

HEPATITIS C
CLASS ACTION SETTLEMENT
1986-1990

YEAR 15

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2014

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January 1, 1986 to July 1, 1990

HEPATITIS C

CLASS ACTION SETTLEMENT

YEAR 15

REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2014

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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 fifteenth year of operations on December 31, 2014.
2. In 2014, the Administrator received 179 new claims as follows:
 - 13 Primarily Infected Transfused Claims
 - 113 Family Member Transfused Claims
 - 1 Secondarily Infected Hemophiliac Claim
 - 52 Family Member Hemophiliac Claims

The Administrator did not receive any Primarily Infected Hemophiliac Claims nor Secondarily Infected Transfused Claims. As expected, fewer new claims were received in 2014 than in prior years.¹ As of March 20, 2015, the Administrator had approved 38 claims under the Recent HCV Diagnosis court approved protocol exception to the First Claim Deadline of June 30, 2010 (“**First Claim Deadline**”) and 28 claims under the other court approved protocol exception to the First Claim Deadline.

3. In 2014, the Administrator approved payments to new and existing approved claimants of approximately \$46.6 million, which was over one-third more than in the previous year.² Since its inception, the Administrator has paid out a total of approximately \$823.2 million³ in benefits in response to approximately 13,947 approved claims.
4. Financial Statements of the 1986-1990 Hepatitis C Trust Fund (the “**Trust Fund**”) attached at **Schedule A** indicate \$1.130 billion in assets held by the Trustee and a total

¹ In 2013, 212 new claims were received. In 2012, 298 new claims were received.

² In 2013, it was approximately \$34.6 million. In 2012, the amount paid out was approximately \$31.0 million.

³ This amount includes payments of about \$21.4 million to HIV secondary claimants.

unpaid liability of the provincial governments of about \$148.2 million for a total available to satisfy the claims of class members of about \$1.278 billion as at December 31, 2014.

5. During 2014, there was a 13.58% positive return on the total invested assets held by the Trustee, which was a substantial improvement over prior years.⁴ This was mainly due to large positive returns on the Government of Canada real return bonds that comprise the vast majority of assets, however, significant positive returns also occurred in the other asset classes. The total invested assets increased by about \$101.1 million or 9.8% net of payments out.⁵
6. Expenses for administration of the Settlement for 2014 totalled approximately \$3.2 million for all service providers, which is a 2.7% increase over the previous year.⁶

OVERVIEW

7. This is the fifteenth 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 2014, 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 2013, the overall return on invested assets was -2.8% . In 2012, the overall return on invested assets was 4%.

⁵ In 2013, the invested assets decreased by 5.2% net of payments out. In 2012, the invested assets grew by 1.5% net of payments out.

⁶ In 2013, the administration expenses totalled approximately \$3.1 million. In 2012, the administration expenses totalled approximately \$2.8 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 2014 commenced in late 2013 and annual budget approval orders were obtained from the Courts in January 2014 and June 2014. 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.

2014 EXPENSES

11. The expenses to the Settlement for the various service providers for 2014 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 2014 is \$1,776,785.80 (exclusive of taxes). Service providers were generally at or under budget except for RBC Investor Services Inc.
13. The following chart summarizes the budget versus actual expenses for 2014 for the service providers supervised by the Joint Committee for general services (exclusive of applicable taxes).

Service Provider	2014 Budget	2014 Actual	Variance from Budget	Note
Crawford Class Action Services				
Administration Contract	\$735,000.00	\$735,000.00	0	See paras. 37 to 40 and Tab G and H
Activity Level Adjustment	As incurred	0		
Third Party Expenses	As incurred	\$7,881.70		
Appeal Expenses	As incurred	\$1,914.01		
Special Projects	\$25,000.00	0	(\$25,000.00)	

Service Provider	2014 Budget	2014 Actual	Variance from Budget	Note
Deloitte & Touche LLP Audit, financial statements (exclusive of travel expenses)	\$91,592.00	\$91,592.00	0	See paras. 17 to 20 and Tab A
Special Projects	\$35,000.00	0	(\$35,000.00)	
RBC Investor Services Trustee Services	\$110,000.00	\$112,227.88	\$2,227.88	See paras. 21 to 24 and Tab B
TD Asset Management Inc. Investment Management Services	\$220,000.00	\$208,522.52	(\$11,477.48)	See paras. 25 to 28 and Tab C and D
Eckler Ltd. Actuarial Services & Investment Review	\$50,000.00	\$28,590.00	(\$21,410.00)	See paras. 29 to 34 and Tab E and F
Special Projects	\$25,000.00	0	(\$25,000.00)	
PriceWaterhouseCoopers LLP Income Loss annual computer programming update	\$10,000.00	\$8,690.00	(\$1,310.00)	See paras. 41-42
Paula Frederick/ Cohen Hamilton Steger Inc. Specialized Income Loss Consulting	\$30,000.00	\$3,302.50	(\$26,697.50)	See paras. 43-44
Joint Committee General Services				See paras. 49 to 53 and Tabs I and J
Fees	\$700,000.00	\$527,247.00	(\$172,753.00)	
Disbursements	\$50,000.00	\$51,818.21 ⁷	\$1,818.21	

⁷ The Joint Committee's disbursements for general administration and supervision services were actually \$45,119 and, therefore, under budget by \$4,881. As described below, certain disbursements that were related to fund sufficiency were incorrectly submitted as relating to general services and were approved on that basis. This chart reflects the amount of disbursements that were approved.

14. The following other service providers provided services in 2014 and were paid the following amounts (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	Actual 2014	Note
Fund Counsel		See paras. 54 to 58 and Tab K
Fees	\$130,843.00	
Disbursements	\$5,060.23	
Arbitrators and Referees		See paras. 59 to 61 and Tab L
Fees	\$27,330.50	
Disbursements	\$1,843.70	
Court Monitor		See paras. 62-63
Fees	\$3,657.00	
Disbursements	\$688.36	

15. In 2014, 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 2014	Actual 2014	Variance from Budget	Note
Eckler Ltd.				See para. 33
Fees	\$604,000.00	\$405,786.00	(\$198,214.00)	
Disbursements		\$1,300.00		
Joint Committee				See paras. 51 to 52 and Tabs I and J
Fees	\$400,000.00	\$319,512.50	(\$80,487.50)	
Disbursements	\$25,000.00	\$6,096.98 ⁸	(\$18,903.02)	
Medical Modelling Working Group				See para. 36
Fees ⁹	\$144,100.00	\$144,100.00	0	

⁸ The Joint Committee’s disbursements for fund sufficiency were actually \$12,796.19 as some of these disbursements were incorrectly billed as relating to general administration and supervision services. This chart reflects the amount of disbursements that were approved.

⁹ 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 included a budget for work to be performed in 2014 in connection with that review. This was the amount remaining of the approved medical modelling budget at the start of 2014.

16. As noted above, the total expenses for administration in 2014 totalled approximately \$3.2 million for all service providers.

DELOITTE & TOUCHE LLP

17. Deloitte & Touche LLP (“**Deloitte**”) was appointed auditor of the Trust Fund pursuant to orders of the Courts.
18. 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.
19. The Courts approved a budget for Deloitte for the audit and financial reports for 2014 of \$91,592.00 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 2014 budget approval orders.
20. The special projects budget approved for Deloitte for 2014 was not expended.

RBC INVESTOR SERVICES

21. 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.
22. Attached as **Schedule B** is a Report from RBC of its Custodial Trustee activities in the year ended December 31, 2014.
23. The Courts approved a budget for RBC for 2014 of \$110,000.00 plus applicable taxes. That amount was paid pursuant to the 2014 budget approval orders. The actual fees charged by RBC for 2014 were \$112,227.88 plus taxes.
24. RBC’s fees are derived from the amount of assets under administration, the volume of payment transactions it processes, and reporting charges. While the Joint Committee

would ordinarily recommend approval of RBC's budget overrun, RBC made numerous errors in its financial reporting to the Joint Committee throughout 2014, which required the Joint Committee to expend considerable time and effort to address. The Joint Committee has advised RBC that it will not recommend approval of RBC's budget overrun in the circumstances.

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.
27. The Courts approved a budget for TDAM for 2014 of \$220,000.00 plus taxes. The actual charge by TDAM was \$208,522.52 plus applicable taxes. That amount was paid pursuant to the 2014 budget approval orders.
28. Attached as **Schedule D** is the Portfolio Review of the Trust Fund assets.

ECKLER LTD.

29. 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.
30. 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.
31. Attached as **Schedule E** is the Report of Eckler regarding its activities during 2014.
32. Attached as **Schedule F** is an Investment Summary provided by Eckler.
33. The Courts approved an annual budget for Eckler's actuarial and investment review services of \$50,000.00 plus travel expenses and taxes for 2014 and a special projects budget of \$25,000.00. Eckler incurred charges of \$28,590.00 plus taxes for 2014 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 2014 budget approval orders. The special projects budget of \$25,000.00 for Eckler was not expended in 2014.

34. For 2014, the Courts approved a financial sufficiency budget for Eckler of \$604,000.00 plus disbursements and taxes. Eckler's accounts for financial sufficiency work total \$405,786.00 plus taxes for fees and disbursements of \$1,300.00, were paid on approval of the Joint Committee pursuant to the 2014 budget approval orders.

MEDICAL MODELLING

35. 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.
36. In the fourth quarter of 2013, the Courts approved a total budget of \$200,200.00 for medical modelling for the 2013 Financial Sufficiency Review. The medical modelling working group commenced its work in 2013 and completed it in 2015 on budget. Its fees totalling \$200,200.00 were paid on approval of the Joint Committee pursuant to the medical modelling budget approval order.

CRAWFORD CLASS ACTION SERVICES

37. Crawford Class Action Services (“**Crawford**”) was appointed Administrator by orders of the Courts in March 2000. In 2014, the Courts approved an extension of Crawford's appointment and renewal of the administration contract to the end of 2016.
38. The Report of the Administrator is attached as **Schedule G**.
39. The budget for Crawford provides for a flat administration fee subject to adjustment in the event that certain activity levels increase or decrease by more than 10% per annum, as applicable. In addition to the flat fee subject to adjustments, there is a flow-through of

certain out-of-pocket expenditures incurred by the Administrator relating to appeals and expert reports.

40. **Schedule H** is the Payment Reconciliation for Crawford for 2014. It reflects payments to Crawford in accordance with its budget as well as additional charges of \$11,069.15, comprised of third party expenditures of \$7,881.70 (plus taxes) and the flow-through costs for appeals of \$1,914.01 (plus taxes). No adjustments were required in respect of actual activity levels in 2014. The Joint Committee recommends approval of these charges.

PRICEWATERHOUSECOOPERS LLP

41. 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.
42. The budget approved by the Courts for PriceWaterhouseCoopers LLP for 2014 was \$10,000.00 (exclusive of taxes). The actual amount charged to the Trust Fund by PriceWaterhouseCoopers LLP was \$8,690.00 (exclusive of taxes). It was paid on approval of the Joint Committee pursuant to the 2014 budget approval orders.

COHEN HAMILTON STEGER INC.—PAULA FREDERICK

43. 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.
44. The budget approved for Ms. Frederick's services in 2014 was \$30,000.00. Ms. Frederick's fees were \$3,302.50 (exclusive of taxes). These fees were paid on approval of the Joint Committee pursuant to the 2014 budget approval orders.

CANADIAN BLOOD SERVICES

45. 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.
46. In the last several years, the demand for and costs of such tracebacks has reduced significantly. A budget was not sought for CBS for traceback services for 2014 and no expenses were incurred. Similarly, the Joint Committee did not seek a budget for CBS for 2015.

HÉMA-QUÉBEC

47. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for 2014 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.
48. Héma-Québec has advised that it does not seek to be reimbursed for the costs it incurred in 2014.

JOINT COMMITTEE

49. A Summary Report of the work of the Joint Committee in 2014 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.
50. The budget for the Joint Committee for general administration and supervision services work for 2014 was \$700,000.00 for fees and \$50,000.00 for disbursements, exclusive of taxes. The Joint Committee’s actual fees in 2014 for this work were \$527,247.00 exclusive of taxes.
51. Concerning financial sufficiency, for 2014, the Courts approved a financial sufficiency budget for the Joint Committee of \$400,000.00 plus disbursements of \$25,000.00 and

taxes. The Joint Committee's actual fees for financial sufficiency for 2014 were \$319,512.50 exclusive of taxes.

52. The Joint Committee's disbursements for general administration and supervision services were billed and approved in the amount of \$51,818.21 before taxes, which is \$1,818.21 over budget. Disbursements on financial sufficiency were billed and approved at \$4,442.01 before taxes, which is \$20,557.99 under budget. On review of the disbursements to determine the reason for the overrun for general administration and supervision services, British Columbia counsel discovered that \$6,669.21 in disbursements (before taxes) which had been billed to general administration and supervision services should have been charged to financial sufficiency. Had the disbursements been recorded correctly, the total disbursements for general administration and supervision services would be \$45,119.00 (which is \$4,881 under budget) and the total disbursements for financial sufficiency would be \$12,796.19 (which is \$12,203.81 under budget).
53. 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 as approved by the Courts is set out in **Schedule J**.

FUND COUNSEL

54. 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. In 2014, Gordon Kehler was appointed Fund Counsel in the B.C. Class Actions by Order of the Supreme Court of British Columbia, replacing William Ferguson.
55. Attached as **Schedule K** is the Report of Fund Counsel on their activities and their fees incurred in 2014.

