

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

**YEAR 18**

**REPORT OF THE JOINT COMMITTEE**  
**FOR THE PERIOD ENDING DECEMBER 31, 2017**

**TAB**

**INDEX**

**1 Report of the Joint Committee – Year 18 (2017)**

Schedules

- A Audited Financial Statements of the 1986-1990 Hepatitis C Fund for year ending December 31, 2017
- B Annual Report of the Administrator, for the period ending December 31, 2017
- C Crawford 2017 Reconciliation
- D RBC Investor Services, Trustee and Custodian Hepatitis C Trust Fund – Information Brief – March 2017
- E TD Asset Management Inc. – Annual Certificate of Compliance for year ended December 31, 2017
- F TD Asset Management Inc. – Portfolio Review of Trust Fund, for year ending December 31, 2017
- G Eckler Ltd. – Report of Activities
- H Eckler Ltd. – Hepatitis C Settlement Trust Fund Investment Summary as at December 31, 2017
- I Summary of the Joint Committee’s Work During Eighteenth Year of Operations (2017)
- J Fees and Disbursements of the Joint Committee
- K Report of Fund Counsel
- L Report and Fees of Referees and Arbitrators

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

**HEPATITIS C CLASS ACTION SETTLEMENT**

**YEAR 18**

**ANNUAL REPORT OF THE JOINT COMMITTEE**

**FOR THE PERIOD ENDING DECEMBER 31, 2017**

## TABLE OF CONTENTS

---

EXECUTIVE SUMMARY .....	1
OVERVIEW .....	4
2017 EXPENSES .....	4
A. REGULAR BENEFIT PLANS WORK .....	4
B. FINANCIAL SUFFICIENCY WORK .....	6
C. SPECIAL DISTRIBUTION BENEFITS WORK.....	7
D. LATE CLAIMS BENEFITS WORK.....	8
DELOITTE LLP .....	9
CRAWFORD CLASS ACTION SERVICES .....	10
RBC INVESTOR SERVICES .....	11
TD ASSET MANAGEMENT INC. ....	11
PRICEWATERHOUSECOOPERS LLP .....	11
COHEN HAMILTON STEGER & CO. INC. — PAULA FREDERICK .....	12
MEDICAL MODELLING WORKING GROUP .....	12
ECKLER LTD. ....	12
JOINT COMMITTEE .....	14
FUND COUNSEL.....	15
REFEREES AND ARBITRATORS .....	16
THE MONITOR .....	16
CANADIAN BLOOD SERVICES .....	17
HÉMA-QUÉBEC.....	17
2018 BUDGETS.....	17

---

## Annual Report – YEAR 18 (2017)

January 1, 1986 – July 1, 1990 Hepatitis C Class Action Settlement

### EXECUTIVE SUMMARY

---

1. The 1986-1990 Hepatitis C Settlement (the “**Settlement**”) completed its eighteenth year of operations on December 31, 2017.
2. In 2017, the Administrator received 191 new claims under the Transfused HCV Benefit Plan and the Hemophiliac HCV Benefit Plan (collectively, the “**Regular Benefit Plans**”) as follows:
  - 10 Primarily Infected Transfused Claims
  - 142 Family Member Transfused Claims
  - 39 Family Member Hemophiliac Claims
3. New claims under the Regular Benefit Plans nearly doubled over the prior year.<sup>1</sup> As of December 31, 2017, the Administrator also approved 10 new claims under the Recent HCV Diagnosis court approved protocol exception to the First Claim Deadline of June 30, 2010 (“**First Claim Deadline**”) and 6 new claims under the other court approved protocol exception to the First Claim Deadline. In 2017, the Administrator paid out about \$39.5 million in claims under the Regular Benefit Plans.
4. In accordance with their August 2016 decisions, the Courts issued orders/judgments in February 2017 and December 2017 allocating about \$152.8 million in 2013 excess capital of the 1986-1990 Hepatitis C Trust Fund (the “**Trust Fund**”) in favour of class members to fund certain special distribution benefits (the “**Special Distribution Benefits**”).<sup>2</sup> As of December 31, 2017, the Administrator had paid

*In 2017, the Settlement paid approximately:*

***\$39.5 million** under the Regular Benefit Plans*

***\$83.0 million** in Special Distribution Benefits*

---

<sup>1</sup> In 2016, 98 new claims were received. In 2015, 236 new claims were received.

<sup>2</sup> The amounts allocated are comprised of \$130,970,000 plus related administrative costs of \$61,000 for Special Distribution Benefits awarded in the February 2017 orders/judgment, plus required capital for those benefits

about \$83.0 million in Special Distribution Benefits. Additional claims for retroactive Special Distribution Benefits were also approved but had not been paid as of the year end due to difficulty in locating claimants, executors or their successors. Efforts are being made by the Administrator to locate claimants and identify successors so that these approved retroactive payments can be made as intended.

5. In December 2017, the Courts also approved an HCV Late Claims Benefit Plan funded by an allocation of about \$40 million in excess capital of the Trust Fund<sup>3</sup> for class members who did not make a claim prior to the First Claim Deadline and who do not fall within the existing court approved protocols that provide exceptions to the June 30, 2010 deadline of the Regular Benefit Plans (“Late Claims”). The benefits provided under the HCV Late Claims Benefit Plan are the same as the Regular Benefit Plans plus the Special Distribution Benefits, both in terms of type and amount (indexed). As of December 31, 2017, the Administrator had received 336 Late Claim requests. No claims had been filed under the newly established plan by year end.

*Since inception, about  
\$1.041 billion in benefits  
has been paid to 14,494  
approved claims.*

6. In summary, in 2017, the Administrator paid a total of approximately \$122.5 million in payments to claimants, which was about triple the payments made in each of the previous two years.<sup>4</sup>
7. Since the inception of this Settlement in 1999, the Administrator has paid out a total of approximately \$1.041 billion<sup>5</sup> in benefits in response to approximately 14,494 approved claims.
8. Financial Statements of the Trust Fund attached at **Schedule A** indicate that, as at December 31, 2017, the Trustee held assets of about \$1.053 billion and there was a total

---

of \$12,199,000 awarded in the December 2017 orders/judgment. The December 2017 orders/judgment also allocated excess capital to fund two new Special Distribution Benefits described in paragraph 22: one for \$4.6 million plus required capital of \$500,000 and the second for \$3.9 million plus required capital of \$400,000.

<sup>3</sup> The amounts allocated are comprised of \$32,450,000 plus related administrative costs of \$51,000 awarded in the February 2017 orders/judgment, plus required capital for those benefits of \$7,411,000 awarded in the December 2017 orders/judgment.

<sup>4</sup> In 2016, it was approximately \$42.2 million. In 2015, it was approximately \$52.6 million.

<sup>5</sup> This amount includes payments of about \$21.4 million to HIV secondarily infected claimants.

unpaid liability of the provincial governments of about \$110.8 million (including interest) for a total of about \$1.164 billion available to satisfy class members' claims.

9. During 2017, there was a 2.38% return on the invested assets held by the Trustee, which was a moderate decrease over the prior year.<sup>6</sup> This was mainly due to modest returns on the Government of Canada real return bonds that comprise most of the assets and lower returns on the balance of invested assets. The invested assets decreased by about \$88.5 million or 7.8% net of payments out.<sup>7</sup>
10. The expenses incurred to administer the Settlement in 2017 totaled approximately \$3.9 million<sup>8</sup> for all service providers, which is a decrease of about 17.4% over the previous year<sup>9</sup> despite the added complexity of implementing two new elements, Special Distribution Benefits and the HCV Late Claims Benefit Plan.

---

<sup>6</sup> In 2016, the overall return on invested assets was 4.51%. In 2015, the overall return on invested assets was 2.69%.

<sup>7</sup> In 2016, the invested assets decreased by about 2.1% net of payments out. In 2015, the invested assets increased by about 0.85% net of payments out.

<sup>8</sup> Note, this amount is less than the \$4.052 million in operating expenses stated in the audited financial statements because the Joint Committee negotiated discounts to certain fees of the Administrator totaling about \$176,437 after the financial statements were completed, as discussed below.

<sup>9</sup> In 2016, the administration expenses totalled approximately \$4.7 million. In 2015, the administration expenses totalled approximately \$4.6 million.

## OVERVIEW

---

11. This is the eighteenth 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 its administration.
12. In 2017, 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 Courts.
13. In December 2017, the Courts established three accounts of the Trust Fund: the Regular HCV Benefits Account, the Special Distribution Benefits Account and the HCV Late Claims Benefit Account. The work performed and expenses incurred by service providers are categorized and charged to the applicable account. The provincial and territorial governments do not contribute to claims or expenses paid from the Special Distribution Benefits Account or the HCV Late Claims Benefit Account.
14. The activities of the service providers to the Settlement under each of the three categories are discussed under the appropriate headings below and/or in their attached reports. Their fees and disbursements are reconciled to their court approved budgets, where applicable.

## 2017 EXPENSES

---

15. The budgeting process for 2017 commenced in late 2016. Annual budget approval orders were obtained from the Courts in January 2017. The actual 2017 fees and disbursements of each service provider for each category of work is set out below. All amounts are rounded to the nearest dollar.

### **A. Regular Benefit Plans Work**

---

16. The total expenses of the service providers supervised by the Joint Committee for work relating to the Regular Benefit Plans in 2017 was \$1,735,653 (plus taxes). Service providers were generally at or under budget.



17. The following chart summarizes the budget versus actual expenses for 2017 for the service providers supervised by the Joint Committee for Regular Benefit Plans work (plus applicable taxes).

Service Provider	2017 Budget	2017 Actual	Variance from Budget	Note
<b>Crawford Class Action Services</b>				See paras 30-36 and Tabs B and C
Administration Contract	\$557,261	\$557,261	0	
Activity Level Adjustment	As incurred	\$25,000	-	
Third Party Expenses	As incurred	\$2,787	-	
Appeal Expenses	As incurred	0	-	
CLASS System Upgrade	\$103,950	\$95,000	(\$8,950)	
Special Projects	\$50,000	0		
<b>Deloitte LLP</b>				See paras. 28-29 and Tab A
Audit, financial statements (exclusive of travel expenses)	Not to exceed \$100,000	\$92,000	(\$8,000)	
Special Projects	\$25,000	\$5,000	(\$20,000)	
<b>RBC Investor Services</b>				See paras. 38-39 and Tab D
Trustee Services	\$125,000	\$113,889	(\$11,111)	
<b>TD Asset Management Inc.</b>				See paras. 41-43 and Tabs E and F
Investment Services	\$215,000	\$202,173	(\$12,827)	
<b>Eckler Ltd.</b>				See paras. 50-54 and Tabs G and H
Actuarial Services & Investment Review	\$50,000	\$49,616	(\$384)	
Special Projects	\$25,000	\$12,432	(\$12,568)	
<b>PriceWaterhouseCoopers LLP</b>				See paras. 44-45
Income Loss annual computer programming update	\$10,000	\$9,900	(\$100)	
<b>Paula Frederick/ Cohen Hamilton Steger Inc.</b>				See paras. 46-47
Specialized Income Loss analysis	\$40,000	\$42,138	\$2,138	

Service Provider	2017 Budget	2017 Actual	Variance from Budget	Note
<b>Joint Committee</b> Regular administration and supervision work				See paras. 58-59 and Tabs I and J
Fees	\$650,000	\$387,085	(\$262,915)	
Disbursements	\$75,000	\$25,890	(\$49,110)	
Special Projects	\$25,000	0	(\$25,000)	

18. The following service providers, who are not supervised by the Joint Committee, also provided services in 2017 relating to the Regular Benefit Plans. They were paid the following amounts (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	Actual 2017	Note
<b>Fund Counsel</b> Fees Disbursements	 \$72,580 \$1,362	See paras 64-69 and Tab K
<b>Arbitrators and Referees</b> Fees Disbursements	 \$15,665 \$888	See paras. 70-73 and Tab L
<b>Court Monitor</b> Fees Disbursements	 \$5,385 \$3,577	See paras. 74-75

## B. Financial Sufficiency Work

19. Section 10.01 of the Settlement Agreement requires the financial sufficiency of the Trust Fund to be assessed every three years.
20. In 2017, the following service providers performed services in connection with the financial sufficiency review triggered on December 31, 2016 (the “**2016 Financial Sufficiency Review**”). All service providers were under their budgets for fees. Eckler Ltd. was slightly over its budget for disbursements.

21. The services provided included data collection and reporting, preparing an updated medical model of the cohort of class members, discussions with and among the medical modelling working group and the actuaries, actuarial work, and input and oversight by the Joint Committee. As delivery of the medical modelling report was substantially delayed, the Joint Committee and its actuaries, Eckler, were not able to perform all the work anticipated in 2017.

Service Provider	Budget 2017	Actual 2017	Variance from Budget	Note
<b>Dr. Murray Krahn and Medical Modelling Working Group</b>				See para. 48-49
Medical model	\$201,824	\$144,160	(\$57,664)	
<b>Eckler Ltd.</b>				See para. 55
Fees	\$700,000	\$445,764	(\$254,236)	
Disbursements	\$5,000	\$6,930	\$1,930	
<b>Joint Committee</b>				See para. 60 and Tabs I and J
Fees	\$500,000	\$33,172	(\$466,828)	
Disbursements	\$50,000	\$1,199	(\$48,801)	

### C. Special Distribution Benefits Work

22. In February 2017, the Courts issued orders/a judgment directing payment of certain Special Distribution Benefits to class members from excess capital of the Trust Fund. In December 2017, two additional special distribution benefits were approved by the Courts relating to alive co-infected hemophiliacs who made a \$50,000 election and for alive permanently disabled dependents of an HCV Approved Claimant (the “**two new SDBs**”).
23. The Courts approved budgets for the following service providers in connection with Special Distribution Benefits. Their actual fees and disbursements (exclusive of taxes) are indicated below. Service providers were under and over budget.

Service Provider	Budget 2017	Actual 2017	Variance from Budget	Note
<b>Deloitte</b>				See para. 28
Fees	– <sup>10</sup>	\$6,500	-	
<b>Crawford</b>				See para. 36 and Tab C
Fees	\$635,690	\$404,336	(\$231,354)	
<b>Joint Committee</b>				See para. 61 and Tabs I and J
Fees	\$125,000	\$175,612	\$50,612	
Disbursements	\$7,500	\$18,037	\$10,537	
<b>Eckler Ltd.</b>				See para. 56
Fees	\$25,000	\$29,307	\$4,307	

#### D. Late Claims Benefits Work

24. In December 2017, the Courts approved an HCV Late Claims Benefit Plan prepared by the Joint Committee in consultation with the federal, provincial and territorial governments, as well as a comprehensive notice plan developed and overseen by the advertising agency BRAD, involving a national television, public relations and social media campaign.
25. The Courts approved budgets for the following service providers in connection with Late Claims Benefits. Their actual fees and disbursements (exclusive of taxes) are indicated below. The Joint Committee was over budget.

<sup>10</sup> Deloitte's 2017 budget for audit and financial statements for all aspects of the Trust was not to exceed \$100,000. This included the work for Special Distribution Benefits and Late Claims, for which separate budgets were not obtained.

