurred fees of **\$198,535.00** plus GST/HST on fees in the amount of **\$25,809.56**. Ontario Fund Counsel incurred disbursements in the amount of **\$6,367.60** plus GST/HST on disbursements in the amount of **\$827.79**, **\$4,360.44** of which related to travel expenses. No expert witness expenses were incurred. With taxes, the total amount of fees and disbursements incurred is **\$231,539.95**.

(b) **Quebec Fund Counsel**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2013:	79
Number of appeals received from January 1, 2013 to December 31, 2013:	1
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2013:	63
Number of completed appeals (decisions rendered) from January 1, 2013 to December 31, 2013:	2
Number of total withdrawals from the beginning to December 31, 2013:	10
Number of withdrawals from January 1, 2013 to December 31, 2013:	0
Number of total mediated appeals from the beginning to December 31, 2013:	1
Number of mediated appeals from January 1, 2013 to December 31, 2013:	0
Number of total rescissions of denial from the beginning to December 31, 2013:	5
Number of rescissions of denial from January 1, 2013 to December 31, 2013:	0

Number of pending appeals as of December 31, 2013:	0
Number of total requests for Judicial confirmation from the beginning to December 31, 2013:	22
Number of requests for Judicial confirmation from January 1, 2013 to December 31, 2013	1
Number of total Judicial decisions from the beginning to December 31, 2013:	20
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2013	1
Number of judicial decisions from January 1, 2013 to December 31, 2013:	1

Quebec Fund Counsel incurred fees of **\$9,805.00** plus tax on fees in the amount of **\$1,274.66**. Quebec Fund Counsel incurred disbursements in the amount of **\$486.41** plus tax on disbursements in the amount of **\$63.23**. There were no costs incurred with respect to expert fees or travel expenses. With taxes, the total amount of fees and disbursements incurred in Quebec is **\$11,629.30**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2013:	73
Number of appeals received from January 1, 2013 to December 31, 2013:	2
Number of total completed appeals (dec rendered) from the beginning to December 31, 2013:	49
Number of completed appeals (dec rendered) from January 1, 2013 to December 31, 2013:	0
Number of total withdrawals from the beginning to December 31, 2013:	14
Number of withdrawals from January 1, 2013 to December 31, 2013:	0
Number of total rescissions from the beginning to December 31, 2013:	0
Number of rescissions from January 1, 2013 to December 31, 2013:	0
Number of total mediated appeals from the beginning to December 31, 2013:	1

Number of mediated appeals from January 1, 2013 to December 31, 2013:	0
Number of Archived Appeals	4
Number of Archived Appeals from January 1, 2013 to December 31, 2013	1
Number of pending appeals as of December 31, 2013:	5
Number of total requests for judicial confirmation from the beginning to December 31, 2013:	19
Number of requests for judicial confirmation from January 1, 2013 to December 31, 2013:	0
Number of total judicial decisions from the beginning to December 31, 2013:	19
Number of judicial decisions from January 1, 2013 to December 31, 2013	0

B.C. Fund Counsel incurred fees in the amount of **\$59,172.00** plus tax. B.C. Fund Counsel incurred disbursements in the amount of **\$529.07** plus tax. The total amount of taxes incurred on fees and expenses is **\$7,128.61** (unable to break down as HST was paid for a portion of the year and GST/PST was paid for the remainder). There were no costs incurred with respect to expert fees or travel expenses. With taxes, the total amount of fees and disbursements incurred in B.C. is **\$66,829.68**.

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.

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TABL

Annual Report 2013

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 15 Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, three 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 continues to decline.

Financial Activity to December 31, 2013

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:	\$ 2,847.50	\$ 8,500.00	\$ 19,632.08
Disbursements:	\$ 3.56	\$ 135.10	\$ 2,541.56
Taxes on fees:	\$ 342.13	\$ 431.75	\$ 2,320.20
TOTALS	\$ 3,193.19	\$ 9,066.85	\$ 24,493.84

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 2014 Budget be set at an amount equal to that actually paid in 2013.