56. In 2014, the following appeals were dealt with in each jurisdiction:

2014 Appeal Status Report	ON¹⁰	BC	QUE	Total
Appeals received	5	0	0	5
Appeals completed	6	0	0	6
Appeals withdrawn	1	2	0	3
Denials rescinded	0	0	0	0
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	0	0	0	0
Judicial decisions	0	0	0	0
Appeals pending (including appeals sent back to Referees)	18	3	0	21

57. Fund Counsel estimates that the volume of appeal work in 2015 will either remain the same or decrease slightly depending on the number of appeals raising complex issues requiring expert evidence.

58. In 2014, Fund Counsel fees were \$130,843.00 and disbursements were \$5,060.23 exclusive of taxes. All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

REFEREES AND ARBITRATORS

59. Referees and Arbitrators were appointed for each jurisdiction by Court orders. In Quebec, since the resignation of the last appointed arbitrator, a new appointment has not yet been sought due to the absence of appeals in that jurisdiction.

60. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for 2014 is set out in **Schedule L**.

61. In 2014, the fees for Arbitrators and Referees were \$27,330.50 and the disbursements were \$1,843.70 exclusive of taxes. Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.

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

THE MONITOR

62. Luisa Ritacca of Stockwoods was appointed as Monitor by order of the Ontario Superior Court in 2013 and by order of the Supreme Court of British Columbia in 2014.
63. In 2014, the total fees of the Monitor were \$3,657.00 exclusive of taxes and total disbursements were \$688.36 exclusive of taxes. Accounts for the Monitor are paid based on court order.

2015 BUDGETS

64. The chart below compares the approved budgets for service providers in 2015 to their previous budgets:

Service Provider	2014 Budget	2015 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)	\$735,000.00	\$638,932.00	\$53,244.33 monthly
Special Projects	\$25,000.00	\$50,000.00	subject to approval by the JC
Deloitte & Touche LLP Audit and financial statements (exclusive of travel expenses)	\$91,592.00	\$91,592.00	\$7,632.67 monthly
Special Projects	\$35,000.00	\$35,000.00	subject to approval by the JC
RBC Investor Services Trust Trustee Services	\$110,000.00	\$110,000.00	up to \$9,166.67 monthly
TD Asset Management Inc. Investment Services	\$220,000.00	\$220,000.00	up to \$18,333.33 monthly
Eckler Ltd. General actuarial services and investment review work, not related to sufficiency (exclusive of disbursements)	\$50,000.00	\$50,000.00	all subject to approval by the JC
Special Projects	\$25,000.00	\$25,000.00	
Financial Sufficiency Review	\$604,000.00	\$487,000.00	
Medical Modelling Working Group Potential consulting to actuaries and/or providing testimony in 2015 with respect to the 2013 Financial Sufficiency Review hearing	0	\$50,000.00	subject to approval by the JC
PriceWaterhouseCoopers LLP Income Loss annual computer programming update	\$10,000.00	\$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
Joint Committee General services Fees Disbursements	\$700,000.00 \$50,000.00	\$600,000.00 \$50,000.00	all subject to Court order
Financial Sufficiency Review Fees Disbursements	\$400,000.00 \$25,000.00	\$750,000.00 \$50,000.00	

Dated: July 24, 2015

for Kathryn Podrebarac
J.J. Camp, Q.C.
Camp Fiorante Matthews Mogerman

Dated: July 24, 2015

for Kathryn Podrebarac
Michel Savonitto
Savonitto & Ass. Inc.

Dated: July 24, 2015

for Kathryn Podrebarac
Harvey T. Strosberg, Q.C.
Sutts, Strosberg LLP

Dated: July 24, 2015

Kathryn Podrebarac
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, 2014
31 décembre 2014

The 1986 - 1990 Hepatitis C Fund

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Fonds Hépatite C 1986- 1990

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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, 2014, and the statements of operations 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.

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

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 l'état de la situation financière au 31 décembre 2014, 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.

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

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2014, 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.

Deloitte LLP / S.E.N.C.R.L. / S.N.L.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

March 25, 2015

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 2014, 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.

Comptables professionnels agréés, Comptables agréés
Experts-comptables autorisés

Le 25 mars 2015

The 1986 - 1990 Hepatitis C Fund

Statement of financial position
as at December 31, 2014
(in thousands of dollars)

Fonds Hépatite C 1986 - 1990

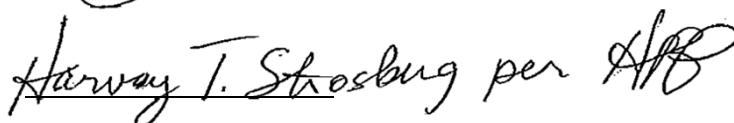
État de la situation financière
au 31 décembre 2014
(en milliers de dollars)

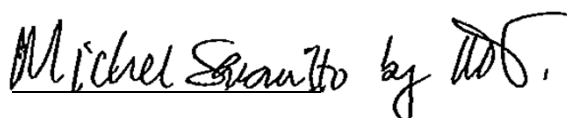
	2014	2013	
	\$	\$	
Assets			Actif
Current assets			Actif à court terme
Investments (note 3)	1,128,287	1,027,249	Placements (note 3)
Contributions receivable	1,724	1,820	Apports à recevoir
	1,130,011	1,029,069	
Liabilities			Passif
Current liabilities			Passif à court terme
Accounts payable and accrued liabilities	764	1,189	Créditeurs et charges à payer
Accrued claims in process of payment	4,992	5,257	Demandes accumulées en cours de paiement
Funding held for future expenses (note 4)	1,124,255	1,022,623	Financement pour charges futures (note 4)
	1,130,011	1,029,069	

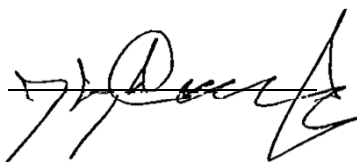
Approved by the Joint Committee of
The 1986 - 1990 Hepatitis C Fund

Au nom du Comité mixte du Fonds
Hépatite C 1986 - 1990









The 1986 - 1990 Hepatitis C Fund

Statement of operations
year ended December 31, 2014
(in thousands of dollars)

Fonds Hépatite C 1986 - 1990

État des résultats
de l'exercice clos le 31 décembre 2014
(en milliers de dollars)

	2014	2013	
	\$	\$	
Expenses			Dépenses
Claims (note 5)	46,336	34,608	Demandes (note 5)
Operating (note 6)	3,172	3,090	Frais d'exploitation (note 6)
	49,508	37,698	
Revenue	49,508	37,698	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, 2014
(in thousands of dollars)

Fonds Hépatite C 1986 - 1990

État des flux de trésorerie
de l'exercice clos le 31 décembre 2014
(en milliers de dollars)

	2014	2013	
	\$	\$	
Operating activities			Activités d'exploitation
Excess of revenue over expenses	-	-	Excédent des revenus sur les dépenses
Items not affecting cash			Éléments sans incidence sur l'encaisse
Realized gains on investments	(119,396)	(91,942)	Gains réalisés sur placements
Change in unrealized gains and losses on investments	6,737	151,729	Variation des gains et pertes non réalisés sur placements
	(112,659)	59,787	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	96	(274)	Apports à recevoir
Accounts payable and accrued liabilities	(425)	305	Créditeurs et charges à payer
Accrued claims in process of payment	(265)	915	Demandes accumulées en cours de paiement
Funding held for future expenses	101,632	(57,870)	Financement pour charges futures
	(11,621)	2,863	
Investing activities			Activités d'investissement
Purchase of investments	(397,900)	(344,615)	Acquisition de placements
Proceeds on sale of investments	409,521	341,705	Produits de la vente de placements
	11,621	(2,910)	
Net cash inflow (outflow)	-	(47)	Augmentation (diminution) de l'encaisse
Cash, beginning of year	-	47	Encaisse au début
Cash, end of year	-	-	Encaisse à la fin

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

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, 2014, those obligations including interest are estimated to be \$148,247,000 (2013 - \$160,331,000).

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:

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 2014, ces obligations, intérêts compris, sont estimées à 148 247 000\$ (160 331 000 \$ en 2013).

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 :

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

2. Significant accounting policies (continued)

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.

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.

2. Principales méthodes comptables (suite)

Instruments financiers

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

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

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.

Constatation 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 comptabilisés dans les revenus.

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

2. Significant accounting policies (continued)

Revenue recognition (continued)

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.

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.

2. Principales méthodes comptables (suite)

Constatation des revenus (suite)

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.

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.

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

3. Investments

Investments are summarized as follows:

2014			
	(in thousands of dollars)		
	(en milliers de dollars)		
	Fair value	Cost	
	Juste valeur	Coût	
	\$	\$	
Cash	699	699	Encaisse
Investment earnings receivable	1,568	1,568	Revenus de placement à recevoir
Fixed income	977,568	789,110	Titres à revenu fixe
Equities	148,452	118,580	Actions
	1,128,287	909,957	
2013			
	(in thousands of dollars)		
	(en milliers de dollars)		
	Fair value	Cost	
	Juste valeur	Coût	
	\$	\$	
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	

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, 2014, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 18.2 years (2013 - 12.7 years).

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

3. Placements

Les placements se résument ainsi :

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 2014, la durée moyenne des obligations et des débentures du portefeuille, pondérée selon la juste valeur, était de 18,2 ans (12,7 ans en 2013).

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

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

3. Investments (continued)

Investment risk

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

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

a) Foreign currency risk

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

3. Placements (suite)

Risque de placement

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

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

a) Risque de 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 :

	2014	2013	
	(in thousands of dollars)		
	(en milliers de dollars)		
	\$	\$	
Equities - Pooled Funds			Actions - Fonds communs
U.S.	40,383	49,555	Américains
International	34,077	49,520	Internationaux
	74,460	99,075	

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

3. Investments (continued)

b) 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:

3. Placements (suite)

b) 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 :

	2014	2013	
	Fair value Juste valeur	Fair value Juste valeur	
	%	%	
Investment earnings receivable and cash	-	-	Revenus de placement à recevoir et encaisse
Fixed income			Titres à revenu fixe
Government of Canada	77	72	Gouvernement du Canada
Corporate	3	3	Sociétés
Provinces of Canada	1	1	Provinces du Canada
Fixed income pooled funds	5	6	Fonds communs à revenu fixe
	86	82	
Equities - Pooled Funds			Actions - Fonds communs
Canadian	7	8	Canadiens
Foreign			Étrangers
U.S.	4	5	Américains
International	3	5	Internationaux
	14	18	
	100	100	

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

4. Funding held for future expenses

	2014	2013	
	(in thousands of dollars)		
	(en milliers de dollars)		
	\$	\$	
Balance, beginning of year	1,022,623	1,080,493	Solde au début
Changes during the year			Variations au cours de l'exercice
Investment earnings (losses)	137,639	(30,464)	Revenus (pertes) de placement
Amounts recognized as revenue	(36,007)	(27,416)	Montants constatés comme revenus
Additional funding received	-	10	Financement additionnel reçu
Balance, end of year	1,124,255	1,022,623	Solde à la fin
Comprised of:			Composé de :
Funding contributed by the Government of Canada	1,124,241	1,022,609	Financement contribué par le gouvernement du Canada
Contributions prepaid by provincial governments	14	14	Apports versés à l'avance par des gouvernements provinciaux
	1,124,255	1,022,623	

5. Claims

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

5. Demandes

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

	2014	2013	
	(in thousands of dollars)		
	(en milliers de dollars)		
	\$	\$	
Approved by the Administrator of the Fund			Demandes approuvées par l'Administrateur du Fonds
Disbursed	46,601	33,693	Décaissements
Net change in accrued claims in process of payment	(265)	915	Variation nette des demandes accumulées en cours de paiement
	46,336	34,608	

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements
December 31, 2014

Fonds Hépatite C 1986 - 1990

Notes complémentaires
31 décembre 2014

6. Operating expenses

6. Frais d'exploitation

	2014	2013	
	(in thousands of dollars)		
	(en milliers de dollars)		
	\$	\$	
Administrator	842	887	Administrateur
Legal (claims' appeal costs, Fund counsel)	187	445	Frais juridiques (frais de demandes en appel, avocats du Fonds)
Joint committee - Administration	658	910	Comité mixte - Administration
Joint committee - Sufficiency Review	363	216	Comité mixte - Réévaluation de la suffisance
Investment and management	278	260	Gestion des placements
Audit and related services	104	104	Honoraires d'audit et de services connexes
Custodial trustee	129	107	Frais de garde
Actuarial	30	52	Honoraires d'actuariat
Actuarial - Sufficiency Review	427	43	Honoraires d'actuariat - Réévaluation de la suffisance
Medical and other consulting	154	66	Frais médicaux et autres frais de consultation
	3,172	3,090	

TAB B

Information Brief

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

MARCH 2015

Prepared for:
The Joint Committee of the Hepatitis C Trust Fund

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



**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.

About RBC Investor & Treasury Services

RBC Investor & Treasury Services (RBC I&TS) is a specialist provider of asset services, custody, payments and treasury services for financial and other institutional investors worldwide. We serve clients from 18 locations across North America, Europe, Asia and Australia, delivering custodial, advisory, financing and other services to safeguard clients' assets, maximize liquidity and manage risk in multiple jurisdictions. RBC I&TS ranks among the world's top 10 global asset servicing businesses, with CAD 3.7 trillion (USD 3 trillion) in client assets under administration (as at January 31, 2015).