Service Provider	Budget	Actual 2017	Variance from Budget	Note
<b>Deloitte</b> Fees	- <sup>11</sup>	\$1,500	-	See para. 28
<b>Joint Committee</b> Fees Disbursements	\$125,000 \$7,500	\$333,417 \$10,106	\$208,417 \$2,606	See para. 62 and Tabs I and J
<b>Eckler Ltd.</b> Fees	\$25,000	\$14,475	(10,525)	See para 57

## DELOITTE LLP

26. Deloitte LLP ("**Deloitte**") was appointed auditor of the Trust Fund pursuant to orders of the Courts.
27. 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 for the year ended December 31, 2017.
28. The Courts approved a budget for Deloitte for the audit and financial reports of not more than \$100,000 plus travel expenses and taxes for 2017. The total amount invoiced by Deloitte for these services was \$100,000 plus taxes, comprised of \$92,000 for the usual services and \$6,500 plus taxes for the additional work, planning and financial reporting relating to Special Distribution Benefits and \$1,500 plus taxes for similar services relating to the HCV Late Claims Benefit Plan.
29. The Courts also approved a special projects budget of \$25,000 plus taxes for Deloitte. The total amount invoiced was \$20,000 plus taxes, which related to testing and verifying the

---

<sup>11</sup> see note 10.

integrity of data following the upgrade of the Administrator's CLASS settlement administration software.

## CRAWFORD CLASS ACTION SERVICES

---

30. Crawford Class Action Services ("**Crawford**") was appointed Administrator by orders of the Courts in March 2000. In their 2017 budget approval orders, the Courts approved a two-year extension of Crawford's appointment to December 31, 2018.
31. The Report of the Administrator is attached as **Schedule B**.
32. The budget for Crawford provides for a flat administration fee subject to adjustment if 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.
33. A special projects budget of \$50,000 was also approved for 2017 and a budget of \$103,950 was previously approved to implement an upgrade to the CLASS administration software.
34. **Schedule C** is the Payment Reconciliation for Crawford for 2017. It reflects payments to Crawford in accordance with its budget of \$557,261 relating to the administration of the Regular Benefit Plans as well as additional charges for third party expenditures of \$2,787.90 (plus taxes). Crawford sought an activity adjustment payment of \$57,708.63 plus taxes, due partly to increased call volumes. It was the Joint Committee's view that much of the increased call volume arose from Crawford not meeting its published timetable for paying Special Distribution Benefits and not returning class members' calls in a timely manner. Following negotiation with the Joint Committee, Crawford agreed to accept a reduced activity adjustment payment of \$25,000. The Joint Committee recommends approval of these charges.
35. Crawford's implementation and testing of the upgrade to its CLASS administration software was also substantially delayed, despite the Joint Committee expressing its concerns to senior management on several occasions. Following negotiation with the Joint Committee, Crawford agreed to accept a reduced total payment of \$95,000 for the software upgrade.

36. Crawford's 2017 budget for administering the Special Distribution Benefits was \$635,690. As certain anticipated payments could not be made owing to an inability to locate various class members, executors or their successors, Crawford submitted a fee request of \$539,115 for the payments that could be made. Given Crawford's substantial delays in making the Special Distribution Benefit payments resulting from inadequate staffing levels, the Joint Committee negotiated a 25% fee reduction of Crawford's fee to \$404,336.

## RBC INVESTOR SERVICES

---

37. 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.
38. Attached as **Schedule D** is a Report from RBC of its Custodial Trustee activities in the year ended December 31, 2017.
39. The Courts approved a budget for RBC for 2017 of \$125,000 plus taxes. The actual fees charged by RBC for 2017 were \$113,889 plus taxes, which were paid pursuant to the 2017 budget approval orders.

## TD ASSET MANAGEMENT INC.

---

40. TD Asset Management Inc. ("TDAM") was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts.
41. Attached as **Schedule E** is the Confirmation that TDAM has complied with the court approved Investment Guidelines.
42. The Courts approved a budget for TDAM for 2017 of \$215,000 plus taxes. The actual charge by TDAM was \$202,173 plus taxes. That amount was paid pursuant to the 2017 budget approval orders.
43. Attached as **Schedule F** is the Portfolio Review of the Trust Fund assets.

## PRICEWATERHOUSECOOPERS LLP

---

44. 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 respect to both types of software.

45. The budget approved by the Courts for PriceWaterhouseCoopers LLP for 2017 was \$10,000 plus taxes. The actual amount charged to the Trust Fund by PriceWaterhouseCoopers LLP was \$9,900 plus taxes. It was paid on approval of the Joint Committee pursuant to the 2017 budget approval orders.

## COHEN HAMILTON STEGER & CO. INC. – Paula Frederick

---

46. Cohen Hamilton Steger & Co. 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.
47. The budget approved for Ms. Frederick's services in 2017 was \$40,000. Ms. Frederick's actual fees were \$42,137.50 plus taxes. The overage relates to expert services performed in connection with a complicated appeal of a decision of the Administrator. The Joint Committee recommends approval of this overage and payment of Ms. Frederick's final invoice for 2017 in the amount of \$2,182.50.

## MEDICAL MODELLING WORKING GROUP

---

48. Dr. Murray Krahn and the Medical Modelling Working Group ("**MMWG**") have performed medical modelling work for each of the triennial financial sufficiency reviews.
49. The budget approved for the MMWG's services in 2017 for the 2016 Financial Sufficiency Review was \$201,824 plus taxes. Due to its delays, only a portion of the MMWG's work was completed in 2017, with the balance completed in 2018. The MMWG's actual fees in 2017 were \$144,160 plus taxes, which were paid on approval of the Joint Committee pursuant to the 2017 budget approval orders. The balance of its budget was carried into 2018.

## ECKLER LTD.

---

50. 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.



51. Eckler has also provided an annual investment review and advice to the Joint Committee in respect of investments on an as needed basis since the resignation of the Investment Consultants in 2005.
52. Attached as **Schedule G** is the Report of Eckler regarding its activities during 2017.
53. Attached as **Schedule H** is an Investment Summary provided by Eckler.
54. The Courts approved an annual budget for Eckler’s actuarial and investment review services of \$50,000 plus disbursements and taxes for 2017 and a special projects budget of \$25,000. Eckler’s actual charges for these services in 2017 were \$49,616 plus taxes and \$12,432, respectively, which were under budget. Those amounts were paid on approval of the Joint Committee pursuant to the 2017 budget approval orders.
55. For 2017, the Courts approved a financial sufficiency budget for Eckler of \$700,000 for fees plus \$5,000.00 in disbursements and taxes. As MMWG’s report was delayed, Eckler was unable to fully complete the financial sufficiency actuarial services anticipated in 2017, so the balance of work was completed in 2018. Eckler’s actual accounts for financial sufficiency work in 2017 were \$445,764<sup>12</sup> plus taxes on fees, which was under budget, and \$6,930 in disbursements, which was over budget. The overage related to costs of Eckler personnel travelling from Vancouver to Toronto to meet in person with Canada’s actuarial team. The Joint Committee recommends approval of this disbursement overage.
56. Eckler’s 2017 budget for Special Distribution Benefits was \$25,000 plus taxes. Its actual fees were \$29,307, an overage of \$4,307 plus taxes. The overage related to performing indexing calculations, consulting with the Joint Committee and performing actuarial calculations for two new SDBs. The Joint Committee recommends payment of this overage.
57. Eckler’s 2017 Budget for the HCV Late Claims Benefit Plan was \$25,000 plus taxes. Its actual fees were \$14,475, which was underbudget.

---

<sup>12</sup> Eckler had a single budget for all aspects of financial sufficiency work in 2017. This work included work specific to Special Distribution Benefits (fees totaling \$52,491) and specific to the Late Claims Benefit Plan (fees totaling \$15,416). Eckler’s fees for each category of work were tracked and charged to the appropriate accounts. Eckler’s fees of \$445,764 reported above include its fees for these separate categories so that its total fees are tracked to its single budget for financial sufficiency work.

---

## JOINT COMMITTEE

---

58. A Summary Report of the work of the Joint Committee in 2017 is set out in **Schedule I**. As described below, the Joint Committee receives separate budgets for each category of work performed.
59. The 2017 budget for the Joint Committee for administration and supervision services work relating to the Regular Benefit Plans was \$650,000 for fees and \$75,000 for disbursements, exclusive of taxes. The Joint Committee's actual fees in 2017 for this work were \$387,085 plus taxes, which was under budget by \$262,915, and its actual disbursements were \$25,890 plus taxes, which was under budget by \$49,110.
60. Concerning financial sufficiency, the Courts approved a 2017 financial sufficiency budget for the Joint Committee of \$500,000 plus taxes and disbursements of \$50,000 plus taxes. The Joint Committee's actual fees for financial sufficiency for 2017 were \$33,172 taxes, which was under budget by \$466,828, and its actual disbursements were \$1,199, which was under budget by \$48,801. As noted above, less work than anticipated was performed on financial sufficiency related matters due to the delay of the MMWG in delivering its report.
61. The Joint Committee's 2017 budget for Special Distribution Benefits was \$125,000 plus taxes for fees and \$7,500 plus taxes for disbursements. Its actual fees were \$175,612, an overage of \$50,612 plus taxes, and its actual disbursements were \$18,037, an overage of \$10,537. The overages related to obtaining and implementing legal and actuarial advice regarding the structure of the Trust, negotiations with the federal, provincial and territorial governments regarding the February 2017 and December 2017 orders/judgment, implementing these benefits and creating the three accounts of the Trust, preparing applications to approve the two new SDBs, increased oversight of the Administrator over its delays in making payments, and responding to associated calls from class members.
62. The Joint Committee 2017 budget for the HCV Late Claims Benefit Plan was \$125,000 plus taxes and \$7,500 plus taxes in disbursements. Its actual fees were \$333,417, an overage of \$208,417 plus taxes and \$10,106 plus taxes in disbursements. The overages related to negotiations regarding the structure and content of the HCV Late Claims Benefit Plan, including an in-person meeting in Toronto with lawyers for Canada, negotiations with the federal, provincial and territorial governments regarding tax and social assistance benefit issues, and obtaining and implementing legal advice on trust and implementation issues.

63. All accounts of the Joint Committee are submitted to the Courts or, in the case of British Columbia, the Attorney General for Canada before being paid. A detailed summary by jurisdiction of all fees and disbursements incurred by the Joint Committee is set out in **Schedule J**.

## FUND COUNSEL

64. 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.
65. Attached as **Schedule K** is the Report of Fund Counsel on their activities and their fees incurred in 2017.
66. In 2017, the following appeals were dealt with in each jurisdiction:

2017 Appeal Status Report	ON <sup>13</sup>	BC	QUE	Total
Appeals received	5	0	0	5
Appeals completed	3	0	0	3
Appeals withdrawn	2	1	0	3
Denials rescinded	0	0	0	0
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	0	1	0	1
Judicial decisions	0	0	0	0
Appeals pending (including appeals sent back to Referees)	12	2	1	15

67. An increased number of appeals were completed or withdrawn in 2017 because of efforts by Fund Counsel in Ontario and British Columbia to bring forward dormant appeals to conclusion.

<sup>13</sup> Ontario covers all provinces and territories other than Quebec and British Columbia.

68. Fund Counsel estimates that the volume of appeal work in 2017 will either remain the same or decrease slightly depending on the number of appeals raising complex issues requiring expert evidence.
69. In 2017, Fund Counsel fees were \$72,580, an 81% decrease over the previous year,<sup>14</sup> and disbursements were \$1,362, all exclusive of taxes. All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

## REFEREES AND ARBITRATORS

---

70. Referees and Arbitrators were appointed for each jurisdiction by Court orders. On December 8, 2016, a new arbitrator/referee was appointed in Quebec following the resignation of the prior arbitrator/referee.
71. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for 2017 is set out in **Schedule L**.
72. In 2017, the fees for Arbitrators and Referees were \$15,665 and the disbursements were \$888, all exclusive of taxes. Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.
73. It is anticipated that the activity level of referees will increase substantially in 2018 due to the HCV Late Claims Benefit Plan.

## THE MONITOR

---

74. 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.
75. In 2017, the fees of the Monitor were \$5,385 exclusive of taxes and the disbursements were \$3,577, all exclusive of taxes.

---

<sup>14</sup> In 2016, the total fees were \$385,999.03.

## CANADIAN BLOOD SERVICES

76. 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.
77. 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 2017 and CBS has not invoiced for any expenses that were incurred. Similarly, the Joint Committee did not seek a budget for CBS for 2018.

## HÉMA-QUÉBEC

78. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for 2017 as it advised that due to the limited number of traceback requests expected it would in the first instance finance the cost and seek reimbursement at year end if the costs incurred were significantly higher than anticipated. Similarly, the Joint Committee did not seek a budget for Héma-Québec for 2018.
79. Héma-Québec has advised that it did not perform any tracebacks in 2017.

## 2018 BUDGETS

80. The chart below compares the approved budgets for service providers in 2018 to their 2017 budgets.

	2017 Budget	2018 Budget	Payment Methodology
<b>Crawford</b> General administration of the Regular Benefit Plans and EAP2 (subject to adjustment for appeal and third party expenses and increase or decrease of certain measurable activities by more than 10% per annum)	\$557,261	\$528,167	\$44,013.92 monthly

	2017 Budget	2018 Budget	Payment Methodology
HCV Special Distribution Benefits Administration	\$635,690	\$5,000 <sup>15</sup> plus \$ 96,575 carried over for retroactive payments to be made	All subject to approval by the Joint Committee
CLASS System Upgrade	\$103,950	-	
Special Projects	\$50,000	\$50,000	
Late Claims	-	As per an approved activity based Schedule	
<b>Deloitte</b>			
Audit and financial statements (exclusive of travel expenses)	not to exceed \$100,000	not to exceed \$100,000	All subject to approval by the Joint Committee
Special Projects	\$25,000	\$25,000	
<b>RBC</b>			
Trustee Services	\$125,000	\$125,000	up to \$10,416.67 monthly
<b>TDAM</b>			
Investment Services	\$215,000	\$215,000	up to \$17,916.67 monthly


---

<sup>15</sup> Crawford has indicated that its budget for administering Special Distribution Benefits on a go forward basis will be \$5,000.

	2017 Budget	2018 Budget	Payment Methodology
<b>Eckler</b>			
General actuarial services and investment review work, not related to sufficiency (exclusive of disbursements)	\$50,000	\$50,000	All subject to approval by the Joint Committee
Special Projects (incl. investment guidelines)	\$25,000	\$25,000	
Supporting HCV Special Distribution Benefits implementation	\$25,000	\$25,000	
Supporting HCV Late Claims Benefit Plan implementation	\$25,000	\$25,000	
2016 Sufficiency Review – Phase 1 (including for 2016-HCV Special Distribution Benefits and HCV Late Claims Benefit Plan)	\$700,000 fees and \$5,000 disbursements	\$536,000 fees and \$15,000 disbursements	
<b>Dr. Murray Krahn and Medical Modelling Working Group</b>			Subject to approval by the Joint Committee
Medical model	\$201,824	\$57,664 carried over	
<b>PWC</b>			Subject to approval by the Joint Committee
Income Loss-annual computer programming update	\$10,000	\$10,000	
<b>Paula Frederick / Cohen Hamilton Steger</b>			Subject to approval by the Joint Committee
Specialized Income Loss analysis	\$40,000	\$40,000	

	2017 Budget	2018 Budget	Payment Methodology
<b>Joint Committee</b>			
Regular administration and supervision work	\$650,000 fees and \$75,000 disbursements	\$400,000 fees and \$50,000 disbursements	All subject to Court order
Implementation of HCV Special Distribution Benefits	\$250,000 fees and \$15,000 disbursements	\$50,000 fees and \$10,000 disbursements	
HCV Late Claims Benefit Plan	\$500,000 fees and \$50,000 disbursements	\$125,000 fees and \$10,000 disbursements	
2016 Sufficiency Review – Phase 1	\$500,000 fees and \$50,000 disbursements	\$420,000 fees and \$50,000 disbursements	
Special Projects (incl. trust expert)	\$25,000	-	

Dated this 5th day of September, 2018



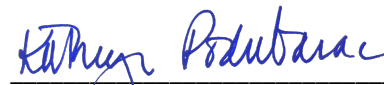
Kathryn Podrebarac  
Podrebarac Barristers Professional Corporation



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



for Michel Savonitto  
Savonitto & Ass. Inc.