RBC I&TS clients benefit from our long-standing experience and specialized expertise:

- A worldwide network of offices across four continents
- Part of Royal Bank of Canada, one of the top 20 strongest banks in the world ⁽¹⁾, and 14th largest bank globally based on market capitalization ⁽²⁾
- Top 10 global asset servicing business, as measured by assets under administration, with the highest credit ratings among our peers
- Dominant offshore provider with centres of excellence in Luxembourg and Dublin and over 25 years' UCITS expertise
- Award-winning fund accounting and transfer agency services with lead market shares in Luxembourg and Canada
- Top rated securities lending and finance services focused on efficiently maximizing client returns

- Market-leading foreign exchange expertise and currency hedging solutions designed to support our clients in achieving best execution
- Leading provider of Canadian clearing, cash management and trade finance for financial institutions
- Custody services across 87 global markets
- Fund administration services in 13 global markets
- Over 100 years' experience in providing asset servicing
- 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) Bloomberg Markets 2014 - Royal Bank of Canada ranked #18 among the World's Strongest Banks, the highest position achieved by the world's top 15 global custodians by assets under administration; (2) Bloomberg – as of February 23, 2015

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 2014, the fifteenth year of operation of the Hepatitis C Trust Fund, the Trust Fund received contributions totaling CAD 13,598,156.97 representing payments from provincial and territorial governments.

In addition, the Hepatitis C Trust Fund has earned CAD 144,375,595.92 (includes investment income, realized and unrealized capital gains and losses). The closing market value of the fund at December 31, 2014 was CAD 1,129,329,262.77.

Payments from the Trust Fund

Disbursements from the Trust Fund in 2014 totaled CAD 50,198,668.31 representing CAD 46,601,401.94 to the Administrator for the claimants and CAD 3,597,266.37 to service providers for fees and expenses (including RBCIS' trustee and custodial fees).

For the period January 1, 2014 to December 31, 2014 the courts approved a budget of CAD 110,000 for RBCIS' Trustee and Custodial fees. The actual charge to the Trust Fund in 2014 for performing various activities and services was CAD 110,545.11 representing fees for 2013 of CAD 19,595.25 and fees for 2014 of CAD 90,949.86.

The total fees of CAD 124,915.98 represent: Custody of assets under administration of CAD 65,743.48, Transaction Fees of CAD 10,401.59, Plan/Reporting/Accounting charges of CAD 30,900, Special Reports of CAD 3,500.04 and Taxes (GST/HST) of CAD 14,370.87.

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TAB C




1986-1990 Hepatitis C Settlement Trust Fund

Annual Certificate of Compliance

For the year ending: December 31, 2014

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: January 14th, 2015



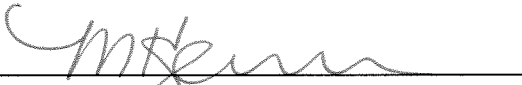
1986-1990 Hepatitis C Settlement Trust Fund

CERTIFICAT ANNUEL DE CONFORMITÉ

Pour l'année se terminant le: 31 décembre 2014

Au meilleur de notre connaissance, nous nous sommes conformés à votre politique d'investissement.

Vérifié par :


Michelle Hegeman, CFA
Vice-Président & Directeur
Gestion de portefeuilles

en date du: 14 janvier, 2015

TAB D

1986 - 1990 Hepatitis C Settlement Trust Fund

Portfolio Review

March 25, 2015

Rachna de Koning, FCIA, FSA
Vice President & Director

Michelle Hegeman, CFA
Vice President & Director





Agenda

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



TD Asset Management Annual Update

- Industry recognition
 - TD Asset Management Inc. ranked #1 in AUM by *Benefits Canada* 2014 for total Canadian pension assets¹
 - TD Bank Group named the safest North American bank²
- Expansion in breadth and experience
 - Leveraging our affiliation with Epoch Investment Partners, Inc. to extend our distinct global equity capabilities throughout North America
 - Launch of four new funds, including two Low Volatility funds:
 - TD *Emerald* Low Volatility Plus Canadian Equity Pooled Fund Trust
 - TD *Emerald* Low Volatility Plus All World Equity Pooled Fund Trust
- Significant business growth
 - The asset management businesses of TD collectively reach milestone, exceeding C\$298.1 billion³ in AUM
 - 58 new institutional mandates³ in 2014
 - Over C\$10 billion in AUM for TD Asset Management's low volatility equities⁴
- Thought leadership – available upon request
 - TD Asset Management white paper on the unique aspects of LDI in Canada
 - Epoch Investment Partners, Inc. white paper on quantitative easing, low interest rates and central banks' public statements, titled *The Power of Zero + The Power of the Word*.

¹ "The Top 40 Money Managers (as at June 30, 2014)", *Benefits Canada*, November 2014. ² World's 50 Safest Banks: November 2014, *Global Finance Magazine*

³ As of December 31, 2014, capturing assets under management (AUM) for TD Asset Management Inc., TDAM USA Inc. and Epoch Investment Partners, Inc. (Epoch). Includes transition mandates.

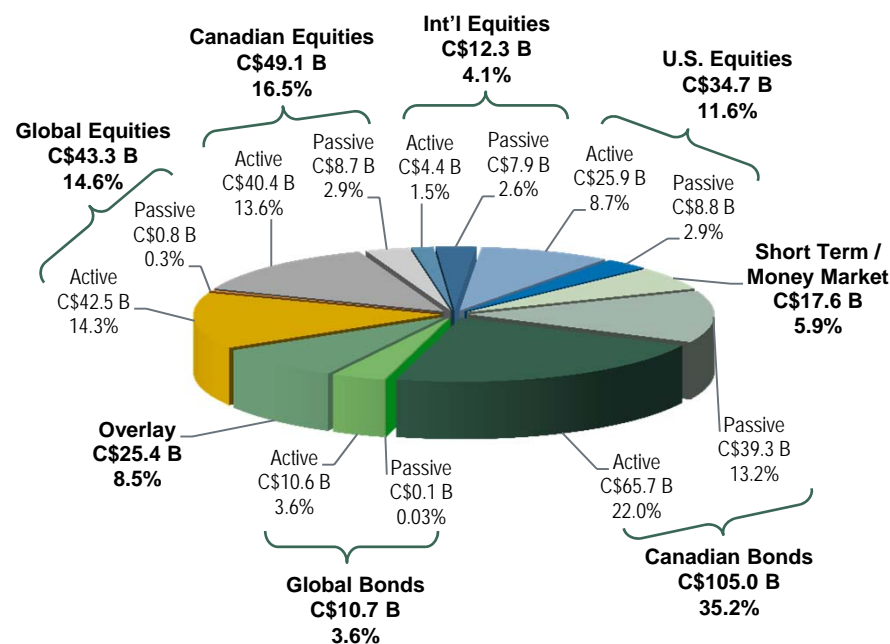
⁴ As of December 31, 2014, capturing assets under management (AUM) for TD Asset Management Inc.

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

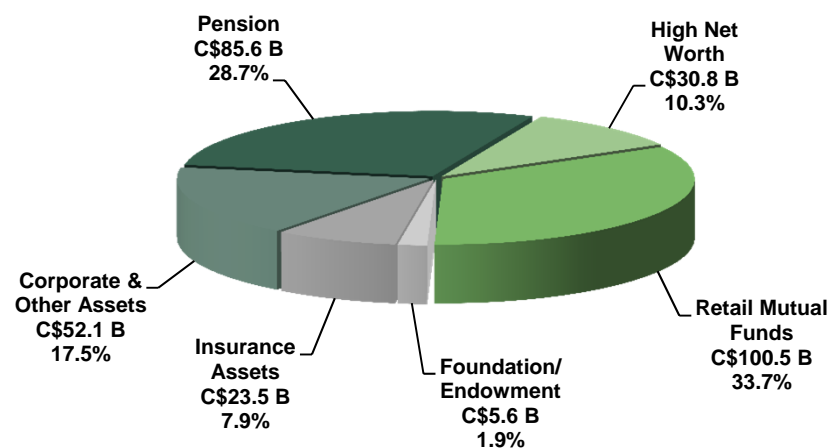


Asset Management at TD

By Asset Type



By Client Type

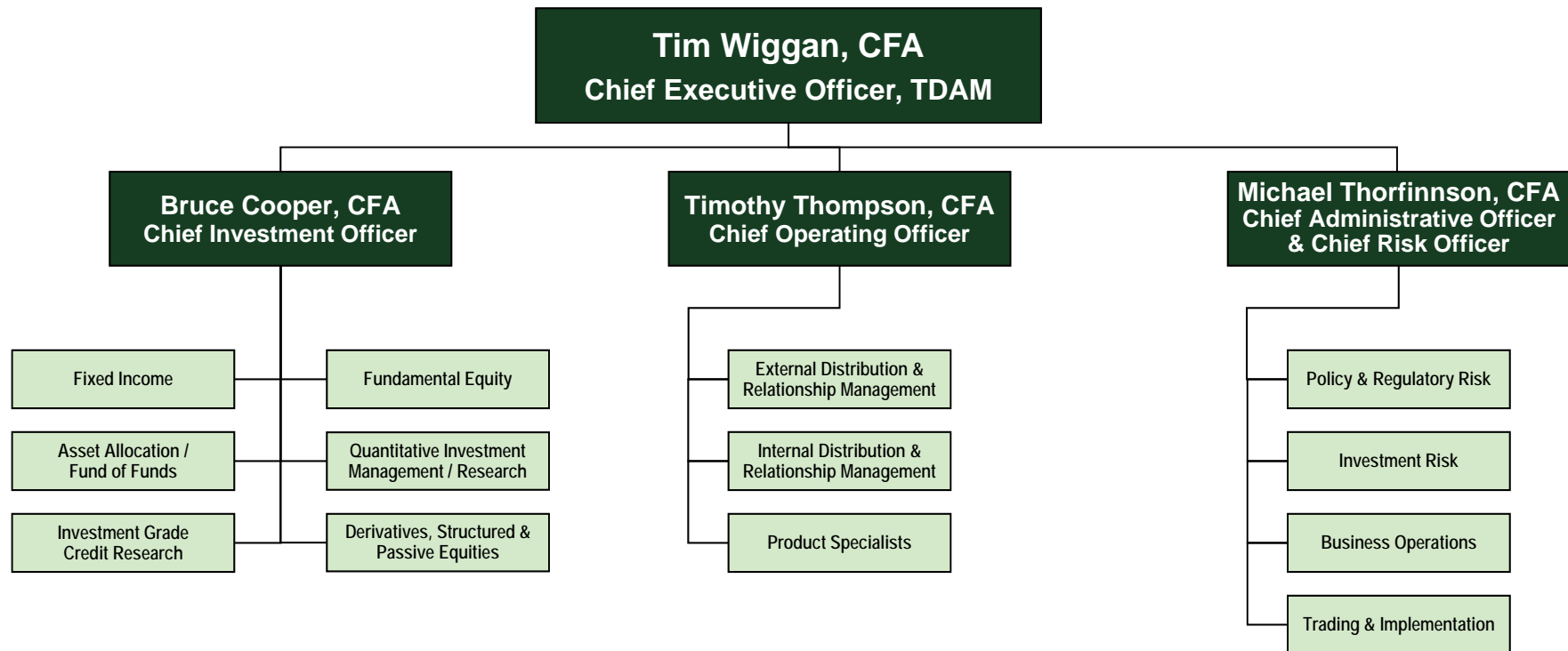


Total Assets Under Management: C\$298.1 Billion

Note: Assets under management (AUM) as at December 31, 2014 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\$6.84B 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 through TD Asset Management Inc. in Canada and through TDAM USA Inc. in the United States. Epoch is an affiliate of TD Asset Management. All entities listed are affiliates and are wholly-owned subsidiaries of The Toronto-Dominion Bank.

Investment Management Division

Organizational structure



Note: TD Asset Management operates through TD Asset Management Inc. in Canada and through TDAM USA Inc. in the United States. Both are wholly-owned subsidiaries of The Toronto-Dominion Bank. In providing investment management services and advice, TD Asset Management Inc. has available to, and draws on, the personnel, resources and experience of TDAM USA Inc., its U.S. affiliate. The information provided in the organizational chart above is valid as of the date of this presentation.



Investment Mandates and Performance

Mandates	Performance		Hep C Tracking Target (%)		AUM
	1 Year	4 Years	Over 1 Year	Over 4 Years	
FIXED INCOME					
Segregated Real Return Bonds (buy-and-hold)	15.65%	5.77%	N/A	N/A	\$841,803,146
Segregated Short-Term Bonds	3.05%	2.90%	± 0.20	± 0.10	\$80,024,683
FTSE TMX Canada Short Term Overall Bond Index	3.06%	2.86%			
Added Value	-0.01%	0.04%			
TD Emerald Canadian Bond Index Fund	8.74%	5.06%	± 0.20	± 0.10	\$58,946,003
FTSE TMX Canada Universe Bond Index	8.79%	5.13%			
Difference	-0.05%	-0.07%			
EQUITIES					
Canadian Equities	10.53%	4.84%	± 0.30	± 0.15	\$71,274,335
Blended Benchmark ¹	10.55%	4.84%			
Difference	-0.02%	0.00%			
U.S. Market Index Fund	23.52%	19.65%	± 0.30	± 0.15	\$40,039,176
S&P 500 Total Return Index ND (C\$)	23.18%	19.30%			
Difference	0.34%	0.35%			
International Equity Index Fund	3.83%	8.98%	± 0.60	± 0.30	\$32,825,109
MSCI EAFE Total Return Index ND (C\$)	3.67%	8.83%			
Difference	0.16%	0.15%			
Total Performance	13.58%	Total Assets Under Management (AUM) ² \$1,124,848,373			

¹ S&P/TSX 60 - Canadian S&P/TSX 60 - U.S. S&P 500

¹ S&P/TSX Equity and S&P/TSX Composite TRI (C\$)

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

Source: TDAM, Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2010). Data as at December 31, 2014.

Returns for periods over one year are annualized. "DEX" bond indices have been rebranded to "FTSE TMX Canada"

Fixed Income Mandates

Performance as at December 31, 2014



Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	15.65%	2.81%	5.77%	6.44%	-	7.82%
Segregated Short Term Bonds	3.05%	2.29%	2.90%	3.02%	-	4.79%
FTSE TMX Canada Short Term Overall Bond Index	3.06%	2.27%	2.86%	3.00%	-	4.80%
Difference	-0.01%	0.02%	0.04%	0.02%	-	-0.01%
TD <i>Emerald</i> Canadian Bond Index Fund	8.74%	3.53%	5.06%	5.37%	-	6.11%
FTSE TMX Canada Universe Bond Index	8.79%	3.65%	5.13%	5.45%	-	6.18%
Difference	-0.05%	-0.12%	-0.07%	-0.08%	-	-0.07%

Accounts Inception Date: February 29, 2000

Source: TDAM, FTSE TMX Global Debt Capital Markets Inc. Data as at December 31, 2014.

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

"DEX" bond indices have been re-branded to "FTSE TMX Canada"



Short Bond Market Update

Sector	Weight (%)	Quarter Return (%)	1 Year Return (%)
Federal	26.56	0.87	2.51
Provincial	48.66	1.11	3.50
Municipal	2.20	1.18	4.06
All Corporates ¹	22.58	0.90	3.57
Corporate BBB	7.78	1.05	4.18
FTSE TMX Canada Short Term Overall Bond Index		0.92	3.06

3-Month Commentary

- Canadian short-term bonds, as represented by the FTSE TMX Canada Short-Term Bond Index, generated a positive quarterly return of 0.92%. All sectors of the Index were positive over the quarter, with municipal and provincial bonds outperforming corporates.
- During the quarter, equity market volatility increased, which led to a flight to quality that benefitted government bonds.
- Bonds also benefitted from a steep decline in oil prices, which led to a reduction in inflation premiums and drove yields lower.
- Short-term yields declined 9 basis points, with the average yield on the FTSE TMX Short-Term Bond Index finishing the quarter at 1.55%.

¹ Including BBB Corporates

Source: TD Asset Management, FTSE TMX Global Debt Capital Markets Inc. As at December 31, 2014.

Note: Numbers may not add due to rounding. "DEX" bond indices have been rebranded to "FTSE TMX Canada".



Universe Bond Market Update

Sector	Weight (%)	Quarter Return (%)	1 Year Return (%)
Federal	37.15	2.31	6.91
Provincial	31.83	3.90	12.18
Municipal	1.88	3.45	11.40
All Corporates ¹	29.14	1.87	7.58
<i>Corporate BBB</i>	9.07	2.06	9.04
FTSE TMX Canada Universe Bond Index		2.70	8.79

3-Month Commentary

- Canadian bonds, as represented by the FTSE TMX Canada Universe Bond Index, rose 2.70% over the quarter. Long-term bonds posted the best returns, and government bonds outperformed corporate bonds.
- During the quarter, equity market volatility increased, which led to a flight to quality that benefitted government bonds.
- Bonds also benefitted from a steep decline in oil prices, which led to a reduction in inflation premiums and drove yields lower.
- Yields declined 20 basis points, with the average yield on the FTSE TMX Canada Universe Bond Index finishing the quarter at 2.23%.

¹ Including BBB Corporates

Source: TD Asset Management, FTSE TMX Global Debt Capital Markets Inc. As at December 31, 2014.

Note: Numbers may not add due to rounding. "DEX" bond indices have been rebranded to "FTSE TMX Canada".



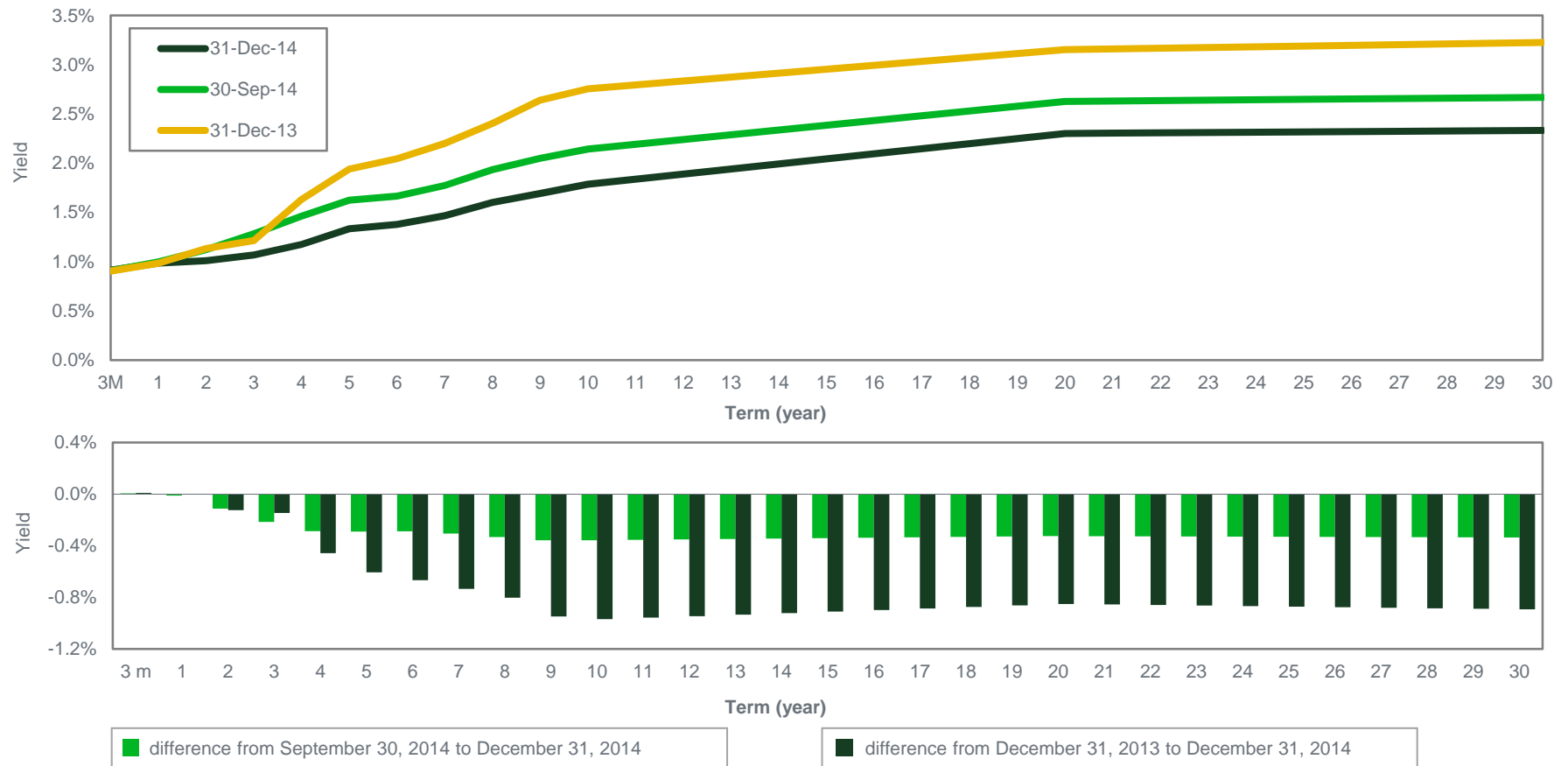
Real Return Bond (RRB) Yields



RRB yields being driven by nominal bond yields

Source: Bloomberg Finance L.P. Data to December 31, 2014

Canada Yield Curves



Modest downward shift in the yield curve during the last quarter

Source: Bloomberg Finance L.P.

Canadian Yield Profile

FTSE TMX Canada Mid Term Index components



Yields remain near record lows

Source: Bloomberg Finance L.P. Data to December 31, 2014

Fixed Income Investment Themes

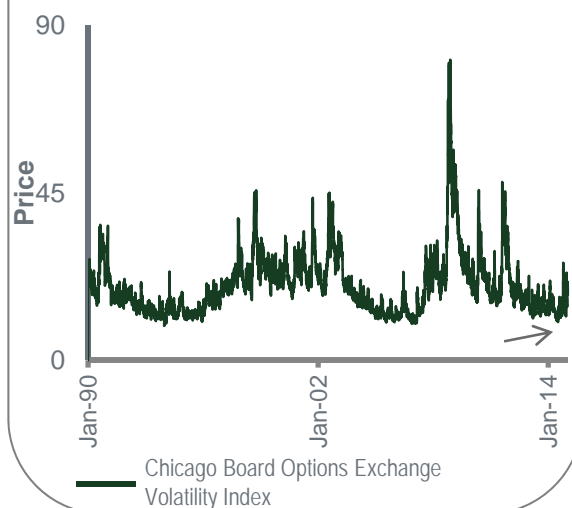
Looking forward



Macroeconomic

- Global GDP growth lower for longer
- Diverging global economic growth
- Inflation remains well contained
- Increasing volatility across asset classes and geographies

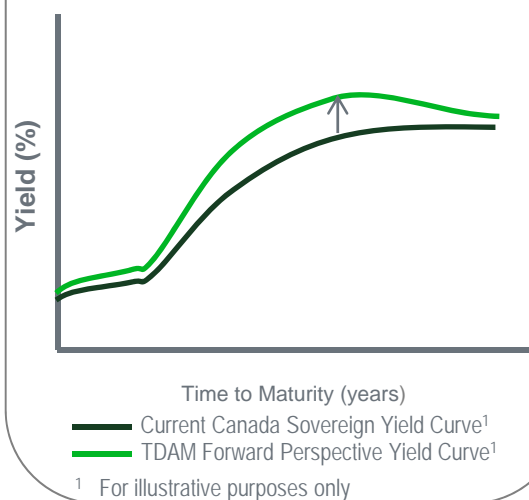
CBOE Volatility Index



Interest Rate

- Diverging global monetary policy
- Short-term rates likely to remain low for an extended period of time
- Mid-term rates likely to increase in the medium term

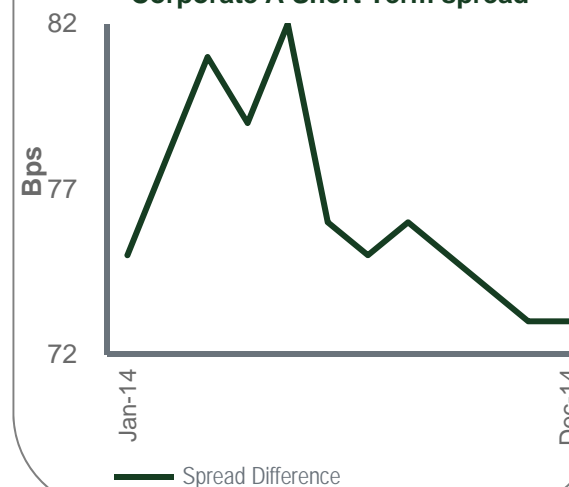
Expected Yield Curve Movement



Credit

- Demand for corporate bonds stimulated by search for yield
- Revenue and operating income remain strong
- Disciplined around security selection

Corporate A Long Term spread vs Corporate A Short Term spread



Global central banks to remain accommodative

Source: TD Asset Management, Bloomberg Finance L.P. As at December 31, 2014.

Equities Mandates

Performance as at December 31, 2014



TD <i>Emerald</i> Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Canadian Equities ¹	10.53%	10.12%	4.84%	7.14%	-	5.85%
Blended Benchmark ²	10.55%	10.13%	4.84%	7.15%	-	5.68%
Difference	-0.02%	-0.01%	0.00%	-0.01%	-	0.17%
U.S. Market Index Fund	23.52%	25.25%	19.65%	17.37%	-	2.84%
S&P 500 Total Return Index ND (C\$)	23.18%	24.89%	19.30%	17.04%	-	2.62%
Difference	0.34%	0.36%	0.35%	0.34%	-	0.22%
International Equity Index Fund	3.83%	16.08%	8.98%	7.59%	-	1.30%
MSCI EAFE Total Return Index ND (C\$)	3.67%	15.93%	8.83%	7.46%	-	1.29%
Difference	0.16%	0.15%	0.15%	0.14%	-	0.01%

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, TSX Group Inc., Standard & Poor's, MSCI

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



Canadian Equity Market Update

Sector	Weight (%)	Quarter Return (%)	1 Year Return (%)
Consumer Staples	3.69	20.16	49.09
Information Technology	2.31	15.58	35.12
Health Care	3.54	15.33	30.32
Consumer Discretionary	6.40	13.97	29.12
Telecommunication Services	4.87	10.80	15.53
Utilities	2.18	5.04	16.08
Financials	35.74	1.93	13.80
Industrials	8.70	-0.50	21.87
Materials	10.61	-7.07	-2.58
Energy	21.96	-15.80	-4.82
S&P/TSX Composite Total Return Index		-1.47	10.55

3-Month Commentary

- The S&P/TSX Composite Index posted a quarterly loss of 1.47% as three of its ten sectors declined – Energy, Materials and Industrials.
- While the majority of the Index's sectors rose, their gains were not enough to offset the losses in the Energy and Materials sectors, which are significant components of the Index and suffered as commodity prices declined amid weaker global economic growth.
- In October, weakness in these sectors led to increased volatility and the Index experienced a technical correction, falling more than 10 percent from its September peak. While the Index recovered from its trough before the end of October, these two sectors remained weak through the end of the reporting period.
- On a more positive note, both the Consumer Staples and Consumer Discretionary sectors performed well over the quarter, spurred in part by strong corporate earnings.