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



Financial statements of  
États financiers du

## **The 1986 - 1990 Hepatitis C Fund**

## **Fonds Hépatite C 1986 - 1990**

December 31, 2017  
31 décembre 2017

# **The 1986 - 1990 Hepatitis C Fund**

December 31, 2017

## **Table of contents**

# **Fonds Hépatite C 1986 - 1990**

31 décembre 2017

## **Table des matières**

Independent Auditor's Report

1-2 Rapport de l'auditeur indépendant

Statement of financial position

3 État de la situation financière

Statement of operations

4 État des résultats

Statement of cash flows

5 État des flux de trésorerie

Notes to the financial statements

6-16 Notes complémentaires

## 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, 2017, 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 2017, 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 planifiions et réalisions 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, 2017, 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.

**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 2017, 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.

*Deloitte LLP / S.E.N.C.R.L. / s.r.l.*

Chartered Professional Accountants  
Licensed Public Accountants

March 27, 2018

Comptables professionnels agréés  
Experts-comptables autorisés

27 mars 2018

# The 1986 - 1990 Hepatitis C Fund

Statement of financial position  
as at December 31, 2017  
(in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

État de la situation financière  
au 31 décembre 2017  
(en milliers de dollars)

	2017	2016	
	\$	\$	
<b>Assets</b>			<b>Actif</b>
Current assets			Actif à court terme
Cash	4,739	76	Encaisse
Investments (note 3)	1,046,119	1,134,661	Placements (note 3)
Contributions receivable	2,222	2,116	Apports à recevoir
	<b>1,053,080</b>	<b>1,136,853</b>	
<b>Liabilities</b>			<b>Passif</b>
Current liabilities			Passif à court terme
Accounts payable and accrued liabilities	7,053	714	Créditeurs et charges à payer
Accrued claims in process of payment	7,587	6,772	Demandes accumulées en cours de paiement
Funding held for future expenses (note 4)			Financement pour charges futures (note 4)
Regular	885,963	1,129,498	Régulier
Late claims benefits	49,307	(46)	Réclamations tardives
Special distribution benefits	103,170	(85)	Indemnités de distribution spéciale
	<b>1,053,080</b>	<b>1,136,853</b>	

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

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

*Katrina Podutara*  
*Harvey T. Strosberg*  
*[Signature]*  
*[Signature]*

# The 1986 - 1990 Hepatitis C Fund

Statement of operations  
year ended December 31, 2017  
(in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

État des résultats  
de l'exercice clos le 31 décembre 2017  
(en milliers de dollars)

	2017	2016	
	\$	\$	
<b>Expenses</b>			<b>Dépenses</b>
Claims (note 5)	123,292	42,173	Demandes (note 5)
Operating (note 6)	4,052	4,694	Frais d'exploitation (note 6)
	127,344	46,867	
Revenue	127,344	46,867	Revenus
<b>Excess of revenue over expenses</b>	-	-	<b>Excédent des revenus sur les dépenses</b>

# The 1986 - 1990 Hepatitis C Fund

Statement of cash flows  
year ended December 31, 2017  
(in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

État des flux de trésorerie  
de l'exercice clos le 31 décembre 2017  
(en milliers de dollars)

	2017	2016	
	\$	\$	
<b>Operating activities</b>			<b>Activités d'exploitation</b>
Excess of revenue over expenses	-	-	Excédent des revenus sur les dépenses
Items not affecting cash			Éléments sans incidence sur l'encaisse
Realized losses (gains) on investments	(19,295)	287	Pertes (gains) réalisées sur placements
Change in unrealized gains and losses on investments	20,417	(26,470)	Variation des gains et pertes non réalisés sur placements
	1,122	(26,183)	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	(106)	39	Apports à recevoir
Accounts payable and accrued liabilities	6,339	(814)	Créditeurs et charges à payer
Accrued claims in process of payment	815	829	Demandes accumulées en cours de paiement
Funding held for future expenses	(90,927)	15,903	Financement pour charges futures
	(82,757)	(10,226)	
<b>Investing activities</b>			<b>Activités d'investissement</b>
Purchase of investments	(121,887)	(107,262)	Acquisition de placements
Proceeds on sale of investments	209,307	117,477	Produits de la vente de placements
	87,420	10,215	
Net cash inflow (outflow)	4,663	(11)	Augmentation (diminution) de l'encaisse
Cash, beginning of year	76	87	Encaisse au début
<b>Cash, end of year</b>	<b>4,739</b>	<b>76</b>	<b>Encaisse à la fin</b>

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 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.

As at December 31, 2017, the provinces and territories prepaid contributions total \$12,000 (\$12,000 in 2016). 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, 2017, those obligations including interest are estimated to be \$110,838,000 (\$121,377,000 in 2016).

In 2017, from the excess capital, the Courts approved funding for a Late Claims Benefit Plan and Special Distribution Benefits. Additional information is disclosed in note 4.

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*.

## 1. Description du Fonds

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

Au 10 janvier 2000, les obligations maximales revenant au Fonds s'élevaient à 1,203 milliards de dollars, et elles étaient partagées entre le gouvernement du Canada (72,7273 %) et les gouvernements provinciaux et territoriaux (27,2727 %), plus les intérêts cumulés par la suite sur les obligations impayées.

Le gouvernement du Canada a versé des apports au Fonds, lesquels règlent entièrement son obligation envers le Fonds. Les gouvernements provinciaux et territoriaux sont tenus de verser des apports pour régler leur part des charges au moment où elles deviennent exigibles. Les provinces et les territoires peuvent choisir de verser leurs apports à l'avance.

Au 31 décembre 2017, les apports des provinces et territoires versés à l'avance totalisent 12 000 \$ (12 000 \$ en 2016). 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 2017, ces obligations, intérêts compris, sont estimées à 110 838 000 \$ (121 377 000 \$ en 2016).

En 2017, les Tribunaux ont approuvé l'allocation de capital excédentaire pour un régime distinct pour les réclamations tardives et pour les Indemnités de distribution spéciale. Des informations additionnelles sont divulguées à la note 4.

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

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



# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 2. Significant accounting policies

### *Basis of presentation*

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

### *Financial instruments*

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

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

### *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.

## 2. Principales méthodes comptables

### *Méthode de présentation*

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

### *Instruments financiers*

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

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 2. Significant accounting policies (continued)

### *Revenue recognition (continued)*

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

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

### *Claims*

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

### *Operating expenses*

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

### *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)*

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.

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, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 3. Investments

Investments are summarized as follows:

	2017		2016		
	Fair value	Cost	Fair value	Cost	
	Juste valeur	Coût	Juste valeur	Coût	
	\$	\$	\$	\$	
Investment earnings receivable and cash	2,049	2,049	2,083	2,083	Revenus de placement à recevoir et encaisse
Fixed income					Titres à revenu fixe
Government of Canada	820,301	639,608	883,695	683,128	Gouvernement du Canada
Corporate	8,203	8,323	17,498	17,607	Sociétés
Provinces of Canada	4,847	4,936	9,776	9,944	Provinces du Canada
Fixed income pooled funds	60,859	54,660	58,161	51,269	Fonds communs à revenu fixe
	894,210	707,527	969,130	761,948	
Equities - Pooled Funds					Actions - Fonds communs
Canadian	76,106	58,302	75,156	59,311	Canadiens
Foreign					Étrangers
U.S.	37,451	18,484	51,192	27,673	Américains
International	36,303	28,140	37,100	31,612	Internationaux
	149,860	104,926	163,448	118,596	
	1,046,119	814,502	1,134,661	882,627	

### 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, 2017, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 16.8 years (17.3 years in 2016).

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

### Détermination de la juste valeur

Les titres à revenu fixe proviennent de titres de créance de gouvernements et de sociétés qui versent des intérêts à des taux conformes à ceux du marché à la date d'achat. Les obligations sont comptabilisées à des prix offerts publiés. La sensibilité du portefeuille de titres à revenu fixe aux variations des taux d'intérêt du marché correspond à la durée du portefeuille. Au 31 décembre 2017, la durée moyenne des obligations et des débentures du portefeuille, pondérée selon la juste valeur, était de 16,8 ans (17,3 ans en 2016).

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, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 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:

	2017	2016	
	\$	\$	
Equities - Pooled Funds			Actions - Fonds communs
U.S.	37,451	51,192	Américains
International	36,303	37,100	Internationaux
	73,754	88,292	

## 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 :

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 3. Investments (continued)

*Investment risk (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)

*Risque de placement (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 :

	2017		2016		
	Fair value Juste valeur		Fair value Juste valeur		
	\$	%	\$	%	
Investment earnings receivable and cash	2,049	-	2,083	-	Revenus de placement à recevoir et encaisse
Fixed income					Titres à revenu fixe
Government of Canada	820,301	78	883,695	78	Gouvernement du Canada
Corporate	8,203	1	17,498	2	Sociétés
Provinces of Canada	4,847	1	9,776	1	Provinces du Canada
Fixed income pooled funds	60,859	6	58,161	5	Fonds communs à revenu fixe
	894,210	86	969,130	86	
Equities - Pooled Funds					Actions - Fonds communs
Canadian	76,106	7	75,156	7	Canadiens
Foreign					Étrangers
U.S.	37,451	4	51,192	4	Américains
International	36,303	3	37,100	3	Internationaux
	149,860	14	163,448	14	
	1,046,119	100	1,134,661	100	

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 4. Funding held for future expenses

## 4. Financement pour charges futures

2017					
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Balance, beginning of year	1,129,498	(46)	(85)	1,129,367	Solde au début
Changes during the year					Variations au cours de l'exercice
Transfer of excess capital (note 7)	(234,323)	48,573	185,750	-	Transfert du capital excédentaire (note 7)
Investment earnings	21,384	1,189	2,384	24,957	Revenus de placement
Amounts recognized as revenue	(30,596)	(409)	(84,879)	(115,884)	Montants constatés comme revenus
Balance, end of year	885,963	49,307	103,170	1,038,440	Solde à la fin
2016					
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Balance, beginning of year	1,113,464	-	-	1,113,464	Solde au début
Changes during the year					Variations au cours de l'exercice
Investment earnings	50,026	-	-	50,026	Revenus de placement
Amounts recognized as revenue	(33,992)	(46)	(85)	(34,123)	Montants constatés comme revenus
Balance, end of year	1,129,498	(46)	(85)	1,129,367	Solde à la fin

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 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 :

2017					
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Approved by the Administrator of the Fund					Demandes approuvées par l'Administrateur du Fonds
Disbursed	39,461	-	83,016	122,477	Décaissements
Net change in accrued claims in process of payments	(39)	-	854	815	Variation nette des demandes accumulées en cours de paiement
	39,422	-	83,870	123,292	
2016					
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Approved by the Administrator of the Fund					Demandes approuvées par l'Administrateur du Fonds
Disbursed	41,344	-	-	41,344	Décaissements
Net change in accrued claims in process of payments	829	-	-	829	Variation nette des demandes accumulées en cours de paiement
	42,173	-	-	42,173	

The claims include payments totaling \$nil (\$480,000 in 2016) for HIV secondary claimants.

Les demandes incluent des paiements au total de valeur nulle (480 000 \$ en 2016) pour les requérants infectés indirectement par le VIH.

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 6. Operating expenses

## 6. Frais d'exploitation

2017					
	Regular	Late claims benefits	Special distribution benefits	Total	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total	
	\$	\$	\$	\$	
Administrator	816	-	609	1,425	Administrateur
Advertising	-	102	-	102	Publicité
Legal (claims' appeal costs, Fund counsel)	167	-	-	167	Frais juridiques (frais de demandes en appel, avocats du Fonds)
Joint committee - Administration	472	388	219	1,079	Comité mixte - Administration
Joint committee - Sufficiency review	45	-	-	45	Comité mixte - Réévaluation de la suffisance
Jurisdiction appeal	-	-	-	-	Jurisdiction - appel
Investment and management	228	-	-	228	Gestion des placements
Audit and related services	110	2	24	136	Honoraires d'audit et de services connexes
Custodial trustee	129	-	-	129	Frais de garde
Actuarial - General	65	31	86	182	Honoraires d'actuariat
Actuarial - Sufficiency review	404	-	-	404	Honoraires d'actuariat - Réévaluation de la suffisance
Medical and other consulting	155	-	-	155	Frais médicaux et autres frais de consultation
	2,591	523	938	4,052	



# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 6. Operating expenses (continued)

## 6. Frais d'exploitation (suite)

	2016			
	Regular	Late claims benefits	Special distribution benefits	Total
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	Total
	\$	\$	\$	\$
Administrator	717	-	-	717
Legal (claims' appeal costs, Fund counsel)	655	-	-	655
Joint committee - Administration	482	42	57	581
Joint committee - Sufficiency review	1,435	-	-	1,435
Jurisdiction appeal	665	-	-	665
Investment and management	234	-	-	234
Audit and related services	103	-	8	111
Custodial trustee	128	-	-	128
Actuarial - General	35	4	20	59
Actuarial - Sufficiency review	99	-	-	99
Medical and other consulting	10	-	-	10
	4,563	46	85	4,694

# The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2017

(tabular amounts in thousands of dollars)

# Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2017

(montants dans les tableaux en milliers de dollars)

## 7. Transfer of excess capital

Subsequent to the decisions of the Courts on the applications to allocate excess capital which were released in August 2016, the Court Orders in Ontario and British Columbia were finalized and approved by all parties and the Courts in January 2017. A further judgment was rendered by the Quebec Court in February 2017, which added orders to its earlier judgement. In November and December 2017, the Courts established three accounts of the trust: the HCV Regular Benefit Account, the HCV Late Claims Benefits Account and the HCV Special Distribution Benefits Account and ordered further special distribution benefits for certain alive permanently disabled Approved Dependants and for alive co-infected hemophiliacs.

The Courts approved the following amounts for the Late Claims Benefits and Special Distribution Benefits:

## 7. Transfert du capital excédentaire

Suite aux décisions des Tribunaux rendues en août 2016 concernant les requêtes pour allouer le capital excédentaire, les ordonnances d'Ontario et de la Colombie-Britannique ont été finalisées et approuvées par toutes les parties et les Tribunaux en janvier 2017. Un jugement additionnel a été rendu en février 2017 par le Tribunal du Québec ajoutant des ordonnances à son jugement précédent. En novembre et décembre 2017, les Tribunaux ont rendu des ordonnances additionnelles établissant trois compte dans la fiducie : le compte pour les Indemnités régulières, le compte pour les Réclamations tardives et le compte pour les Indemnités de distribution spéciale et approuvant des Indemnités de distribution spéciale en faveur de certaines personnes reconnues à charge et invalides et de certains hémophiles co-infectés survivants.