Source: TD Asset Management, TMX Group Ltd. As at December 31, 2014.

Note: Numbers may not add due to rounding.



U.S. Equity Market Update (C\$)

Sector	Weight (%)	Quarter Return (%)	1 Year Return (%)
Utilities	3.24	17.31	40.61
Consumer Discretionary	12.13	12.66	19.59
Consumer Staples	9.80	12.09	26.49
Health Care	14.21	11.39	36.62
Financials	16.65	11.15	25.58
Industrials	10.41	10.66	19.77
Information Technology	19.66	9.12	31.11
Materials	3.17	1.90	16.90
Telecommunication Services	2.28	-0.82	11.73
Energy	8.44	-7.53	0.38
S&P 500 Total Return Index (C\$)¹		8.75	23.93

3-Month Commentary

- The S&P 500 Index rose 8.75% for the quarter as 8 of its 10 sectors gained, led by Utilities, Consumer Discretionary and Consumer Staples. The Canadian dollar declined versus the U.S. dollar over the quarter, which enhanced U.S. equity returns in Canadian dollar terms.
- The Index continued to reach all-time highs during the quarter in spite of increased volatility, which returned to financial markets amid concerns over geopolitical strife in the Middle East, an Ebola outbreak, slowing global growth and steep declines in commodity prices.
- Equity gains were supported by strong corporate earnings reports and an encouraging macro-economic backdrop in the U.S., which included solid GDP growth in the third quarter plus improving employment, payroll and manufacturing data.

¹ Source from Standard & Poor's

Source: TD Asset Management, Wilshire Atlas. As at December 31, 2014.

Note: Performance numbers in C\$ term. Numbers may not add due to rounding.

International Equity Market Update

Country	Weight (%)	Quarter Return (%)	1 Year Return (%)
Hong Kong	3.12	6.85	14.54
New Zealand	0.16	6.24	17.01
Ireland	0.33	5.57	11.51
Israel	0.58	4.91	33.83
Belgium	1.30	4.24	13.50
Netherlands	2.76	3.36	5.24
Germany	9.16	3.24	-2.28
Singapore	1.57	3.17	12.31
Finland	0.89	1.57	8.24
Switzerland	9.31	1.33	8.91
Japan	21.21	1.13	4.63
Sweden	3.08	0.08	0.78
Australia	7.50	-0.12	5.29
United Kingdom	21.08	-0.75	3.14
France	9.69	-2.64	-1.80
Austria	0.20	-3.93	-23.44
Denmark	1.51	-4.42	15.75
Spain	3.52	-4.88	3.94
Italy	2.26	-10.26	-1.38
Portugal	0.15	-20.21	-32.67
Norway	0.65	-22.26	-15.01
MSCI EAFE Index ND (C\$) ¹		-0.06	3.67

3-Month Commentary

- The MSCI EAFE Index declined 0.06 % for the quarter in Canadian dollar terms. In local currency terms, international equity returns were positive, with Japanese and European equities rising. The Canadian dollar rose versus the Japanese yen and euro, which dampened returns in Canadian dollar terms.
- Japanese equities rose over the quarter as corporate profits continued to potentially benefit from substantial monetary and fiscal stimulus measures. In spite of these stimulus measures, the economy struggled and recently slipped into a technical recession.
- In Europe, companies reported solid third quarter earnings results and equities managed to overcome a weakening economic backdrop and post modest local currency gains as investors appeared to take comfort in the European Central Bank's (ECB) assertions that it would support the economy.

¹ Source from MSCI Inc.

Source: TD Asset Management, Wilshire Atlas. As at December 31, 2014. Note: Performance in C\$ terms. Total returns net of withholding taxes. Numbers may not add due to rounding.

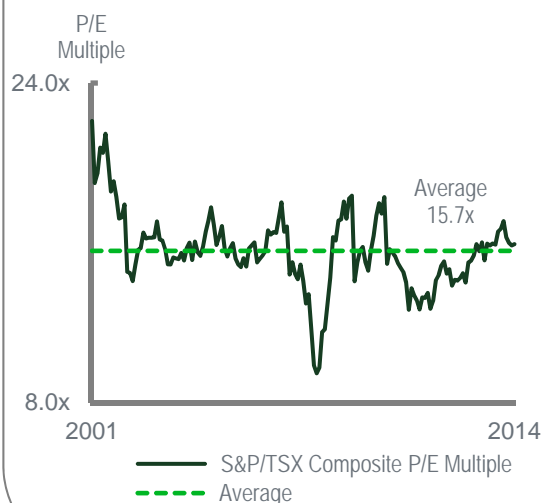
Equity Investment Themes

Looking forward



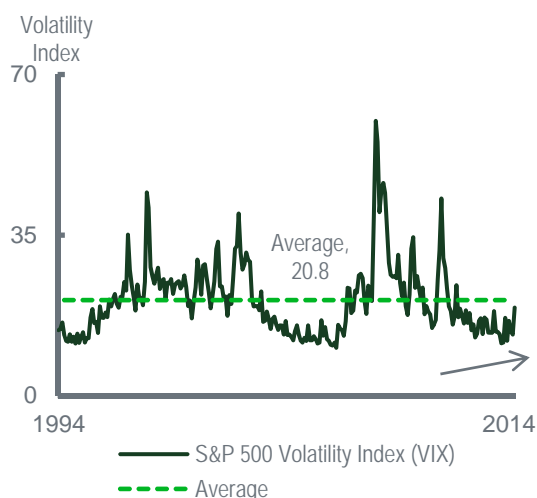
Equity Valuations

- Equity valuations remain attractive versus fixed income
- Canadian equities are attractively valued and should benefit from the strengthening U.S. economy
- A slow deceleration in central bank accommodation should continue to support current valuations



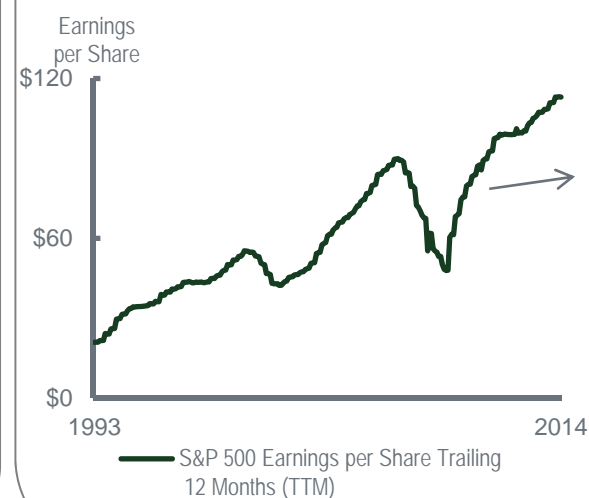
Volatility

- Expect volatility to normalize from recent historically low levels
- Probability of extreme outcomes is moderated by improvements in the U.S. economy and continued high levels of central bank liquidity globally



Earnings/Dividends/Cash Flows

- Revenue and earnings growth for North American companies remains positive but may slow over time
- Robust balance sheets providing room for capital expenditures and acquisitions
- Strong free cash flows being redeployed to share buybacks & dividends

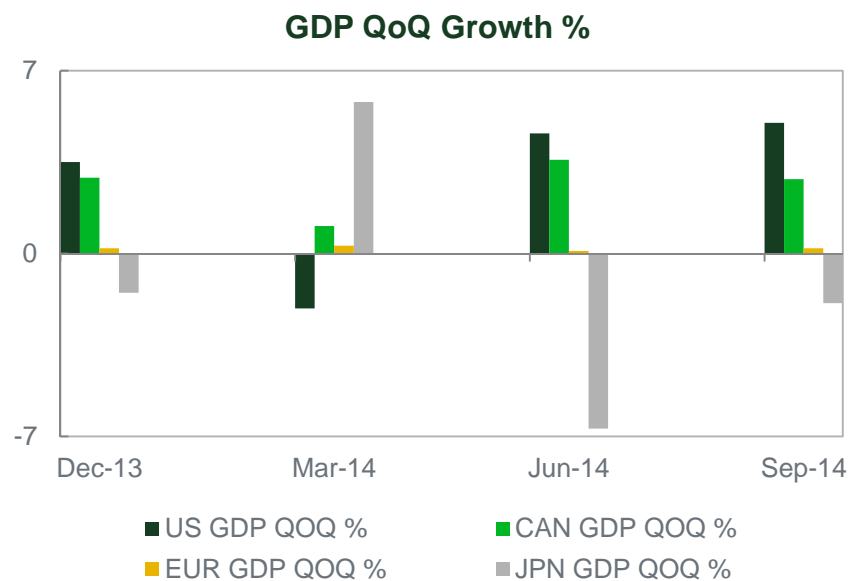


Equities continue to remain attractive

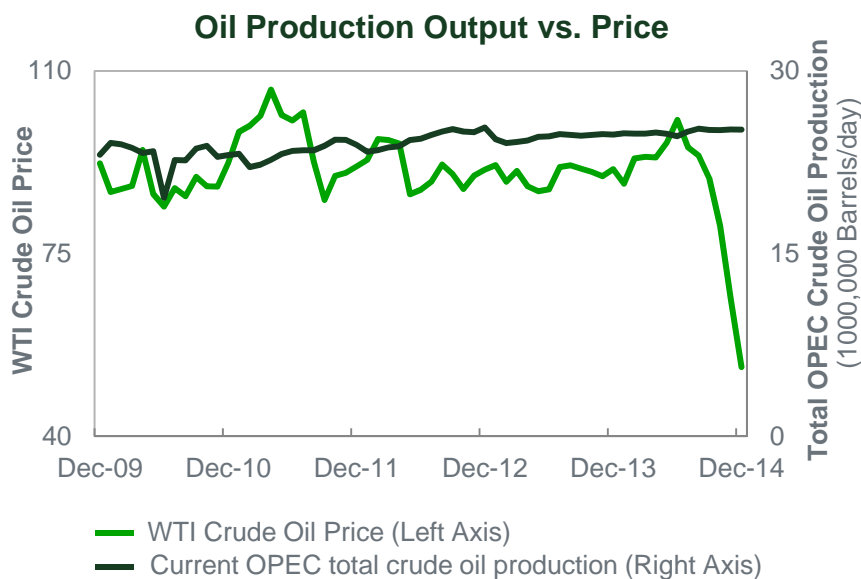
Source: TD Asset Management, Bloomberg Finance L.P. Data as of December 31, 2014.

Q4 2014 Themes Looking Back

- Divergence in global growth:
 - U.S. accelerated • Canada moderately grew • Europe stagnated • Japan decreased
- Increased political uncertainty coupled with deflationary pressures
 - Elections • Polarizing politics • Policy risk • Demographics
- Global Central Banks remained very accommodative
- Supply demand imbalances impacted the price of oil



Source: Bloomberg Finance L.P. Data to September 30, 2014.



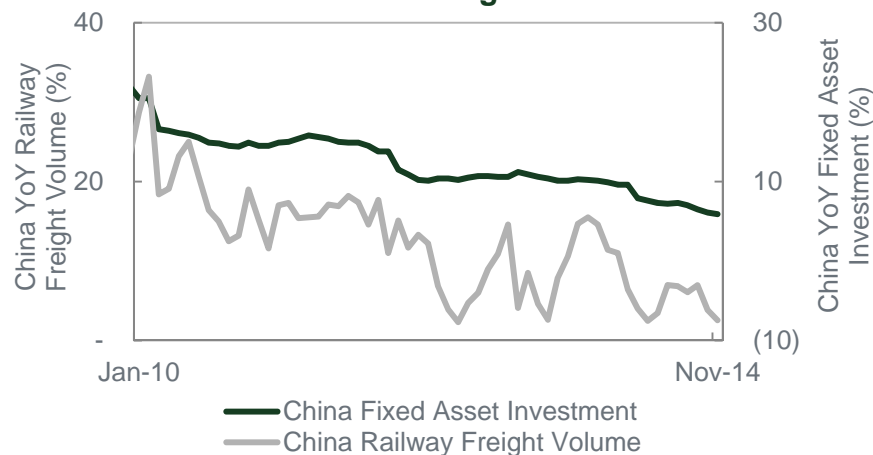
Source: Bloomberg Finance L.P. Data to December 31, 2014.

Themes Looking Forward

Medium term macroeconomic outlook

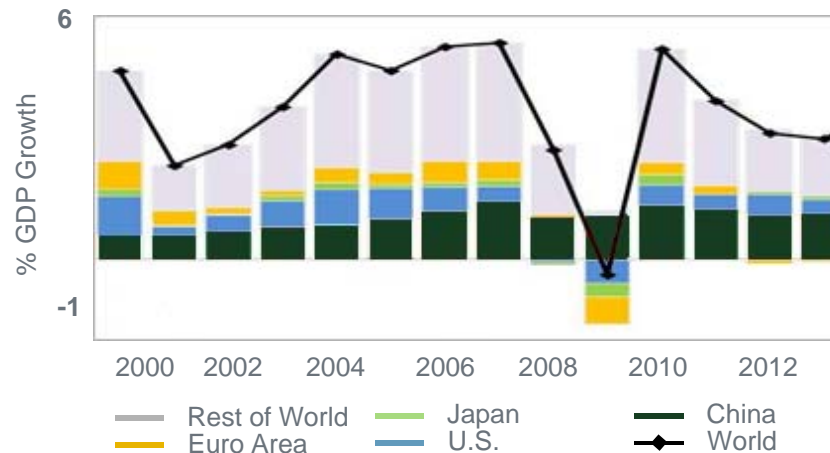


China Decelerating Growth



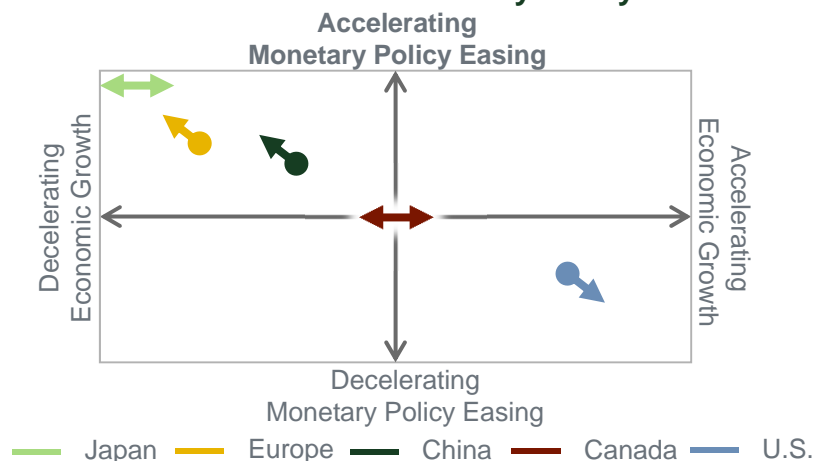
Source: Bloomberg Finance L.P. Data to November 1, 2014 .

% Contribution to Global Growth



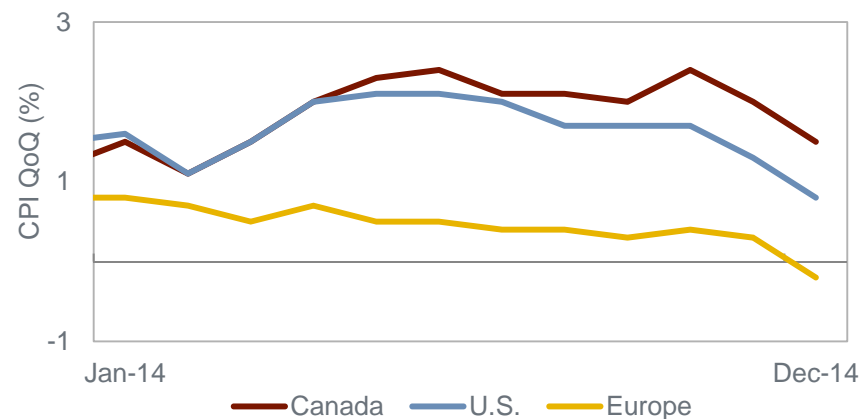
Source: IMF, World Economic Outlook. Data to December 31, 2013.

Global Growth vs. Monetary Policy



Source: TD Asset Management. As at December 31, 2014.

Inflation likely to stay low for longer



Source: Bloomberg Finance L.P. Data to December 31, 2014.

Trends

- Search for yield continues
 - Core Plus
 - Unconstrained global mandates
 - Alternatives

- Focus on risk management
 - Global diversification
 - Low volatility & smart beta equities
 - Structured derivative solutions

- Continued interest in Liability Driven Investing (LDI)
 - Progressive LDI strategies
 - Annuitization discussions

October 31, 2014

Appendix



TD *Emerald* Canadian Bond Index Fund

Tracking variance attribution



Attribution:	3 Months	1 Year
Exclusion of BBB rated securities ¹	0.00%	-0.03%
Transaction costs ²	0.00%	-0.01%
Misweightings ³	-0.01%	-0.01%
Fund expenses / securities lending ⁴	0.00%	0.00%
Total	-0.01%	-0.05%

¹ Fund owns no BBB corporates, whereas the Index does. Spread changes cause tracking variance.

² Transaction costs, due to the bid/ask spread, are negative.

³ Other tracking variance, due to deviations from Index weights, is randomly positive or negative.

⁴ These include legal, custody and audit expenses net of any securities lending revenues.

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years
Fund	2.69%	8.74%	3.53%	5.37%	5.24%
FTSE TMX Canada Universe Bond Index	2.70%	8.79%	3.65%	5.45%	5.32%
Difference	-0.01%	-0.05%	-0.12%	-0.08%	-0.08%

Inception date: August 7, 1991

Source: FTSE TMX Global Debt Capital Markets Inc. Data as at December 31, 2014.

Note: Returns are net of expenses. Returns for periods over one year are annualized. Numbers may not add due to rounding. "DEX" bond indices have been rebranded to "FTSE TMX Canada".

TD *Emerald* Canadian Equity Index Fund

Tracking variance attribution



Attribution:	3 Months	1 Year
Weighting deviations ¹	0.00%	-0.02%
Transaction costs ²	0.00%	-0.01%
Fund expenses ³	0.00%	0.01%
Other ⁴	0.00%	0.00%
Total	0.00%	-0.02%

¹ Fund weights may differ slightly from index weights, causing tracking variance.

² Commissions and bid/ask spread have negative impact.

³ These include legal, custody and audit expenses net of any securities lending revenues.

⁴ Index change implementation & trading class action settlements and corporate actions can cause tracking variance.

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years
Fund	-1.46%	10.53%	10.20%	7.51%	7.61%
S&P/TSX Composite Total Return Index	-1.47%	10.55%	10.22%	7.53%	7.60%
Difference	0.00%	-0.02%	-0.02%	-0.01%	0.01%

Inception date: July 4, 1991

Source: TMX Group Limited. Data as at December 31, 2014.

Note: Returns are net of expenses. Returns for periods over one year are annualized. Numbers may not add due to rounding.

TD *Emerald* U.S. Market Index Fund

Tracking variance attribution



Attribution:	3 Months	1 Year
Weighting deviations ¹	-0.01%	-0.02%
Transaction costs ²	0.00%	-0.01%
Fund expenses ³	0.00%	-0.02%
Withholding tax differential ⁴	0.09%	0.39%
Other ⁵	0.00%	0.00%
Total	0.08%	0.34%

¹ Fund weights may differ slightly from index weights, causing tracking variance.

² Commissions and bid/ask spread have negative impact.

³ These include legal, custody and audit expenses net of any securities lending revenue.

⁴ The difference between withholding tax rates assumed by S&P in its index vs. actual withholding rate applicable to the fund.

⁵ Index change implementation & trading class action settlements and corporate actions can cause tracking variance.

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years
Fund (C\$)	8.67%	23.52%	25.25%	17.37%	6.96%
S&P 500 Total Return Index ND (C\$)	8.59%	23.18%	24.89%	17.04%	6.64%
Difference	0.08%	0.34%	0.36%	0.34%	0.32%

Inception date: August 29, 1997

Source: Standard & Poor's. Data as at December 31, 2014.

Note: Returns are net of expenses. Returns for periods over one year are annualized. Numbers may not add due to rounding.

TD *Emerald* International Equity Index Fund

Tracking variance attribution (C\$)



Attribution:	3 Months	1 Year
Weighting Deviations ¹	0.00%	0.11%
Withholding Tax Differential ²	0.00%	0.03%
Transaction costs ³	0.00%	-0.01%
Pricing ⁴	0.00%	0.00%
Fund expenses ⁵	0.00%	0.03%
Other ⁶	0.00%	0.00%
Total	0.00%	0.16%

¹ Fund 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 can have a negative impact.

⁴ Difference in pricing between the fund pricing and the benchmark.

⁵ These include legal, custody and audit expenses net of any securities lending revenues

⁶ Index change implementation & trading class action settlements and corporate actions can cause tracking variance.

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years
Fund (C\$)	-0.06%	3.83%	16.08%	7.59%	4.19%
MSCI EAFE Total Return Index ND (C\$)	-0.06%	3.67%	15.93%	7.46%	4.08%
Difference	0.00%	0.16%	0.15%	0.14%	0.11%

Inception date: July 31, 1995

Source: MSCI Inc. Data as at December 31, 2014.

Note: Returns are net of expenses. Returns for periods over one year are annualized. Numbers may not add due to rounding.

TD *Emerald* Pooled Funds

Performance as at December 31, 2014



TD <i>Emerald</i> Funds	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	AUM as at 12/31/2014 (billion)
Canadian Bond Index Fund	2.69%	8.74%	3.53%	5.37%	5.24%	7.53%	Aug. 7, 1991	\$6.60
FTSE TMX Canada Universe Bond Index	2.70%	8.79%	3.65%	5.45%	5.32%	7.57%		
Difference	-0.01%	-0.05%	-0.12%	-0.08%	-0.08%	-0.04%		
Canadian Equity Index Fund	-1.46%	10.53%	10.20%	7.51%	7.61%	8.95%	Jul. 4, 1991	\$8.00
S&P/TSX Composite TRI	-1.47%	10.55%	10.22%	7.53%	7.60%	8.81%		
Difference	0.00%	-0.02%	-0.02%	-0.01%	0.01%	0.14%		
U.S. Market Index Fund	8.67%	23.52%	25.25%	17.37%	6.96%	5.36%	Aug. 29, 1997	\$2.60
S&P 500 TRI ND (C\$)	8.59%	23.18%	24.89%	17.04%	6.64%	5.18%		
Difference	0.08%	0.34%	0.36%	0.34%	0.32%	0.17%		
International Equity Index Fund	-0.06%	3.83%	16.08%	7.59%	4.19%	3.75%	Jul. 31, 1995	\$3.30
MSCI EAFE TRI ND (C\$)	-0.06%	3.67%	15.93%	7.46%	4.08%	3.81%		
Difference	0.00%	0.16%	0.15%	0.14%	0.11%	-0.06%		

Sources: TDAM, FTSE TMX Global Debt Capital Markets Inc., TSX Group Inc., Standard & Poor's, MSCI. Data as at December 31, 2014.

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

"DEX" bond indices have been re-branded to "FTSE TMX Canada".



Investment Mandates

Mandates		Benchmark Index	AUM	Performance	Hep C Tracking Target (%)	
				1 Year	Over 1 Year	Over 4 Years
Fixed Income	Segregated Real Return Bonds (buy-and-hold)	N/A	\$938,919,495	21.54	N/A	N/A
	Segregated Short-Term Bonds	FTSE TMX Canada Short Term Bond Index	\$77,432,920	3.95	± 0.20	± 0.10
	Universe Bonds (no BBB-rated corporates)	FTSE TMX Canada Universe Bond Index	\$61,217,063	10.39	± 0.20	± 0.10
Equities	Canadian Equities ¹	S&P/TSX Composite Total Return Index	\$74,522,412	10.32	± 0.30	± 0.15
	U.S. Equities	S&P 500 Total Return Index ND (C\$)	\$44,247,672	29.86	± 0.30	± 0.15
	International Equities	MSCI EAFE Total Return Index ND (C\$)	\$37,695,021	12.95	± 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, 2015

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

"DEX" bond indices have been re-branded to "FTSE TMX Canada".

Total Assets Under Management (AUM)²
\$1,233,970,504

Tracking within expected tolerances

Fixed Income Fund Mandates

Performance as at February 28, 2015



Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	21.54%	6.69%	8.91%	8.74%	-	8.52%
Segregated Short Term Bonds	3.95%	2.91%	3.36%	3.15%	-	4.88%
FTSE TMX Canada Short Term Bond Index	3.93%	2.89%	3.32%	3.13%	-	4.88%
Difference	0.02%	0.02%	0.04%	0.02%	-	0.00%
TD <i>Emerald</i> Canadian Bond Index Fund	10.39%	5.04%	6.27%	5.89%	-	6.36%
FTSE TMX Canada Universe Bond Index	10.40%	5.14%	6.34%	5.96%	-	6.42%
Difference	-0.01%	-0.10%	-0.07%	-0.07%	-	-0.06%

Accounts Inception Date: February 29, 2000

Sources: TDAM, FTSE TMX Global Debt Capital Markets Inc.

Returns: Net of expenses; numbers may not add due to rounding; returns for periods over one year are annualized. Data as at February 28, 2015.

"DEX" bond indices have been re-branded to "FTSE TMX Canada".

Equities Mandates

Performance as at February 28, 2015



TD <i>Emerald</i> Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Canadian Equities ¹	10.32%	9.57%	4.68%	8.33%	-	6.10%
Blended Benchmark ²	10.32%	9.57%	4.68%	8.34%	-	5.93%
Difference	0.00%	0.00%	0.00%	-0.01%	-	0.17%
U.S. Market Index Fund	29.86%	27.26%	21.54%	19.71%	-	3.49%
S&P 500 Total Return Index ND (C\$)	29.50%	26.89%	21.19%	19.37%	-	3.27%
Difference	0.36%	0.37%	0.35%	0.34%	-	0.22%
International Equity Index Fund	12.95%	18.59%	11.80%	11.60%	-	2.23%
MSCI EAFE Total Return Index ND (C\$)	12.76%	18.41%	11.63%	11.44%	-	2.21%
Difference	0.19%	0.18%	0.17%	0.16%	-	0.02%

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, TSX Group Inc., Standard & Poor's, MSCI. Data as at February 28, 2015.

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

Biographies



Portfolio Management

Michelle Hegeman, CFA, Vice President & Director

24 years experience

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

Relationship Management

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

23 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. She is a core member of our Liability Driven Investment Steering Committee. 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, Relationship Management

17 years experience

Shari Fung joined TD Asset Management Inc. (TDAM) in March 2007 as an Associate, Relationship Management. Shari works with the Relationship Managers and Portfolio Management Team to service institutional clients and consultants. Prior to joining TDAM, Shari held the position of Associate with TD Waterhouse Private Investment Counsel Inc., discretionary investment management services. For 9 years, she served high net-worth clients, small to mid-size corporation, and assisted in providing custom-tailored investment portfolio, and tax planning. Shari has also held several supervisory and advisory roles during her 9 years tenure at TD Canada Trust.