Les Tribunaux ont approuvés les montants suivants pour le régime des Réclamations tardives et pour les Indemnités de distribution spéciale :

	2017		
	Late claims benefits	Special distribution benefits	
	Réclamations tardives	Indemnités de distribution spéciale	
	\$	\$	
Excess capital	32,450	130,970	Capital excédentaire
Administrative cost	51	61	Frais d'administration
Required capital	7,411	12,199	Capital requis
Excess capital -			Capital excédentaire -
Disabled Dependants	-	3,900	personnes à charges invalides
Required capital -			Capital requis -
Disabled Dependants	-	400	personnes à charges invalides
Excess capital -			Capital excédentaire -
Co-infected hemophiliacs	-	4,600	hémophiles co-infectés
Required capital -			Capital requis -
Co-infected hemophiliacs	-	500	hémophiles co-infectés
Net investment earnings from			Revenu de placement net entre le
January 1, 2014 to December 31, 2016	8,661	33,120	1 <sup>er</sup> janvier 2014 et le 31 décembre 2016
	48,573	185,750	

**1986-1990 Hepatitis C Claims Centre  
Annual Report for the Period Ending December 31, 2017**

**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 18**

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. Worked with the Joint Committee to implement the decisions of the courts to allocate excess capital to Class Members in the form of Special Distributions.
4. Distributed \$83,861,162 in Special Distribution Benefits to Class Members.
5. Completed database upgrade.
6. Met with the Joint Committee in March; provided and discussed updated claim statistics.
7. Provided additional data and follow up information to the Joint Committee with respect to the medical modeling component of the triennial financial sufficiency review as of Dec 31, 2016.
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.
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](http://www.hepc8690.ca) and as needed.
11. Prepared files for Fund Counsel, Referees, and Arbitrators and attended one (1) hearing via conference call.

**Key Claims Evaluation Statistics as of December 31, 2017**

Funds disbursed – HCV Regular Benefit Account	\$956,900,540.34
Funds disbursed – HCV Special Distribution Benefit Account	\$83,861,162.64
Claims received	17,748
Claims approved	14,494
Claims denied	3,156
Claims in progress	98
Appeals	487
Decisions Rendered	353
Mediated/Withdrawn/Rescinded/Archived	119
Traceback requests initiated	5,027

Crawford continues to meet or exceed all service performance criteria.

**CCAS HEP C 86 - 90 Reconciliation 2017**

<b>Balance owing December 31 2016</b>	<b><u>\$ 71,896.59</u></b>
---------------------------------------	----------------------------

## 2017 Budgeted Amounts

HEP C	\$ 557,261.00
GST / HST	\$ 72,443.93

<b>Total Budget Year 2017</b>	<b><u>\$ 629,704.93</u></b>
-------------------------------	-----------------------------

Activity Adjustment	\$ 57,708.63
Fee Reduction	-\$ 32,708.63
HST 13%	\$ 3,250.00

Third Party Expenses	\$ 2,787.90
HST 13%	\$ 362.43

Appeals Cost	\$ -
HST 13%	\$ -

Special Distribution Benefits	\$ 539,115.00
Fee Reduction	-\$ 134,778.75
HST 13%	\$ 52,563.71

Database Upgrade	\$ 103,950.00
Fee Reduction	-\$ 8,950.00
HST 13%	\$ 12,350.00

<b>Total Activity, 3rd Party, Appeals, SD Benefits, Database Upgrade &amp; Taxes</b>	<b><u>\$ 595,650.29</u></b>
--	-----------------------------

**Payments made in 2017**

Re Budget Year 2016	\$ 71,896.59
Re Budget Year 2017	\$ 577,229.44

<b>Total Paid in 2017</b>	<b><u>\$ 649,126.03</u></b>
---------------------------	-----------------------------

<b>Balance owing from HEP C Settlement Fund at December 31 2017 re 2017</b>	<b><u>\$ 648,125.78</u></b>
---	-----------------------------

Note:

Dec 31, 2017 Balance

HEP C Budget	3049182	\$52,475.49	Paid Jan 10,2018
Activity Adjustment, etc		<u>\$595,650.29</u>	

# Information Brief

## ***RBC Investor & Treasury Services, Trustee and Custodian – Hepatitis C Trust Fund***

APRIL 2018

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

Prepared by:  
Sunil Dundee, Associate, Service Assurance  
RBC Investor & Treasury Services



**RBC Investor &  
Treasury Services**

## The Trustee

RBC Investor & Treasury Services (RBC I&TS) was appointed Trustee and Custodian of the Hepatitis C Trust Fund by the Superior Courts of British Columbia, Ontario and Quebec on June 15, 1999.

### 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 16 countries across North America, Europe, Asia and Australia, delivering services to safeguard client assets and maximize liquidity. As a strong, stable partner, focused on meeting our clients' evolving needs, RBC I&TS has an unwavering commitment to managing operational risk in our business and the highest credit ratings among our asset servicing peers <sup>(1)</sup>. Rated by our clients as the #1 global custodian for seven consecutive years <sup>(2)</sup>, RBC I&TS is trusted with CAD 4.4 trillion in client assets under administration as at January 31, 2018 <sup>(3)</sup>.

RBC I&TS is a strong, stable partner with consistent credentials focused on meeting our clients' evolving needs. Clients benefit from our long-standing experience and specialized expertise:

- A worldwide network of offices across four continents, with operational centres of excellence providing service support across the globe
- Part of Royal Bank of Canada, one of the strongest banks in the world <sup>(1)</sup> and one of the top 15 banks globally based on market capitalization <sup>(4)</sup>
- Leading offshore provider with centres of excellence in Luxembourg and Dublin and more than 30 years' UCITS expertise
- Award-winning fund accounting and transfer agency services with lead market share in Luxembourg and Canada

- Market-leading foreign exchange expertise and currency hedging solutions designed to support our clients in achieving best execution
- Top-rated securities lending and finance services focused on efficiently maximizing client returns
- 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
- Leading voice in industry regulation and market best practices
- 100+ years of history in providing investor and treasury services
- Global industry recognition with 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 measurement and compliance monitoring, distribution, transaction banking (including trade finance, insourced solutions and services to broker dealers), and treasury services (including cash/liquidity management, foreign exchange services and global securities lending).

(1) Standard & Poor's (AA-) as of February 15, 2018, compared to the top 10 global custodians by AUA (2) Global Custody Survey, Global Investor ISF, 2011 to 2017, unweighted (3) RBC quarterly results released February 23, 2018 (4) Bloomberg as at February 15, 2018

## 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 Hepatitis C Trust Fund, providing a range of specialized services.

### Custody and safeguarding of securities

RBC I&TS holds in trust the cash and securities of the Trust Fund. The assets of the Trust Fund are administered by RBC I&TS strictly in accordance with the directions of the Joint Committee or the investment manager appointed by the courts. RBC I&TS ensures the safe custody of the assets and reconciles the securities positions in its books on a daily basis using the services of the Canadian Depository for Securities Limited (CDS).

### Processing of investment transactions

RBC I&TS completes all securities investment transactions based on authorized instructions received from the investment manager.

### Collection of income

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

### Contributions

RBC I&TS receives all contributions flowing into the Trust Fund. RBC I&TS 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 the applicable court order.

### Maintenance of records

RBC I&TS 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. The reports also provide a list of assets held at a certain date including book value, market value and accrued income. Day-to-day activity is reported in chronological order.
- **Quarterly notional reports:** RBC I&TS 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 indicates 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 2017, the eighteenth year of operation of the Hepatitis C Trust Fund, the Trust Fund received contributions totaling CAD 11,354,026.67 representing payments from provincial and territorial governments.

In addition, the Hepatitis C Trust Fund has earned CAD 45,280,785.10 (includes investment income, realized and unrealized capital gains and losses). The closing market value of the fund at December 31, 2017 was CAD 1,047,111,566.26.

### Payments from the Trust Fund

Disbursements from the Trust Fund in 2017 totaled CAD 124,760,081.73 representing CAD 122,476,846.14 to the Administrator for the claimants and CAD 2,283,235.59 to service providers for fees and expenses (including RBC I&TS' trustee and custodial fees).

For the period January 1, 2017 to December 31, 2017, the courts approved a budget of CAD 125,000 for RBC I&TS' Trustee and Custodial fees. The actual charge to the Trust Fund in 2017 for performing various activities and services was CAD 113,826.97 representing fees for 2016 of CAD 21,129.18 and fees for 2017 of CAD 92,697.79.

The total fees of CAD 128,624.49 represent: Custody of Assets Under Administration of CAD 64,073.03, Transaction Fees of CAD 15,353.90, Plan/Reporting/Accounting Charges of CAD 30,900.00, Special Reports of CAD 3,500.04 and Taxes (GST/HST) of CAD 14,797.52.

RBC Investor & Treasury Services™ is a global brand name and is part of Royal Bank of Canada. RBC Investor & Treasury Services is a specialist provider of asset servicing, custody, payments and treasury services for financial and other institutional investors worldwide. RBC Investor & Treasury Services operates primarily through the following companies: Royal Bank of Canada, RBC Investor Services Trust and RBC Investor Services Bank S.A., and their branches and affiliates.

These materials are provided by RBC Investor & Treasury Services for general information purposes only. RBC Investor & Treasury Services makes no representation or warranties and accepts no responsibility or liability of any kind for their accuracy, reliability or completeness or for any action taken, or results obtained, from the use of the materials. Readers should be aware that the content of these materials should not be regarded as legal, accounting, investment, financial, or other professional advice, nor is it intended for such use.

® / ™ Trademarks of Royal Bank of Canada. Used under licence.



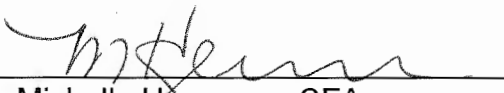
## **1986-1990 Hepatitis C Settlement Trust Fund**

### **Annual Certificate of Compliance**

**For the year ending: December 31, 2017**

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 15, 2018

**TD Asset Management**

# 1986 - 1990 Hepatitis C Settlement Trust Fund Portfolio Review

March 27, 2018

Rachna de Koning, FCIA, FSA  
Vice President & Director

Michelle Hegeman, CFA  
Vice President & Director



## ■ Portfolio Review

- Summary of mandates
- Fixed income investments
- Equity investments

## ■ Appendix

- TD Asset Management Inc. (TDAM) update
- Supplemental information

# 1986 - 1990 Hepatitis C Settlement Trust Fund

## Investment mandates and performance

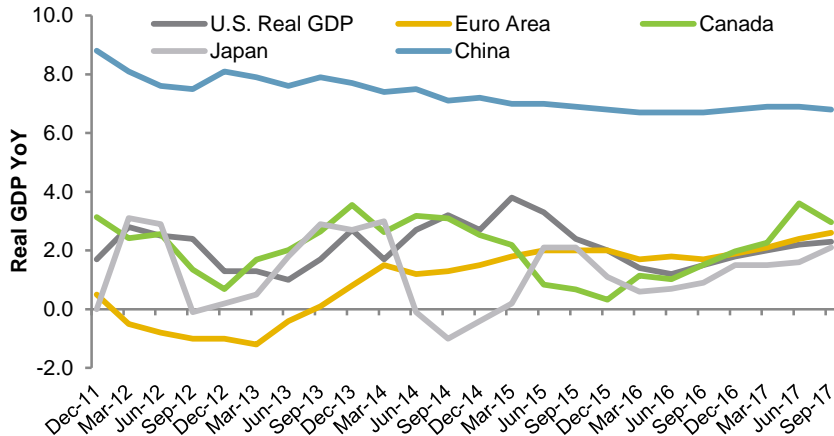


Mandates	Performance		Hep C Tracking Target (%)		Market Value
	1 Year	4 Years	Over 1 Year	Over 4 Years	
FIXED INCOME					
Segregated Real Return Bonds (buy-and-hold)	0.50%	5.36%	N/A	N/A	\$810,384,987
Segregated Short-Term Bonds	0.28%	1.74%	± 0.20	± 0.10	\$25,494,206
FTSE TMX Canada Short Term Overall Bond Index	0.08%	1.68%			
Added Value	0.20%	0.06%			
TD <i>Emerald</i> Canadian Bond Index Fund	2.46%	4.01%	± 0.20	± 0.10	\$60,869,377
FTSE TMX Canada Universe Bond Index	2.52%	4.08%			
Difference	-0.06%	-0.07%			
EQUITIES					
TD <i>Emerald</i> Canadian Equity Index Fund	9.09%	7.55%	± 0.30	± 0.15	\$76,105,578
Blended Benchmark <sup>1</sup>	9.10%	7.56%			
Difference	-0.01%	-0.01%			
TD <i>Emerald</i> U.S. Market Index Fund - C\$	13.43%	16.27%	± 0.30	± 0.15	\$37,450,587
S&P 500 Total Return Index ND (C\$)	13.15%	15.95%			
Difference	0.28%	0.32%			
TD <i>Emerald</i> International Equity Index Fund	16.83%	8.95%	± 0.60	± 0.30	\$36,303,496
MSCI EAFE Total Return Index ND (C\$)	16.82%	8.86%			
Difference	0.01%	0.09%			
Total Performance <sup>3</sup>	2.38%		Total Market Value <sup>2</sup> = \$1,046,608,231		

<sup>1</sup> S&P/TSX Equity and S&P/TSX Composite Total Return Index (C\$). <sup>2</sup> Does not include cash assets of \$64,065. <sup>3</sup> Corresponds to 1 Year Total Performance of all of the accounts together.

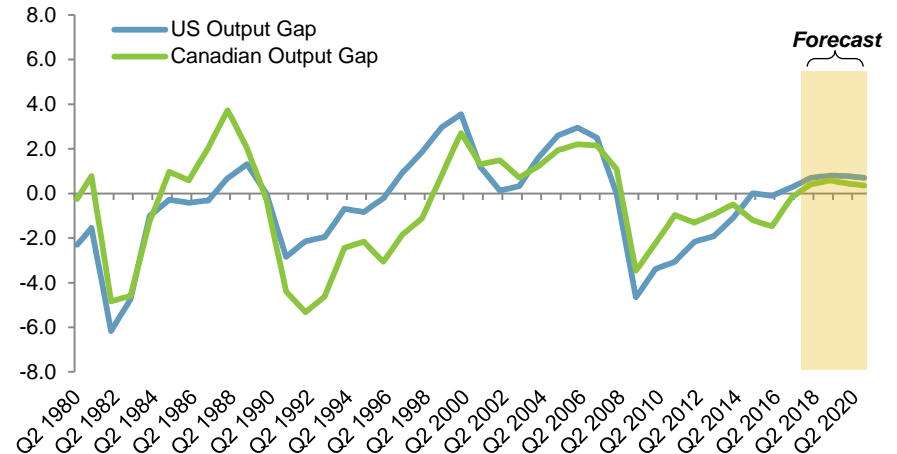
Source: TDAM, Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2013). Note: Returns for periods over one year are annualized. Data as at December 31, 2017.

## Global growth improves - As of September 30, 2017



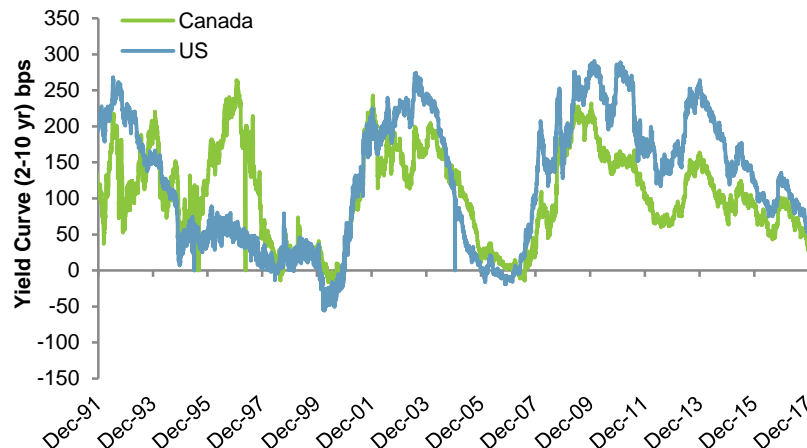
Source: Bloomberg Finance L.P.