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All products contain risk. Important information about the pooled fund trusts is contained in their offering circular, which we encourage you to read before investing. Please obtain a copy. The indicated rates of return are the historical annual compounded total returns of the funds including changes in unit value and reinvestment of all distributions. Yields, investment returns and unit values will fluctuate for all funds. All performance data represent past returns and are not necessarily indicative of future performance. Pooled Fund units are not deposits as defined by the Canada Deposit Insurance Corporation or any other government deposit insurer and are not guaranteed by The Toronto-Dominion Bank. Mutual fund strategies and current holdings are subject to change. TD Emerald Funds are managed by TD Asset Management Inc.

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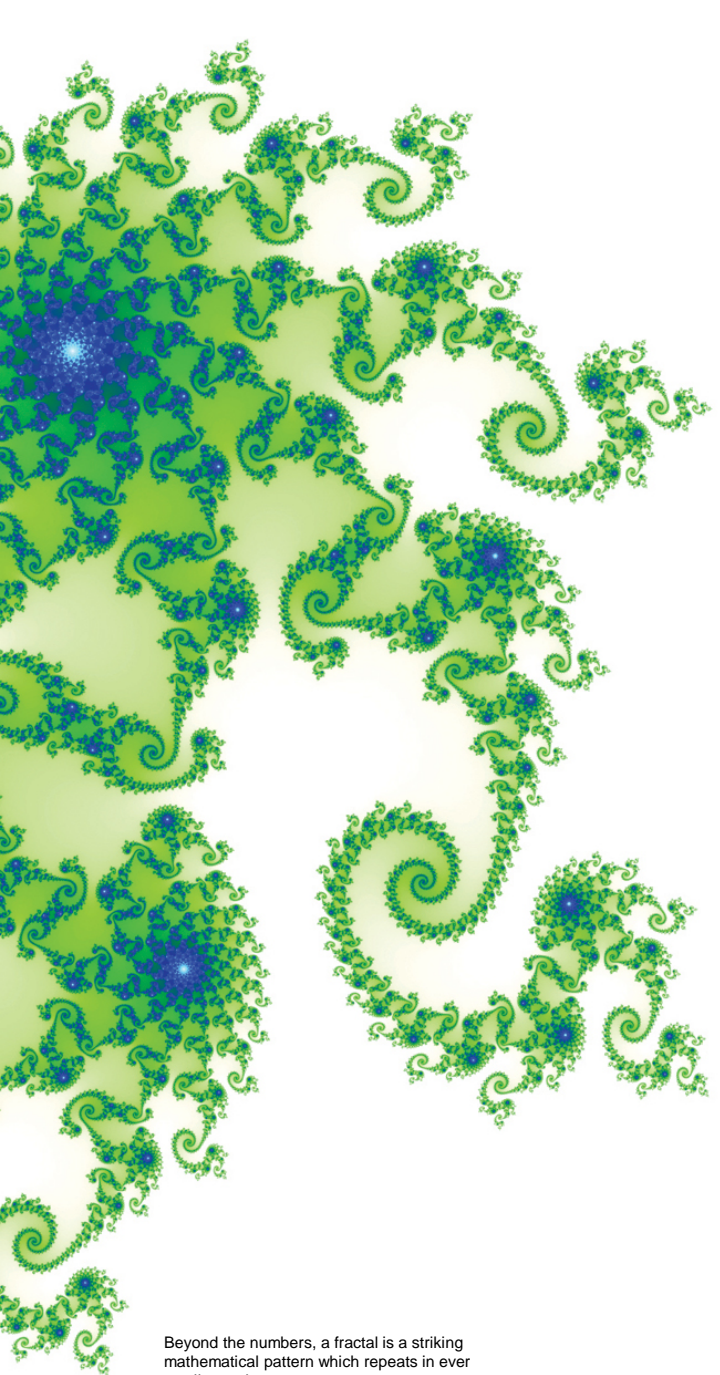
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TAB E

REPORT OF ECKLER LTD. ACTIVITIES

The firm of Eckler Ltd. was engaged to provide the Trust with continuing actuarial advice during the period from January to December 2014. During this fiscal year Eckler Ltd carried out extensive work in connection with the assessment of the financial sufficiency of the Trust as at December 31, 2013, and provided continuing assistance to the Joint Committee on a number of issues including: 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 2015; various discussions with counsel; and other miscellaneous items.

TAB F



Hepatitis C Settlement Trust Fund

Investment Summary as at December 31, 2014

May 6, 2015

Beyond the numbers, a fractal is a striking mathematical pattern which repeats in ever smaller scales.

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	Benchmark	Dec-14			Dec-13		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	841,181	80.2%		697,549	74.5%	
	Universe Bonds	Index	6.0%	59,060	5.6%		56,253	6.0%	
	Canadian Equity	Index	7.0%	73,991	7.1%		82,677	8.8%	
	US Equity	Index	3.5%	40,383	3.8%		49,555	5.3%	
	EAFE Equity	Index	3.5%	34,077	3.2%		49,420	5.3%	
	Cash		0.0%	613	0.1%		475	0.1%	
			100.0%	1,049,306	100.0%	82.0%	935,929	100.0%	78.6%
Short Term	Short Term Bonds	Index		79,938			92,072		
	Cash			85			47		
				80,023		6.3%	92,119		7.7%
Total Invested Assets *				1,129,329		88.3%	1,028,048		86.4%
Provinces Notional Assets (net of prepayments, including outstanding payments)				149,973		11.7%	162,152		13.6%
Total Assets				1,279,302		100.0%	1,190,199		100.0%

Asset Summary – cont'd

(\$,000's)

Split of Invested Assets between:	Dec-14	Dec-13
Long Term Fund	92.9%	91.0%
Short Term Fund	7.1%	9.0%
Total Invested Assets	100.0%	100.0%

Comments on Asset Summary

As of December 31, 2014:

- Weighting for real return bonds is currently 0.2% above their benchmark of 80% of the Long Term Fund
 - This is an increase from December 31, 2013 (5.5% below benchmark)
- Universe bonds are 0.4% below their benchmark of 6%
 - This is a decrease from the weight as at December 31, 2013 of 6.0%
- Equities are above their benchmark by 0.1%
 - At December 31, 2013 they were 5.4% 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 increased from 91.0% to 92.9%, while the Short Term Fund has decreased from 9.0% to 7.1% during the fiscal year

Asset Development

(\$,000's)

		Invested Assets ¹				Provinces' Notional Assets ¹	Total Assets
		Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Total Invested Assets		
Initial, at December 31, 2013		697,959	237,969	92,119	1,028,048	162,152	1,190,199
Investment income (realized and unrealized)		113,884	21,452	2,546	137,882	1,419	139,301
Inflow:	Recoveries from Provinces	-	-	13,598	13,598	(13,598)	0
	Additional Prepayments	-	-	-	-	-	-
Outflow:	Benefit Payments	-	-	(46,601)	(46,601)	-	(46,601)
	Expenses	-	-	(3,597)	(3,597)	-	(3,597)
Transfers between funds		29,887	(51,846)	21,958	(0)	-	-
Closing, at December 31, 2014		841,731 ²	207,576 ²	80,023	1,129,329	149,973	1,279,302

1. Invested Assets include PT prepayments; Provinces' 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
3. Based on RBC Dexia statements
4. Totals may not add due to rounding

Comments on Asset Development

- Total invested assets (i.e. excluding Provinces/Territories' Notional Assets) have increased since December 31, 2013 by \$101.3m
 - As a result of positive investment returns exceeding the "federal" 8/11ths share of the total payouts
- The Provinces/Territories' Notional Assets have decreased by \$12.2m
 - As a result of their 3/11ths share of the total payout exceeding interest credits at T-bill rates
- Total assets (i.e. including Provinces/Territories' Notional Assets) have increased by \$89.1m
- Benefits are paid from the Short Term Fund
- From June 2002 onwards all recoveries from the provinces were allocated to the Short Term Fund
- TD Asset Management made net transfers from the Long Term Fund to the Short Term Fund of \$22m
 - \$15m from real return bonds in June and December 2014
 - \$7m from other long term funds - spread over the period
- TD asset Management made a transfer of \$45m from other long term funds to real return bonds in February 2014

Provinces/Territories' Notional Assets

(\$,000's)

	Gross Province/ Territories' Notional Assets	Less Yukon Prepayments	Net Provinces/ Territories' Notional Assets
Initial, at December 31, 2013	162,166	14	162,152
Interest credits	1,419	-	1,419
Additional prepayments	-	-	-
3/11 th share of benefits/expenses	(13,599)	-	(13,598)
Closing, at December 31, 2014	149,987	14	149,973

Totals may not add due to rounding

Investment Returns

Fund	Portfolio	Fiscal Year Ending				Quarterly Returns Fiscal Dec 2014			
		Dec-11	Dec-12	Dec-13	Dec-14	Mar-14	Jun-14	Sep-14	Dec-14
Long Term	Real Return Bonds	15.2%	2.7%	-8.5%	15.7%	6.6%	4.7%	1.4%	2.2%
	Universe Bonds	9.8%	3.4%	-1.3%	8.7%	2.7%	2.0%	1.1%	2.7%
	Canadian Equity	-9.5%	6.9%	13.0%	10.5%	6.1%	6.4%	-0.6%	-1.5%
	US Equity	4.3%	13.0%	40.8%	23.5%	5.7%	1.5%	6.0%	8.7%
	EAFE Equity	-9.8%	14.9%	31.1%	3.8%	4.6%	0.5%	-1.2%	-0.1%
	Total	11.9%	4.0%	-3.2%	14.6%	6.0%	4.4%	1.3%	2.1%
Short Term	Short Term Bonds	4.7%	2.1%	1.8%	3.1%	1.0%	0.7%	0.4%	0.9%
Total Invested Assets		11.4%	3.8%	-2.8%	13.6%	5.6%	4.1%	1.2%	2.1%
Notional PT Assets		0.9%	0.9%	1.0%	0.9%	0.2%	0.2%	0.2%	0.2%
Total Assets		9.8%	3.4%	-2.3%	11.9%	4.9%	3.6%	1.1%	1.8%

1. The 2011, 2012, 2013 and 2014 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.
2. 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.
3. 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 positive 11.9% for the 2014 calendar year is the result of positive returns on all portfolios
- US equities produced the best returns in 2014 of 23.5%
- Real Return Bonds produced the second best returns in 2014 of 15.7%, as a result of a decrease in real return bond yields
- The Provinces/Territories' Notional Assets increase with interest at the 3-month T-bill rate; in 2014, these rates were lower than the returns on the invested assets

Tracking Error

		Fiscal Year Ending				4 years to Dec 2014	Target Tracking Error	
		Dec-11	Dec-12	Dec-13	Dec-14		1 year	4 years
Universe Bonds	Actual	9.8%	3.4%	-1.3%	8.7%	5.06%		
	Index	9.7%	3.6%	-1.2%	8.8%	5.13%		
	t/e	0.1%	-0.2%	-0.1%	-0.1%	-0.07%	0.20%	0.10%
Canadian Equity	Actual	-9.5%	6.9%	13.0%	10.5%	4.84%		
	Index	-9.6%	6.9%	13.0%	10.6%	4.84%		
	t/e	0.1%	0.0%	0.0%	-0.1%	0.00%	0.30%	0.15%
US Equity	Actual	4.3%	13.0%	40.8%	23.5%	19.65%		
	Index	4.0%	12.7%	40.4%	23.2%	19.30%		
	t/e	0.3%	0.3%	0.4%	0.3%	0.35%	0.30%	0.15%
EAFE Equity	Actual	-9.8%	14.9%	31.1%	3.8%	8.98%		
	Index	-10.0%	14.7%	31.0%	3.7%	8.83%		
	t/e	0.2%	0.2%	0.1%	0.1%	0.15%	0.60%	0.30%
Short Term Bonds	Actual	4.7%	2.1%	1.8%	3.1%	2.90%		
	Index	4.7%	2.0%	1.7%	3.1%	2.86%		
	t/e	0.0%	0.1%	0.1%	0.0%	0.04%	0.20%	0.10%

Comments on Tracking Error

- US Equity had a tracking error outside the target range for four years ending 2014
- All other portfolios met their tracking error target over both one and four years for 2014

TAB G

**1986-1990 Hepatitis C Claims Centre
Annual Report for the Period Ending December 31, 2014**

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 15

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. Implemented new Court Approved Protocols regarding Deficient Claims, Claimants that cannot be Located and Duplicate Claims.
6. Provided further data and follow up information to the Joint Committee with respect to the triennial financial sufficiency review as of Dec 31, 2013.
7. Updated and implemented new Loss of Income, Loss of Services in the Home and Loss of Support renewal claim process.
8. 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 Late Claim Request Protocol.
 - a. Updated the www.hepc8690.ca website with the reasons for decision of the Ontario, British Columbia and Quebec Court with respect to the proposed Late Claim Request Protocol.
9. Continued to work in collaboration with Canadian Blood Services, Héma-Québec, provincial hepatitis c programs, and medical experts.
10. Updated the www.hepc8690.ca website monthly and as needed.
11. Prepared files for Fund Counsel, Referees, and Arbitrators and attended one (1) in person hearings and two (2) by conference call.