## Output gaps have closed - As of December 31, 2017



Source: TDAM, estimate.

## Yield Curves- As of December 31, 2017



Source: Bloomberg Finance L.P.

- Growth continues to improve
- Economic and market cycle well advanced
  - Output gap closed in North America
- Beware of the yield curve
  - Flattening typical late in cycle

# 1986 - 1990 Hepatitis C Settlement Trust Fund

## Fixed income mandates - performance as at December 31, 2017















Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	0.50%	2.14%	5.36%	2.42%	5.14%	6.84%
Segregated Short Term Bonds	0.28%	1.30%	1.74%	1.75%	3.17%	4.20%
FTSE TMX Canada Short Term Overall Bond Index	0.08%	1.23%	1.68%	1.69%	3.16%	4.19%
<b>Difference</b>	<b>0.20%</b>	<b>0.07%</b>	<b>0.06%</b>	<b>0.06%</b>	<b>0.01%</b>	<b>0.01%</b>
TD <i>Emerald</i> Canadian Bond Index Fund	2.46%	2.49%	4.01%	2.92%	4.56%	5.49%
FTSE TMX Canada Universe Bond Index	2.52%	2.56%	4.08%	3.01%	4.67%	5.56%
<b>Difference</b>	<b>-0.06%</b>	<b>-0.07%</b>	<b>-0.07%</b>	<b>-0.09%</b>	<b>-0.11%</b>	<b>-0.07%</b>

Accounts Inception Date: February 29, 2000.

Source: TDAM, FTSE TMX Global Debt Capital Markets Inc. Data as at December 31, 2017.

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

Sector as at December 31, 2017	Weight (%)	Quarter Return (%)	1 Year Return (%)
Federal	49.74	 0.12	-0.60 
Provincial	17.72	 0.36	 0.15
Municipal	1.17	 0.41	 0.69
All Corporates <sup>1</sup>	31.37	 0.49	 1.03
<i>Corporate BBB</i>	10.37	 0.73	 1.81
<b>FTSE TMX Canada Short Term Overall Bond Index</b>		 0.28	 0.08













## 3-Month Commentary

- Short-term Canadian yields increased 11 bps to 2.05% over the quarter with short-term corporate bond prices increasing more so than short-term government bonds. The rise in short-term yields were driven by expectations that the BoC may hike interest rates sooner than previously expected.
- On December 6, 2017, the Bank of Canada (BoC) maintained the target for the overnight target rate at 1.00%. Current expectations are for the next rate hike to take place in March 2018 (from January previously), with a second hike in July. Speculation regarding a third possible rate hike has been volatile with the BoC noting that concern over the household-debt overhang leaves the Canadian economy on fragile footing. Short-term bonds generated positive returns over the fourth quarter of 2017 as the FTSE TMX Canada Short Term Overall Bond Index returned (0.28), however underperformed both medium-term (1.12%) and longer-term bonds (5.22%).
- Within the short-term maturity segment, BBB-rated bonds outperformed as investors continued to have a preference for higher beta, especially within the short-and mid-term maturity buckets.

<sup>1</sup> Including BBB Corporates.

Source: TD Asset Management, FTSE TMX Global Debt Capital Markets Inc. As at December 31, 2017.



Sector as at December 31, 2017	Weight (%)	Quarter Return (%)	1 Year Return (%)
Federal	36.75	 0.87	 0.13
Provincial	34.01	 3.38	 4.33
Municipal	1.89	 2.99	 4.66
All Corporates <sup>1</sup>	27.36	 1.87	 3.38
<i>Corporate BBB</i>	10.53	 2.03	 3.99
<b>FTSE TMX Canada Universe Bond Index</b>		 2.02	 2.52

## 3-Month Commentary

- At the beginning of the quarter, treasury bonds rallied and yields fell amid softer economic data that many investors believed would slow the winding down of central banks' accommodative policies. Policy uncertainty, such as the North American Free Trade Agreement (NAFTA) renegotiations, supported long-term bond prices, thereby holding down yields. However, towards the end of the quarter, yields began to climb as the U.S. Federal Reserve Board raised the federal funds rate (by 0.25% to 1.50%) and the U.S. passed tax reforms. Short-term yields rose faster than long-term yields, implying a flattening yield curve. The yield curve reached its flattest levels since before the 2008 financial crisis.
- Canadian bonds, as represented by the FTSE TMX Canada Universe Bond Index (the "Index"), returned 2.02% over the fourth quarter of 2017. Long-term bonds were the best performer, returning 5.22%, while mid- and short-term bonds rose less so, up 1.12% and 0.28% respectively.
- Overall, the average yield on the FTSE TMX Universe Bond Index declined 4 basis points ("bps"), ending the quarter at 2.47%. Government bonds returned 2.08%, pushed higher by the strong performance of provincials and outperforming investment-grade corporate bonds, which returned 1.87%.

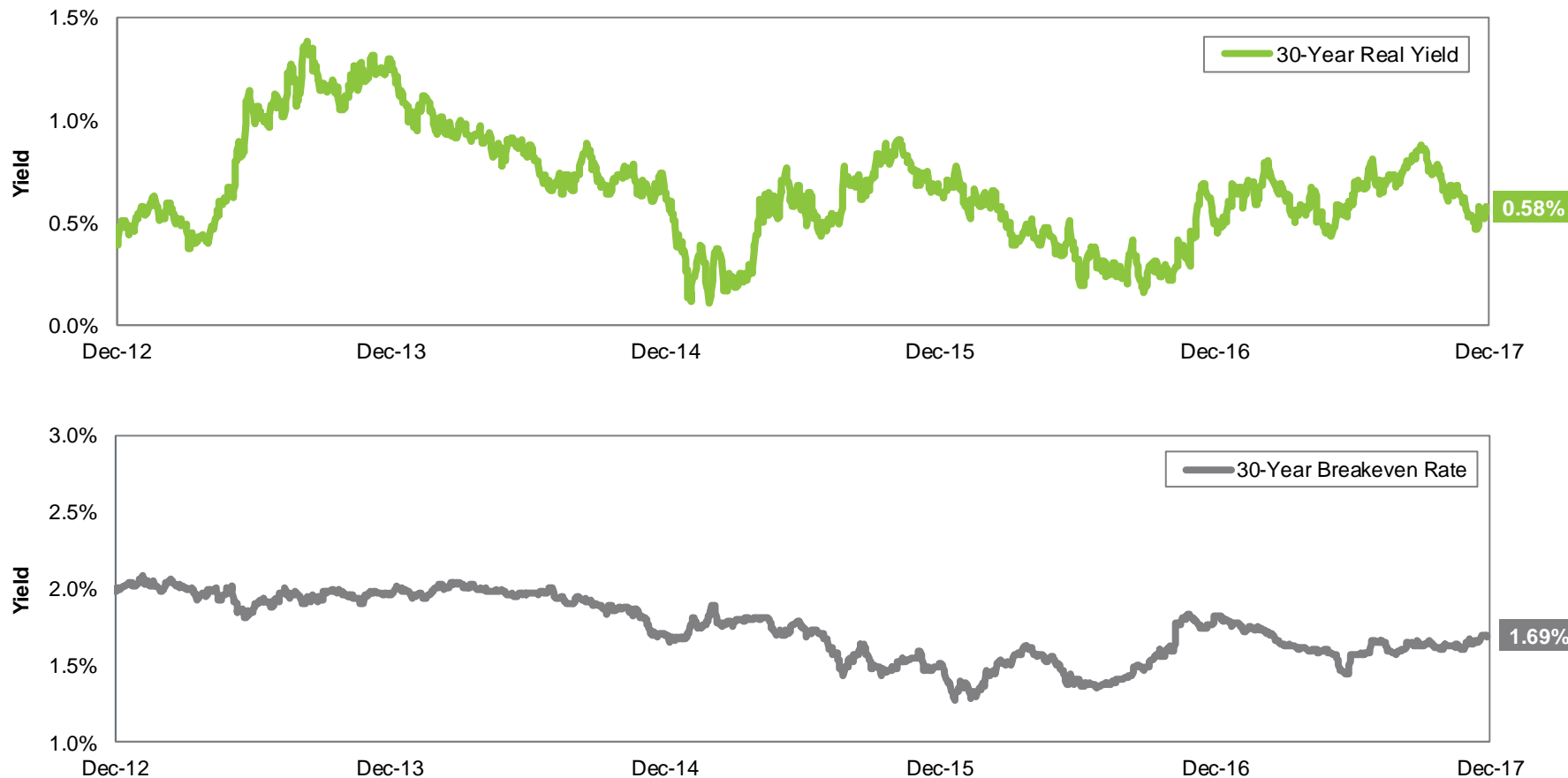
<sup>1</sup> Including BBB Corporates.

Source: TD Asset Management, FTSE TMX Global Debt Capital Markets Inc. As at December 31, 2017.

# Real Return Bond (RRB) Yields

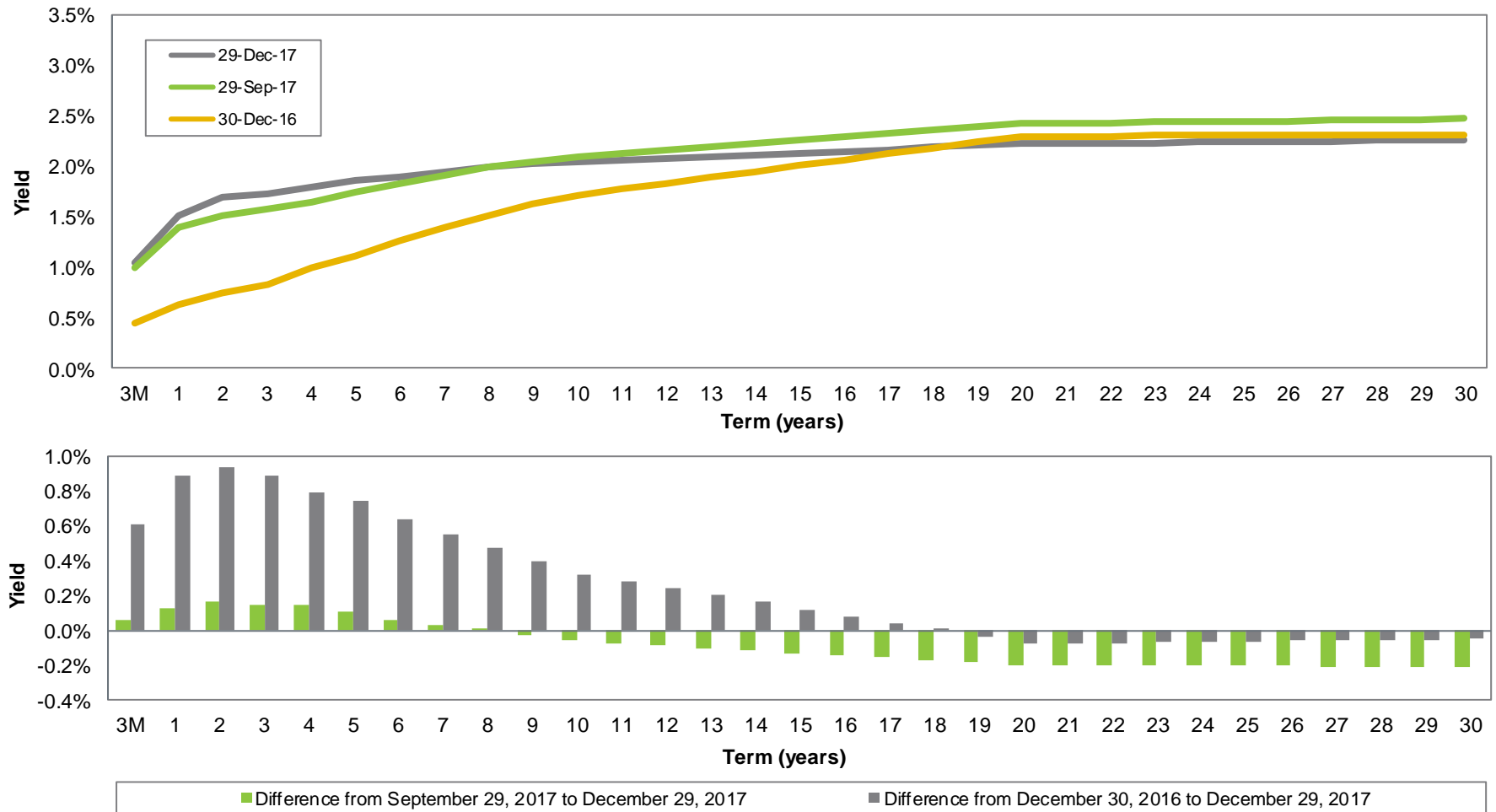


Data to December 29, 2017



Inflation expectations have started to rise

Source: Bloomberg Finance L.P.



Yield curve flattened over the quarter

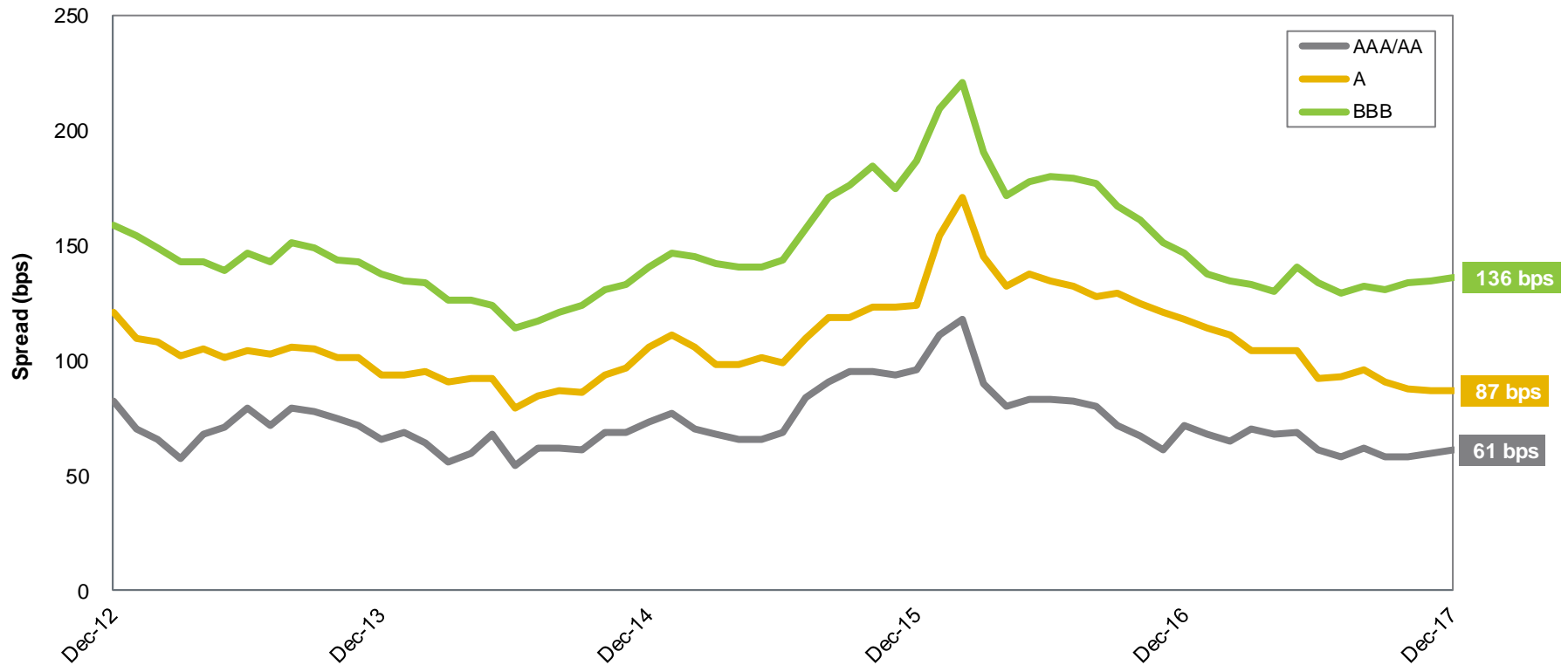
Source: Bloomberg Finance L.P.