Key Claims Evaluation Statistics as of December 31, 2014

Funds disbursed	\$823,233,318.71
Claims received	17,227
Claims approved	13,947
Claims denied	2,654
Claims in progress	626
Appeals	475
Decisions Rendered	338
Mediated/Withdrawn/Rescinded/Archived	116
Traceback requests initiated	4,979

Crawford continues to meet or exceed all service performance criteria.

TAB H

CCAS HEP C 86 - 90 Reconciliation 2014**Balance owing December 31 2013****\$ 44,669.67**

2014 Budgeted Amounts

HEP C

\$ 735,000.00

GST / HST

\$ 95,550.00

Total Budget Year 2014**\$ 830,550.00**

Activity Adjustment

\$ -

HST 13%

\$ -

Third Party Expenses

\$ 7,881.70

HST 13%

\$ 1,024.62

Appeals Cost

\$ 1,914.01

HST 13%

\$ 248.82

Total Activity, Third Party, Appeals & Taxes**\$ 11,069.15****Payments made in 2014**

Re Budget Year 2013

\$ 44,669.67

Re Budget Year 2014

\$ 761,337.50

Total Paid in 2014**\$ 806,007.17****Balance owing from HEP C Settlement Fund
at December 31 2014 re 2014****\$ 80,281.65**

Note:

Dec 31, 2014 Balance

HEP C Budget	2496403-1	\$69,212.50	Paid Jan 12, 2015
Quarterly Adjustment, etc		<u>\$11,069.15</u>	

TAB I

**SUMMARY OF JOINT COMMITTEE WORK
DURING FIFTEENTH YEAR OF OPERATIONS (2014)**

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 2014, approximately \$46.6 million in claims were paid. Operating expenses of administration and all service providers were approximately \$3.2 million. The total amount paid for claims over the life of the settlement now totals approximately \$823.2 million.
3. In 2014, the invested assets held by the Trustee increased by about \$101.1 million (net of payments out) and there was a 13.58% return on the total invested assets. As at December 31, 2014, the value of the Trust Fund was approximately \$1.130 billion and the unpaid liability of the provincial and territorial governments was approximately \$148.2 million, such that there was a total of approximately \$1.278 billion available to satisfy the claims of class members.
4. The most time consuming issues for members of the Joint Committee in 2014 were:
 - (a) preparing the material and motion for the court approval of the 2013 Annual Report and Financial Statements;
 - (b) addressing the appeals arising from applications filed by Class Counsel relating to the jurisdiction of the Court to conduct hearings outside their respective provincial boundaries and a related application issued by the Province of Ontario;
 - (c) contract negotiations with the Administrator in connection with a two year extension of its contract;

- (d) 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 and consulting with the Joint Committee’s medical advisors;
 - (e) addressing reporting errors and performance concerns relating to RBC Investor Services;
 - (f) preparing amendments to the recent diagnosis court approved protocol and initial claims packages court approved protocols to align them with the deficient claims court approved protocol; and
 - (g) preparing the material and motion for approval of the 2014 Annual Budgets.
5. Other projects commenced and/or completed by the Joint Committee in 2014 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 advisors and the Administrator;
 - (b) working with the Administrator to update its website and to proactively provide useful information and answers to frequently asked questions regarding the settlement and its administration to class members;
 - (c) working with Fund Counsel on the advancement of dormant appeals;
 - (d) working with the Administrator to update its loss of services forms; and
 - (e) 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 2014, the invested portion of the Trust Fund closed at \$1.128 billion, which was up by approximately \$101.1 million from the previous year. Approximately \$46.6 million in claims were paid, which was over one third more than was paid out in the previous year.¹ The increase is largely due to payments for costly new drug treatments for which there was little to no provincial/territorial or private insurance coverage in 2014. Approximately \$3.2 million in administration and service provider expenses were paid, which is a 2.7% 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 \$148.2 million as at December 31, 2014.
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 13.58% return on the total invested assets in 2014, which was a marked improvement over prior years.³ In 2014, the value of the invested assets of the Trust Fund increased by about \$101.1 million (net of payments to claimants and expenses of administration of the Settlement).
9. The vast majority of the assets (approximately \$841.7 million) are invested in Government of Canada Real Return Bonds, which produced a return of 15.65% in 2014. This was a significant improvement over previous years.⁴ This return is a result of a decrease in real return bond yields. The return on these bonds since inception is 7.82%.
10. The next largest asset class is short term bonds, which produced a return of 3.05% in 2014. This was a modest improvement over previous years.⁵ The return on these bonds since inception is approximately 4.79%.
11. The “other” invested assets include Canadian and foreign equities and bond funds. The return on Canadian equities was 10.5%, which was down from the previous year.⁶ The return on Canadian equities since inception is 5.9%. The return on US equities was

¹ In 2013, approximately \$34.6 million was paid. In 2012, approximately \$31.0 million was paid.

² In 2013, the operating expenses were approximately \$3.1 million.

³ In 2013, the overall return on invested assets was -2.8%. In 2012, it was 4%.

⁴ In 2013, the return on real return bonds was -8.54%. In 2012, the return was 2.7%.

⁵ In 2013, the return on short term bonds was 1.8%. In 2012, the return on short term bonds was 2.1%.

⁶ In 2013, the return on Canadian equities was 13.0%. In 2012, the return on Canadian equities was 6.9%.

23.5%, which was down from the previous year.⁷ The return on US equities since inception is 2.84%. The return on international equities was 3.8%, which was substantially down from prior years.⁸ The return on international equities since inception is 1.3%. The return on Canadian bonds was 3.1%, which was an improvement over the previous year.⁹ The return on Canadian bonds since inception is 4.8%. 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 target range for four years ending 2014.¹¹

⁷ In 2013, the return on US equities was 40.8%. In 2012, the return on US equities was 13.0%.

⁸ In 2013, the return on international equities was 31.1%. In 2012, the return on international equities was 14.9%.

⁹ In 2013, the return on Canadian bonds was -1.3%. In 2012, the return on Canadian bonds was 3.4%.

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

¹¹ The target four year tracking error for US equities is 0.15%. The actual four year tracking error was 0.35%.

TAB J

YEAR 15 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2014 to December 31, 2014**

GENERAL

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Ontario* (Pape Barristers)	Total
General Fees	97,647.50\$	112,926.50\$	123,570.00\$	129,075.50\$	64,027.50\$	527,247.00\$
General Disbursements	28,060.47\$	5,192.13\$	6,919.31\$	10,717.92\$	928.38\$	51,818.21\$
GST	6,268.80\$	5,893.20\$	-	-	-	12,162.00\$
PST	7,228.73\$	11,756.93\$	-	-	-	18,985.66\$
HST	-	-	16,889.81\$	18,173.14\$	8,444.28\$	43,507.23\$
Total	139,205.50\$	135,768.76\$	147,379.12\$	157,966.56\$	73,400.16\$	653,720.10\$

SUFFICIENCY-RELATED

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Ontario* (Pape Barristers)	Total
Sufficiency Fees	69,440.00\$	9,092.00\$	14,940.00\$	162,013.00\$	64,027.50\$	319,512.50\$
Sufficiency Disbursements	4,442.01\$	396.31\$	0 \$	330.28\$	928.38\$	6,096.98\$
GST	3,690.12\$	474.39\$	-	-	-	4,164.51\$
PST	4,884.18\$	946.46\$	-	-	-	5,830.64\$
HST	-	-	1,942.20\$	21,104.63\$	8,444.27\$	31,491.10\$
Total	82,456.31\$	10,909.16\$	16,882.20\$	183,447.91\$	73,400.15\$	367,095.73\$

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

	British Columbia	Quebec	Ontario (Hemophiliac)	Ontario (Transfused)	Ontario* (Pape Barristers)	Total
Total Fees	167,087.50\$	122,018.50\$	138,510.00\$	291,088.50\$	128,055.00\$	846,759.50\$
Total Disbursements	32,502.48\$	5,588.44\$	6,919.31\$	11,048.20\$	1,856.76\$	57,915.19\$
GST	9,958.92\$	6,367.59\$	-	-	-	16,326.51\$
PST	12,112.91\$	12,703.39\$	-	-	-	24,816.30\$
HST	-	-	18,832.01\$	39,277.77\$	16,888.55\$	74,998.33\$
Total	221,661.81\$	146,677.92\$	164,261.32\$	341,414.47\$	146,800.31\$	1,020,815.83\$

**acting as the Class Counsel representative for the jurisdictional issue contested by the Attorney General of Ontario*

TAB K

**REPORT OF FUND COUNSEL
(FOR 2014 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. Gordon J. Kehler was appointed Fund Counsel for the British Columbia Class Actions by Order of the British Columbia Supreme Court, replacing William A. Ferguson.
3. During the fiscal period **January 1, 2014 to December 31, 2014**, 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, 2014	323
Number of appeals received from January 1, 2014 to December 31, 2014	5
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2014	226
Number of completed appeals (decisions rendered) from January 1, 2014 to December 31, 2014	6
Number of total withdrawals from the beginning to December 31, 2014	44
Number of withdrawals from January 1, 2014 to December 31, 2014	1
Number of total rescissions of denial from the beginning to December 31, 2014	22
Number of rescissions of denial from January 1, 2014 to December 31, 2014	0
Number of total Mediated Appeals from the beginning to December 31, 2014	7
Number of Mediated appeals from January 1, 2014 to December 31, 2014	0
Number of Archived Appeals	6
Number of pending Appeals as of December 31, 2014	18
Number of total requests for judicial confirmation from the beginning to December 31, 2014	54
Number of requests for judicial confirmation from January 1, 2014 to December 31, 2014	0
Number of total judicial decisions from the beginning to December 31, 2014	43
Number of judicial decisions from January 1, 2014 to December 31, 2014	0

Number of Appeals Justice Winkler has sent back to Referee up to December 31, 2014	4
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, 2014	1
Total Number of pending Appeals as of December 31, 2014	18

***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 **\$103,410.50** plus GST/HST on fees in the amount of **\$13,443.37**. Ontario Fund Counsel incurred disbursements in the amount of **\$4,545.74** plus GST/HST on disbursements in the amount of **\$590.94**, **\$0** of which related to travel expenses. No expert witness expenses were incurred. With taxes, the total amount of fees and disbursements incurred is **\$121,990.55**.

(b) Quebec Fund Counsel

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2014:	79
Number of appeals received from January 1, 2014 to December 31, 2014:	0
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2014:	63
Number of completed appeals (decisions rendered) from January 1, 2014 to December 31, 2014:	0
Number of total withdrawals from the beginning to December 31, 2014:	10
Number of withdrawals from January 1, 2014 to December 31, 2014:	0
Number of total mediated appeals from the beginning to December 31, 2014:	1
Number of mediated appeals from January 1, 2014 to December 31, 2014:	0
Number of total rescissions of denial from the beginning to December 31, 2014:	5
Number of rescissions of denial from January 1, 2014 to December 31, 2014:	0

Number of pending appeals as of December 31, 2014:	0
Number of total requests for Judicial confirmation from the beginning to December 31, 2014:	22
Number of requests for Judicial confirmation from January 1, 2014 to December 31, 2014	0
Number of total Judicial decisions from the beginning to December 31, 2014:	20
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2014	1
Number of judicial decisions from January 1, 2014 to December 31, 2014:	1

Quebec Fund Counsel incurred fees of **\$10,635.50** plus tax. Quebec Fund Counsel incurred disbursements in the amount of **\$169.44** plus tax. The total amount of taxes incurred on fees and expenses is **\$1,400.95**. 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 **\$12,205.89**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2014:	73
Number of appeals received from January 1, 2014 to December 31, 2014:	0
Number of total completed appeals (dec rendered) from the beginning to December 31, 2014:	49
Number of completed appeals (dec rendered) from January 1, 2014 to December 31, 2014:	0
Number of total withdrawals from the beginning to December 31, 2014:	16
Number of withdrawals from January 1, 2014 to December 31, 2014:	2
Number of total rescissions from the beginning to December 31, 2014:	0
Number of rescissions from January 1, 2014 to December 31, 2014:	0
Number of total mediated appeals from the beginning to December 31, 2014:	1

Number of mediated appeals from January 1, 2014 to December 31, 2014:	0
Number of Archived Appeals	4
Number of Archived Appeals from January 1, 2014 to December 31, 2014	0
Number of pending appeals as of December 31, 2014:	3
Number of total requests for judicial confirmation from the beginning to December 31, 2014:	19
Number of requests for judicial confirmation from January 1, 2014 to December 31, 2014:	0
Number of total judicial decisions from the beginning to December 31, 2014:	19
Number of judicial decisions from January 1, 2014 to December 31, 2014	0

B.C. Fund Counsel incurred fees in the amount of **\$16,797.00** plus tax. B.C. Fund Counsel incurred disbursements in the amount of **\$345.05** plus tax. The total amount of taxes incurred on fees and expenses is **\$2,032.91** (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 **\$19,174.96**.

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.
9. Fund Counsel attended before the British Columbia and Ontario Courts in respect of a motion as to the location where the supervising judge may hear motions relating to the Fund.

TAB L

Annual Report 2014

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 14 Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia, 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. There is currently no arbitrator/referee in Quebec.

Appeal Activity

4. The number of appeals assigned to Arbitrators and Referees remains low, but steady.

Financial Activity to December 31, 2014

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:	\$ 3,102.50	-	\$ 24,228.00
Disbursements:	\$ 51.60	-	\$ 1,792.10
Taxes on fees:	\$ 484.63	-	\$ 2,682.60
TOTALS	\$ 3,638.73	-	\$ 28,702.70

In the past fiscal year, 2 cases were approved for payment in excess of the tariff rate, both in Ontario.

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 2015 Budget be set at an amount equal to that actually paid in 2014.