# Canadian Corporate Spread Profile

## FTSE TMX Canada Mid Term Index components

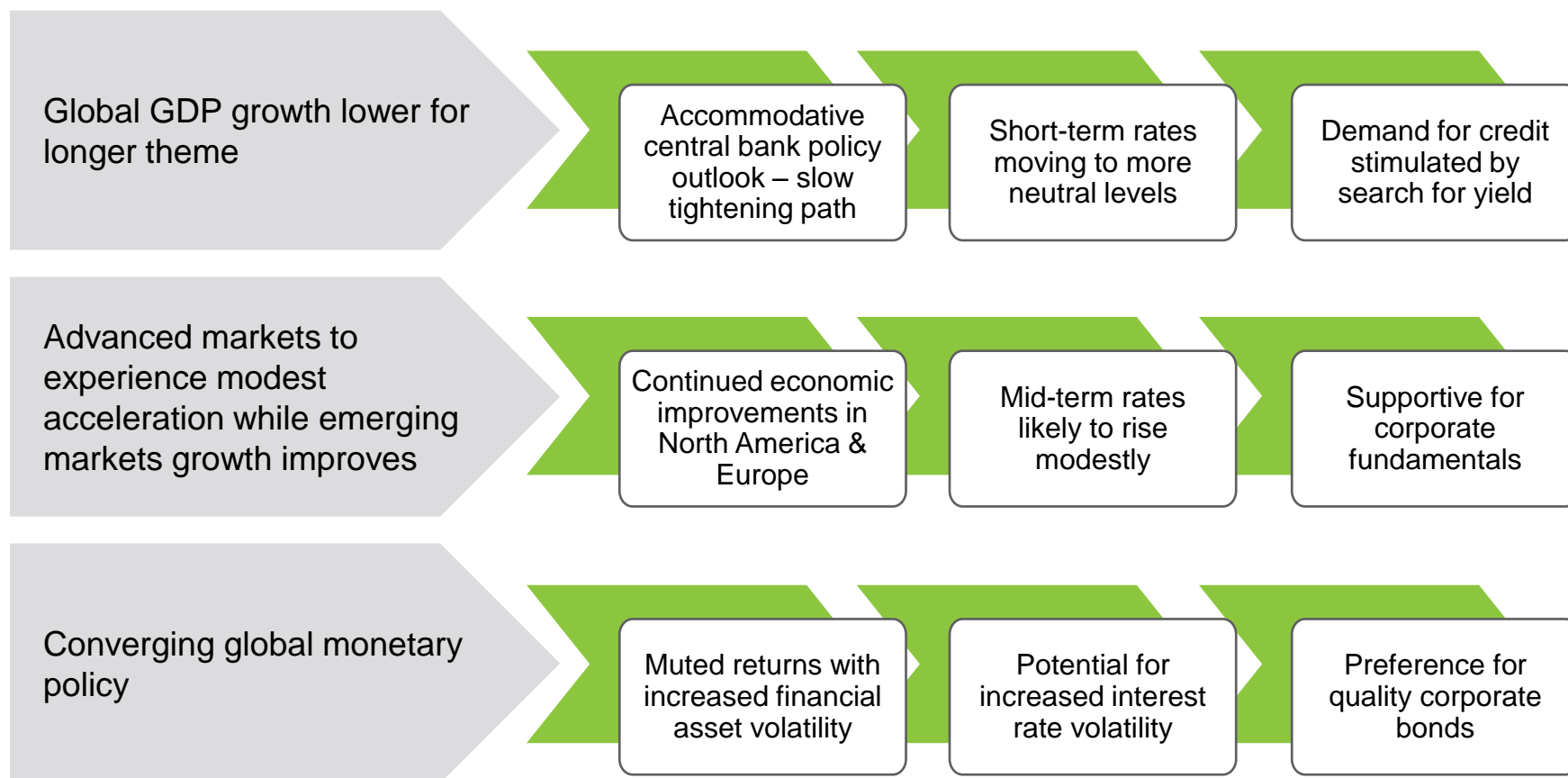


Data to December 29, 2017



Corporate bonds offer reasonable yield relative to government bonds

Source: Bloomberg Finance L.P.



As of December 31, 2017.

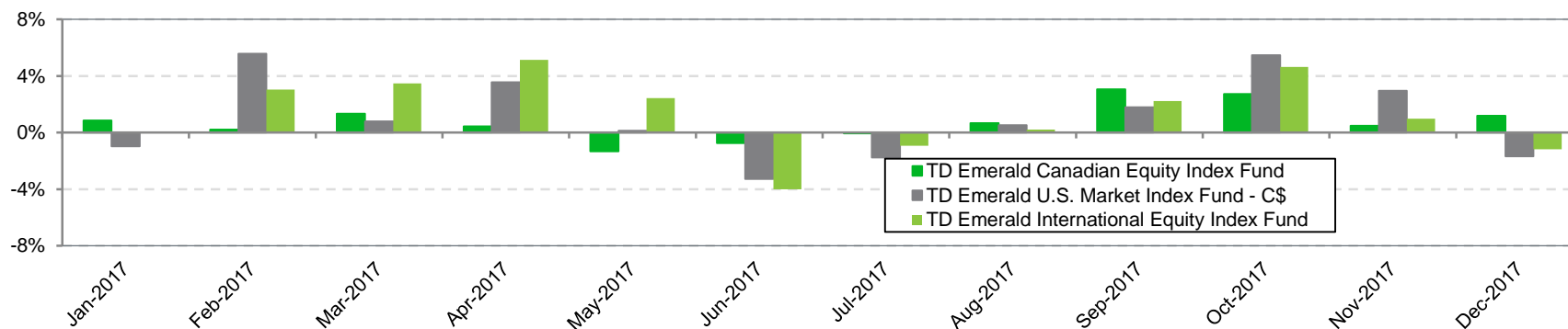
# 1986 - 1990 Hepatitis C Settlement Trust Fund

## Equities mandates - performance as at December 31, 2017



TD <i>Emerald</i> Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Canadian Equity <sup>1</sup>	9.09%	6.58%	7.55%	8.62%	4.30%	5.97%
Blended Benchmark <sup>2</sup>	9.10%	6.59%	7.56%	8.63%	4.28%	5.83%
<b>Difference</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>0.02%</b>	<b>0.14%</b>
TD <i>Emerald</i> U.S. Market Index Fund - C\$	13.43%	13.95%	16.27%	20.80%	10.74%	4.63%
S&P 500 Total Return Index ND (C\$)	13.15%	13.64%	15.95%	20.47%	10.40%	4.39%
<b>Difference</b>	<b>0.28%</b>	<b>0.31%</b>	<b>0.32%</b>	<b>0.33%</b>	<b>0.34%</b>	<b>0.24%</b>
TD <i>Emerald</i> International Equity Index Fund	16.83%	10.71%	8.95%	13.06%	4.53%	2.83%
MSCI EAFE Total Return Index ND (C\$)	16.82%	10.65%	8.86%	12.97%	4.40%	2.81%
<b>Difference</b>	<b>0.01%</b>	<b>0.06%</b>	<b>0.09%</b>	<b>0.09%</b>	<b>0.13%</b>	<b>0.02%</b>

### 2017 Monthly Fund Returns



<sup>1</sup> 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 Pool Fund Trust II; July 8, 2003 to November 18, 2005: TD *Emerald* Canadian Market Capped Pool Fund Trust; February 29, 2000 to July 8, 2003: Canadian Equity Index Fund

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

Account Inception Date: February 29, 2000.

Source: TDAM, TSX Group Inc., Standard & Poor's, MSCI.

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

Sector as at December 31, 2017	Weight (%)	Quarter Return (%)	1 Year Return (%)
Financials	35.25	5.74	13.32
Energy	20.04	0.66	-7.01
Materials	9.82	5.00	7.67
Industrials	9.72	4.33	19.68
Consumer Discretionary	5.54	4.54	22.76
Telecommunication Services	4.81	4.25	14.77
Utilities	3.85	2.62	10.77
Consumer Staples	3.73	6.17	7.76
Information Technology	3.29	3.45	16.82
Real Estate	2.97	6.02	11.22
Health Care	0.99	46.67	34.19
<b>S&amp;P/TSX Composite Total Return Index</b>		<b>4.45</b>	<b>9.10</b>

## 3-Month Commentary

- The Canadian equity market, as measured by the S&P/TSX Composite Total Return Index, climbed 4.45% over the quarter with all eleven sectors contributing to the gains. Healthcare, Consumer Staples and Consumer Discretionary were the top performing sectors this period.
- The Energy sector was the weakest, returning only 0.7% over the period despite global oil prices which increased during the same timeframe. Investors largely ignored the Canadian energy sector despite the positive market sentiment from falling U.S. crude stockpiles as well as the prospect of extended production cuts by OPEC and other major world producers. Larger-than-usual maintenance shutdowns within the sector was a factor.
- The gains in the Healthcare sector were led primarily by outsized returns from marijuana companies, as well as Valeant Pharmaceuticals International Inc., which rose more than 45% during the quarter.
- The Canadian economy appeared to have slowed during the fourth quarter of 2017, compared to the first three quarters where economic output continued to grow, however, challenges in the mining, quarrying, and oil and gas sectors were enough to offset some of the gains from other areas.
- Economic tailwinds for growth included job and income gains, which has lowered the unemployment rate to 5.9% as of December 22nd, a rise in oil prices towards the US\$60 level and the news regarding implementation of multi-level government stimulus action plans.
- Headwinds for growth included elevated household debt, the looming implementation of B-20 mortgage guidelines and challenging NAFTA negotiations, which has caused the Bank of Canada to change its hawkish tone since two rapid rate hikes in July and September.

Source: TDAM, TMX Group Ltd. As at December 31, 2017.

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



Sector as at December 31, 2017	Weight (%)	Quarter Return (%)	1 Year Return (%)
Information Technology	23.76	9.10	29.67
Financials	14.78	8.68	14.20
Health Care	13.84	1.54	14.00
Consumer Discretionary	12.20	9.97	15.00
Industrials	10.26	6.12	13.19
Consumer Staples	8.20	6.47	6.05
Energy	6.07	6.04	-7.47
Materials	3.00	6.99	15.73
Utilities	2.93	0.15	4.74
Real Estate <sup>1</sup>	2.89	3.13	3.55
Telecommunication Services	2.06	3.48	-7.73
<b>S&amp;P 500 Total Return Index (C\$)<sup>2</sup></b>		<b>6.84</b>	<b>13.83</b>

## 3-Month Commentary

- U.S. equities, as represented by the S&P 500 Total Return Index, delivered its fourth positive quarterly return of the year, gaining 6.84% over the quarter in Canadian dollar terms.
- Each of the eleven sectors in the S&P 500 delivered a positive return during the period in Canadian dollar terms. The quarter saw robust corporate earnings, particularly from the technology sector. Cyclical areas of the market performed well, with gains led by the Consumer Discretionary sector, Technology and Financials.
- Throughout the fourth quarter, the U.S. economy has been experiencing robust economic growth with unemployment at a 17-year low, strong business investment activity and strong household balance sheets.
- The gains in the stock market were primarily due to anticipation over the recently signed 'Tax Cuts and Jobs Act' where the most notable feature is the drop in the corporate income tax rate to 21% from 25%.
- In a move widely expected, the Fed raised the federal funds rate by 25 basis points, to a range of 1.25% to 1.50%, in its December 13 policy announcement. The Fed's decision hinged on the U.S. economy's faster-than-expected growth in recent months and strong job creation. Inflation however, is still below the Fed's 2% target. The Fed anticipates that a tightening labor market will create the demand necessary to raise prices and spur inflation.

<sup>1</sup> The Real Estate Sector for the Index was introduced on September 19, 2016.

<sup>2</sup> From Standard & Poor's.

Source: TDAM, Factset. As at December 31, 2017.

Note: Performance numbers in C\$ terms.



# International Equity Market Update

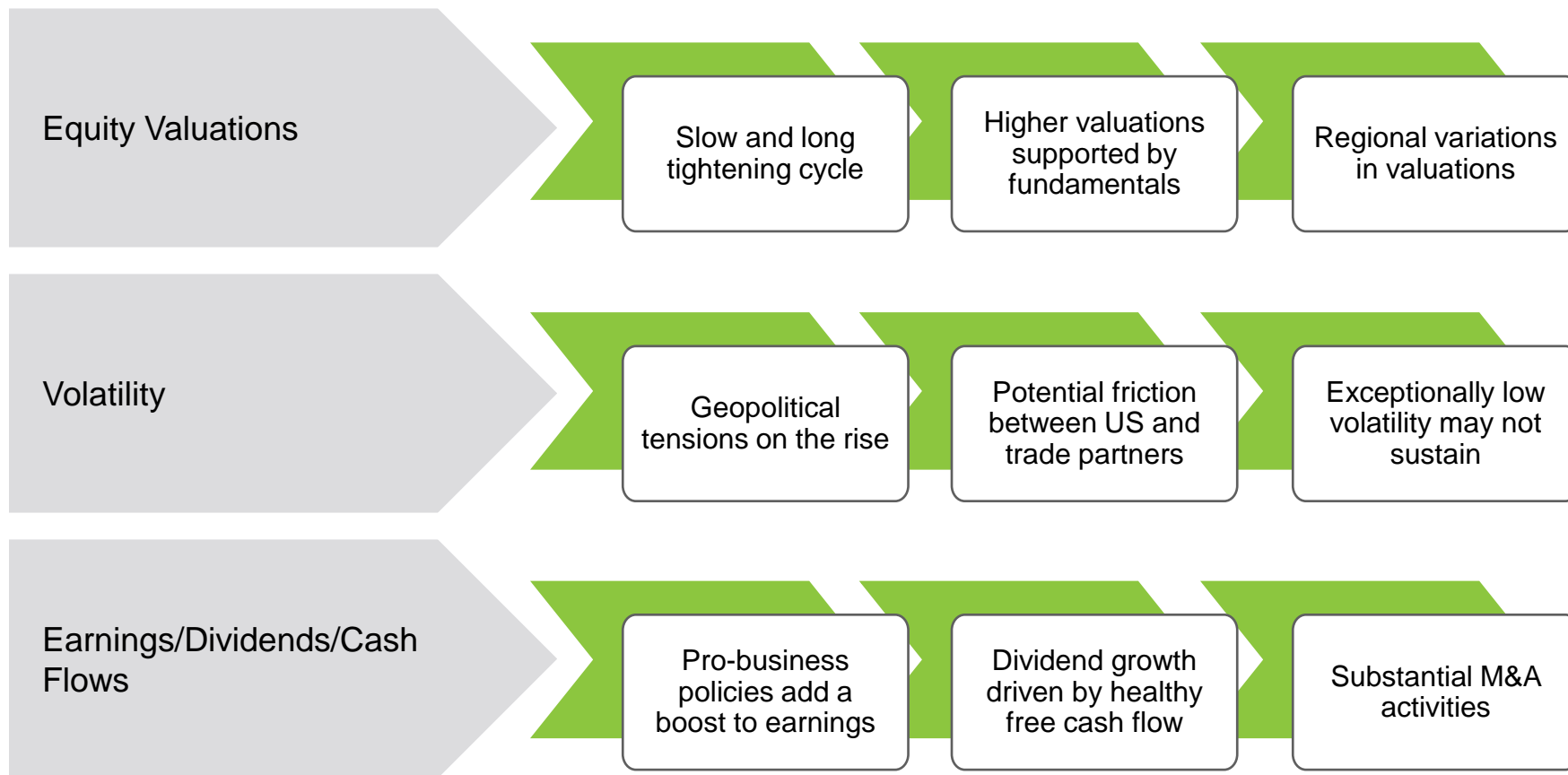


Country as at December 31, 2017	Weight (%)	Quarter Return (%)		1 Year Return (%)	
Japan	24.02		8.69		15.84
United Kingdom	17.80		5.91		14.27
France	10.67		1.69		20.29
Germany	9.82		2.97		19.31
Switzerland	8.03		1.97		14.46
Australia	6.92		6.99		12.05
Hong Kong	3.57		6.78		27.22
Netherlands	3.56		1.02		23.52
Spain	3.21	-1.41			18.70
Sweden	2.68	-3.63			12.67
Italy	2.34	-2.14			19.99
Denmark	1.82		2.39		25.84
Singapore	1.33		10.28		26.66
Belgium	1.10	-1.35			10.77
Finland	0.93	-2.37			14.44
Norway	0.66		2.10		19.84
Ireland	0.49		3.65		10.38
Israel	0.46		4.24	-4.64	
Austria	0.26		6.02		47.91
New Zealand	0.17		1.73		4.35
Portugal	0.15	-1.79			15.69
<b>MSCI EAFE Index ND (C\$)<sup>1</sup></b>			4.42		16.82

## 3-Month Commentary

- International equities generated positive returns over the quarter, with the MSCI EAFE Index ND (C\$) rising 4.42%.
- In Europe, the year ended with the highest pace of economic growth since 2011 with strong real GDP growth which was helped by accommodative financial conditions, healthy business and household spending, and strong labor market indicators. The European Central Bank kept its monetary policy rate unchanged as it plans on continuing its quantitative easing program into the New Year but with a reduction in the level of its monthly repurchasing program.
- The Bank of England joined Canada and the U.S. in November by voting to increase their policy rate from 0.25% to 0.5%. Their decision to increase interest rates for the first time in over a decade came from the high headline inflationary levels which have been running at the top end of their target range since the Brexit vote.
- In Japan, GDP grew during the quarter as global economic optimism and the 2020 Tokyo Summer Olympics gave way to a combination of strong consumption and infrastructure investments.

<sup>1</sup> From MSCI Inc. Source: TDAM, Factset. As at December 31, 2017. Note: Performance in C\$ terms. Total returns net of withholding taxes.



As of December 31, 2017

## Key Client Objectives

### Managing Downside Risk

- Continued interest in **low-volatility solutions** to help preserve capital
- **Managing currency volatility**
- **Use of derivatives** seeking to narrow range of return outcomes

### Improving Investment Returns

- **Harnessing illiquidity premium** through private debt
- **Active management** of global equities
- **Expanding opportunity set** within fixed income to help enhance yield

### Reassessing Asset Mix

- **Increasing alternative investment allocations** to diversify sources of return
- **Tactical asset allocation**
- **ESG** considerations

Adapting to a changing investment environment

**TD Asset Management**

# Appendix

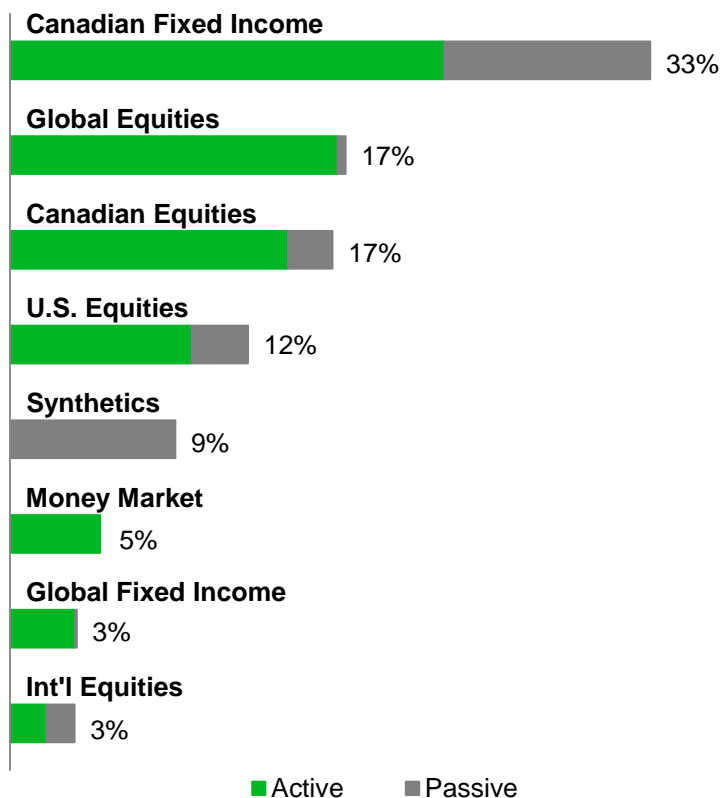


- Strong investor interest in expanding the Fixed Income opportunity set:
  - Private Debt commitments over \$1 billion and \$709 million invested across 23 unique transactions<sup>1</sup>
- Pension plan sponsors now taking a fresh look at de-risking strategies amid changes to key legislation, leading to a greater interest in cost efficient ways to take risk off the table.
- Our Fixed Income team continues to grow, adding talent to our Credit Research, High Yield and Global Active Portfolio Management teams.
- Thought leadership:
  - Credit tenant lease loans - Uncovering the benefits of a "smart" mortgage<sup>2</sup>
    - This article helps to shed some light on credit tenant lease loans and commercial mortgages, and provide some clarity around the similarities and differences between both investments.
  - Forward Perspectives, The Turning Tide<sup>3</sup>
    - This article explores how central banks may move forward with modestly tightening their monetary policies and the potential side effects for financial assets.

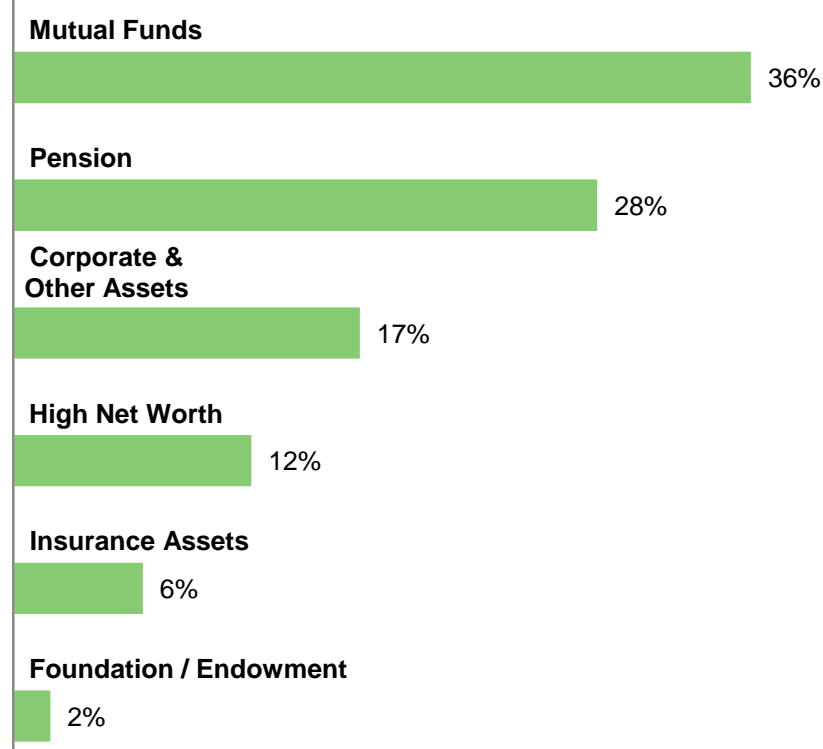
<sup>1</sup>As at December 31<sup>st</sup>, 2017. <sup>2</sup>TDAM - October 2017. <sup>3</sup>TDAM – November 2017.

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.

## By Asset Class

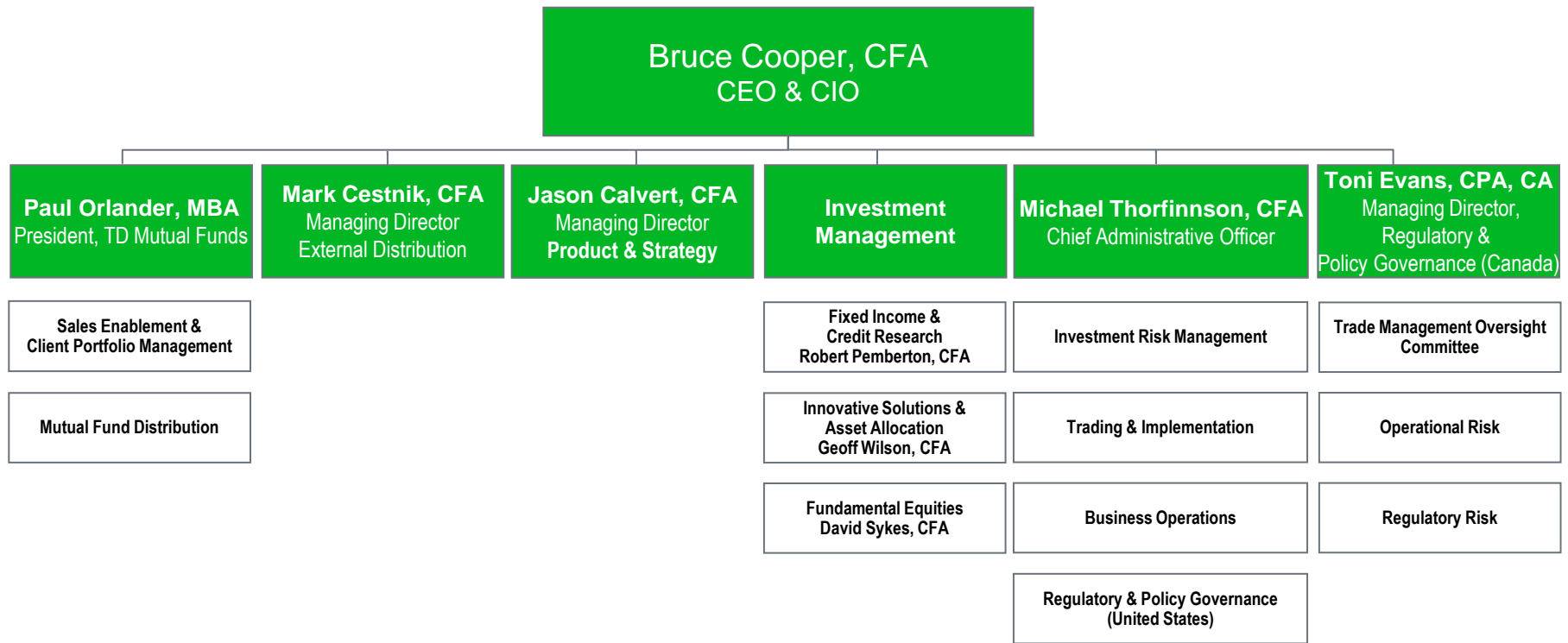


## By Client Type



Note: Assets under management (AUM) as at December 31, 2017 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. Synthetic AUM do not include C\$8.91 B of currency hedging programs in place within TD Asset Management pooled funds accounted for in other asset classes. 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.

# Organizational Structure of TD Asset Management



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.

As at December 31, 2017

Attribution:	3 Months	1 Year
Exclusion of BBB rated securities <sup>1</sup>	0.01%	-0.07%
Transaction costs <sup>2</sup>	0.00%	-0.01%
Misweightings <sup>3</sup>	-0.01%	0.02%
Fund expenses / securities lending <sup>4</sup>	0.00%	0.00%
<b>Total</b>	<b>0.00%</b>	<b>-0.06%</b>

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund (C\$)	2.02%	2.46%	2.49%	2.92%	4.56%	6.94%
FTSE TMX Canada Universe Bond Index	2.02%	2.52%	2.56%	3.01%	4.67%	6.98%
<b>Difference</b>	<b>0.00%</b>	<b>-0.06%</b>	<b>-0.08%</b>	<b>-0.09%</b>	<b>-0.10%</b>	<b>-0.04%</b>

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

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

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

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

Inception date: August 7, 1991

Source: FTSE TMX Global Debt Capital Markets Inc.

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



# TD *Emerald* Canadian Equity Index Fund

## Attributions



As at December 31, 2017

Attribution:	3 Months	1 Year
Weighting deviations <sup>1</sup>	-0.02%	-0.04%
Transaction costs <sup>2</sup>	0.00%	0.00%
Fund expenses <sup>3</sup>	0.01%	0.03%
Other <sup>4</sup>	0.00%	0.00%
<b>Total</b>	<b>-0.01%</b>	<b>-0.01%</b>

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund (C\$)	4.44%	9.09%	6.59%	8.62%	4.66%	8.68%
S&P/TSX Composite Total Return Index	4.45%	9.10%	6.59%	8.63%	4.65%	8.55%
<b>Difference</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>0.01%</b>	<b>0.12%</b>

<sup>1</sup> Fund weights may differ slightly from index weights, causing tracking variance.

<sup>2</sup> Commissions and bid/ask spread have negative impact.

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

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

Inception date: July 4, 1991

Source: TMX Group Limited.

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

## Attributions



As at December 31, 2017

Attribution:	3 Months	1 Year
Weighting deviations <sup>1</sup>	-0.01%	-0.02%
Transaction costs <sup>2</sup>	0.00%	-0.01%
Fund expenses <sup>3</sup>	0.00%	-0.01%
Withholding tax differential <sup>4</sup>	0.09%	0.31%
Other <sup>5</sup>	0.00%	0.00%
<b>Total</b>	<b>0.08%</b>	<b>0.27%</b>

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund (C\$)	6.76%	13.43%	13.96%	20.81%	10.74%	6.59%
S&P 500 Total Return Index ND (C\$)	6.68%	13.15%	13.65%	20.48%	10.40%	6.39%
<b>Difference</b>	<b>0.08%</b>	<b>0.27%</b>	<b>0.31%</b>	<b>0.33%</b>	<b>0.34%</b>	<b>0.19%</b>

<sup>1</sup> Fund weights may differ slightly from index weights, causing tracking variance.

<sup>2</sup> Commissions and bid/ask spread have negative impact.

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

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

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

Inception date: August 29, 1997

Source: Standard & Poor's.

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

## Attributions (C\$)



As at December 31, 2017

Attribution:	3 Months	1 Year
Weighting Deviations <sup>1</sup>	-0.02%	-0.14%
Withholding Tax Differential <sup>2</sup>	0.01%	0.13%
Transaction costs <sup>3</sup>	-0.01%	-0.02%
Pricing <sup>4</sup>	0.00%	0.00%
Fund expenses <sup>5</sup>	0.01%	0.03%
Other <sup>6</sup>	0.00%	0.00%
<b>Total</b>	<b>-0.01%</b>	<b>0.00%</b>

Returns:	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception
Fund (C\$)	4.42%	16.83%	10.72%	13.06%	4.53%	4.66%
MSCI EAFE Total Return Index ND (C\$)	4.42%	16.82%	10.66%	12.97%	4.40%	4.70%
<b>Difference</b>	<b>-0.01%</b>	<b>0.00%</b>	<b>0.06%</b>	<b>0.09%</b>	<b>0.13%</b>	<b>-0.04%</b>

<sup>1</sup> Fund weights may differ slightly from index weights, causing tracking variance.

<sup>2</sup> Impact of differential between withholding tax rates assumed in MSCI indices and rates applicable to the fund.

<sup>3</sup> Commissions and bid/ask spread can have a negative impact.

<sup>4</sup> Difference in pricing between the fund pricing and the benchmark.

<sup>5</sup> These include legal, custody and audit expenses net of any securities lending revenues

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

Inception date: July 31, 1995

Source: MSCI Inc.

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, 2017



TD <i>Emerald</i> Funds	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date	AUM as at 12/31/2017 (billion)
TD <i>Emerald</i> Canadian Bond Index Fund	2.02%	2.46%	2.49%	2.92%	4.56%	6.94%	August 7, 1991	\$4.6
FTSE TMX Canada Universe Bond Index	2.02%	2.52%	2.56%	3.01%	4.67%	6.98%		
<b>Difference</b>	<b>0.00%</b>	<b>-0.06%</b>	<b>-0.07%</b>	<b>-0.09%</b>	<b>-0.11%</b>	<b>-0.04%</b>		
TD <i>Emerald</i> Canadian Equity Index Fund	4.44%	9.09%	6.58%	8.62%	4.66%	8.67%	July 4, 1991	\$4.9
S&P/TSX Composite Total Return Index	4.45%	9.10%	6.59%	8.63%	4.65%	8.55%		
<b>Difference</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>-0.01%</b>	<b>0.01%</b>	<b>0.12%</b>		
TD <i>Emerald</i> U.S. Market Index Fund - C\$	6.76%	13.43%	13.95%	20.80%	10.74%	6.58%	August 29, 1997	\$2.4
S&P 500 Total Return Index ND (C\$)	6.68%	13.15%	13.64%	20.47%	10.40%	6.39%		
<b>Difference</b>	<b>0.08%</b>	<b>0.28%</b>	<b>0.31%</b>	<b>0.33%</b>	<b>0.34%</b>	<b>0.19%</b>		
TD <i>Emerald</i> International Equity Index Fund	4.42%	16.83%	10.71%	13.06%	4.53%	4.66%	July 31, 1995	\$4.3
MSCI EAFE Total Return Index ND (C\$)	4.42%	16.82%	10.65%	12.97%	4.40%	4.70%		
<b>Difference</b>	<b>0.00%</b>	<b>0.01%</b>	<b>0.06%</b>	<b>0.09%</b>	<b>0.13%</b>	<b>-0.04%</b>		

Sources: TDAM, FTSE TMX Global Debt Capital Markets Inc., TSX Group Inc., Standard & Poor's, MSCI. Data as at December 31, 2017.

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

# 1986 - 1990 Hepatitis C Settlement Trust Fund

## Investment mandates



Mandates		Benchmark Index	Market Value	Performance	Hep C Tracking Target (%)	
				1 Year	Over 1 Year	Over 4 Years
Fixed Income	Segregated Real Return Bonds (buy-and-hold)	N/A	\$808,823,901	2.13%	N/A	N/A
	Segregated Short-Term Bonds	FTSE TMX Canada Short Term Overall Bond Index	\$15,876,064	-0.24%	± 0.20	± 0.10
	TD <i>Emerald</i> Canadian Bond Index Fund (no BBB-rated corporates)	FTSE TMX Canada Universe Bond Index	\$60,098,239	0.97%	± 0.20	± 0.10
Equities	Canadian Equities <sup>1</sup>	Blended Benchmark <sup>2</sup>	\$72,792,047	3.24%	± 0.30	± 0.15
	TD <i>Emerald</i> U.S. Market Index Fund - C\$	S&P 500 Total Return Index ND (C\$)	\$38,979,366	12.92%	± 0.30	± 0.15
	TD <i>Emerald</i> International Equity Index Fund	MSCI EAFE Total Return Index ND (C\$)	\$37,238,978	16.28%	± 0.60	± 0.30

**Total Market Value<sup>3</sup> = \$1,033,808,595**

Tracking within expected tolerances

<sup>1</sup> 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 Pool Fund Trust II;  
July 8, 2003 to November 18, 2005: TD *Emerald* Canadian Market Capped Pool Fund Trust;  
February 29, 2000 to July 8, 2003: Canadian Equity Index Fund

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

<sup>3</sup> Does not include cash assets of \$64,084

As at February 28, 2018.

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

# Fixed Income Fund Mandates

## Performance as at February 28, 2018



Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	2.13%	-1.57%	3.75%	2.78%	4.96%	6.77%
Segregated Short Term Bonds	-0.24%	0.68%	1.49%	1.61%	2.90%	4.16%
FTSE TMX Canada Short Term Overall Bond Index	-0.40%	0.61%	1.43%	1.56%	2.88%	4.15%
<b>Difference</b>	<b>0.16%</b>	<b>0.07%</b>	<b>0.06%</b>	<b>0.05%</b>	<b>0.02%</b>	<b>0.01%</b>
TD <i>Emerald</i> Canadian Bond Index Fund	0.97%	0.76%	3.09%	2.74%	4.29%	5.40%
FTSE TMX Canada Universe Bond Index	1.01%	0.85%	3.16%	2.82%	4.39%	5.47%
<b>Difference</b>	<b>-0.04%</b>	<b>-0.09%</b>	<b>-0.07%</b>	<b>-0.08%</b>	<b>-0.10%</b>	<b>-0.07%</b>

Accounts Inception Date: February 29, 2000

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

Note: Returns are net of expenses; numbers may not add due to rounding. Returns for periods over one year are annualized. Data as at February 28, 2018.

# Equities Mandates

## Performance as at February 28, 2018



TD <i>Emerald</i> Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Canadian Equities <sup>1</sup>	3.24%	3.46%	5.14%	6.91%	4.35%	5.65%
Blended Benchmark <sup>2</sup>	3.23%	3.47%	5.14%	6.92%	4.33%	5.51%
<b>Difference</b>	<b>0.01%</b>	<b>-0.01%</b>	<b>0.00%</b>	<b>-0.01%</b>	<b>0.02%</b>	<b>0.14%</b>
U.S. Market Index Fund	12.92%	11.70%	15.98%	19.47%	12.33%	4.82%
S&P 500 Total Return Index ND (C\$)	12.62%	11.39%	15.66%	19.14%	11.99%	4.58%
<b>Difference</b>	<b>0.30%</b>	<b>0.31%</b>	<b>0.32%</b>	<b>0.33%</b>	<b>0.34%</b>	<b>0.24%</b>
International Equity Index Fund	16.28%	6.62%	8.17%	11.97%	5.74%	2.95%
MSCI EAFE Total Return Index ND (C\$)	16.22%	6.56%	8.08%	11.87%	5.61%	2.93%
<b>Difference</b>	<b>0.06%</b>	<b>0.06%</b>	<b>0.09%</b>	<b>0.10%</b>	<b>0.13%</b>	<b>0.02%</b>

<sup>1</sup> 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 Pool Fund Trust II;  
July 8, 2003 to November 18, 2005: TD *Emerald* Canadian Market Capped Pool Fund Trust;  
February 29, 2000 to July 8, 2003: Canadian Equity Index Fund

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

Account Inception Date: February 29, 2000.

Source: TDAM, TSX Group Inc., Standard & Poor's, MSCI. Data as at February 28, 2018.

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

## Asset/Liability & Passive Fixed Income

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

26 years experience

Michelle Hegeman leads the Passive Fixed Income portfolio management team at TD Asset Management Inc. (TDAM), having joined TDAM in June 2005. Her responsibilities include managing and structuring fixed income solutions for TDAMs passive, overlay and ETF solutions. Prior to joining TDAM, Michelle spent 14 years as an analyst and portfolio manager working in active and passive Canadian Fixed Income. On a volunteer basis, she is actively involved with the Junior League of Toronto. Michelle obtained her undergraduate degree in political science and economics from the University of Western Ontario, and is a CFA charterholder.

## Relationship Management

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

25 years experience

Rachna de Koning joined TD Asset Management Inc. (TDAM) in September 2010. Her primary responsibility is for the quality of the overall client service relationship. She maintains ongoing dialogue with clients to ensure that TDAM fully understands their current and evolving needs, and takes a proactive approach to provide investment solutions and operational excellence. She brings significant experience in Asset Liability Management and Liability Driven Investing. In addition, her responsibilities include marketing and business development. Prior to joining TDAM, Rachna worked at a global consulting firm as a lead pension and investment consulting actuary. In this 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.



The information contained herein has been provided by TD Asset Management Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

Please read the fund facts and prospectus, which contain detailed investment information, before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unit holder that would have reduced returns. Management fees and expenses may all be associated with these mutual fund investments. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. Mutual fund strategies and current holdings are subject to change.

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.

Certain statements in this document may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects", "anticipates", "intends", "believes", "estimates" and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest and foreign exchange rates, equity and capital markets, the general business environment, assuming no changes to tax or other laws or government regulation or catastrophic events. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable. Such expectations and projections may be incorrect in the future. FLS are not guarantees of future performance. Actual events could differ materially from those expressed or implied in any FLS. A number of important factors including those factors set out above can contribute to these digressions. You should avoid placing any reliance on FLS.

All rights in the FTSE TMX Index/Indices referred to in this document/publication (the "Index/Indices") vest in FTSE TMX Global Debt Capital Markets Inc. "FTSE" is a trade mark of FTSE International Ltd and is used under licence. "TMX" is a trade mark of TSX Inc. and is used under licence.

Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns do not include any sales charges or fees as such costs would lower performance. It is not possible to invest directly in an index.

The performance of an index fund is expected to be lower than the performance of its respective index. Investors cannot invest directly in an index. Comparisons to indices have limitations because indices have volatility and other material characteristics that may differ from a particular mutual fund.

The TD Mutual Funds/Products (the "Funds/Products") have been developed solely by TD Asset Management Inc. The Index is calculated by FTSE TMX Global Debt Capital Markets Inc. or its agent. FTSE TMX Global Debt Capital Markets Inc. and its licensors are not connected to and do not sponsor, advise, recommend, endorse or promote the Funds/Products and do not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Funds/Products. FTSE TMX Global Debt Capital Markets Inc. and its licensors makes no claim, prediction, warranty or representation either as to the results to be obtained from the Funds/Products or the suitability of the Index for the purpose to which it is being put by TD Asset Management Inc.

The S&P/TSX Composite Total Return Index (the "Index") is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by The Toronto-Dominion Bank. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and TSX® is a registered trademark of TSX Inc. ("TSX"). These trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by The Toronto-Dominion Bank. The TD Emerald Canadian Equity Index Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, TSX, any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the TD Emerald Canadian Equity Index Fund or any member of the public regarding the advisability of investing in securities generally or in the TD Emerald Canadian Equity Index Fund particularly or the ability of the S&P/TSX Composite Total Return Index to track general market performance. S&P Dow Jones Indices' only relationship to The Toronto-Dominion Bank with respect to the S&P/TSX Composite Total Return Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P/TSX Composite Total Return Index is determined, composed and calculated by S&P Dow Jones Indices without regard to The Toronto-Dominion Bank or the TD Emerald Canadian Equity Index Fund. S&P Dow Jones Indices have no obligation to take the needs of The Toronto-Dominion Bank or the owners of the TD Emerald Canadian Equity Index Fund into consideration in determining, composing or calculating the S&P/TSX Composite Total Return Index. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the TD Emerald Canadian Equity Index Fund or the timing of the issuance or sale of the TD Emerald Canadian Equity Index Fund or in the determination or calculation of the equation by which the TD Emerald Canadian Equity Index Fund is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the TD Emerald Canadian Equity Index Fund. There is no assurance that investment products based on the S&P/TSX Composite Total Return Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE TORONTO-DOMINION BANK, OWNERS OF THE TD EMERALD CANADIAN INDEX EQUITY FUND, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE TORONTO-DOMINION BANK, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

The S&P 500 Index (the "Index") is a product of S&P Dow Jones Indices LLC ("SPDJI"), and has been licensed for use by The Toronto Dominion Bank. S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"); and TSX® is a registered trademark of TSX Inc. ("TSX"). These trademarks have been licensed for use by SPDJI and sublicensed for certain purposes by The Toronto-Dominion Bank. TD Emerald U.S. Market Index Fund is not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, TSX, any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices makes no representation or warranty, express or implied, to the owners of the TD Emerald U.S. Market Index Fund or any member of the public regarding the advisability of investing in securities generally or in the TD Emerald U.S. Market Index Fund particularly or the ability of the S&P 500 Index to track general market performance. S&P Dow Jones Indices' only relationship to The Toronto-Dominion Bank with respect to the S&P 500 Index is the licensing of the Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P 500 Index is determined, composed and calculated by S&P Dow Jones Indices without regard to The Toronto-Dominion Bank or the TD Emerald U.S. Market Index Fund. S&P Dow Jones Indices have no obligation to take the needs of The Toronto-Dominion Bank or the owners of TD Emerald U.S. Market Index Fund into consideration in determining, composing or calculating the S&P 500 Index. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the TD Emerald U.S. Market Index Fund or the timing of the issuance or sale of the TD Emerald U.S. Market Index Fund or in the determination or calculation of the equation by which the TD Emerald U.S. Market Index Fund is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the TD Emerald U.S. Market Index Fund. There is no assurance that investment products based on the S&P 500 Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment advisor. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

S&P DOW JONES INDICES DOES NOT GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE INDEX OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE TORONTO-DOMINION BANK, OWNERS OF THE TD EMERALD U.S. MARKET INDEX FUND OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE TORONTO-DOMINION BANK, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

THE FUND IS NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY MSCI INC. ("MSCI"), ANY OF ITS AFFILIATES, ANY OF ITS INFORMATION PROVIDERS OR ANY OTHER THIRD PARTY INVOLVED IN, OR RELATED TO, COMPILING, COMPUTING OR CREATING ANY MSCI INDEX (COLLECTIVELY, THE "MSCI PARTIES"). THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES ARE SERVICE MARK(S) OF MSCI OR ITS AFFILIATES AND HAVE BEEN LICENSED FOR USE FOR CERTAIN PURPOSES BY THE TORONTO-DOMINION BANK. NONE OF THE MSCI PARTIES MAKES ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE ISSUER OR UNITHOLDERS OF THE FUND OR ANY OTHER PERSON OR ENTITY REGARDING THE ADVISABILITY OF INVESTING IN FUNDS GENERALLY OR IN THE FUND PARTICULARLY OR THE ABILITY OF ANY MSCI INDEX TO TRACK CORRESPONDING STOCK MARKET PERFORMANCE. MSCI OR ITS AFFILIATES ARE THE LICENSORS OF CERTAIN TRADEMARKS, SERVICE MARKS AND TRADE NAMES AND OF THE MSCI INDEXES WHICH ARE DETERMINED, COMPOSED AND CALCULATED BY MSCI WITHOUT REGARD TO THE FUND OR THE ISSUER OR UNITHOLDERS OF THE FUND OR ANY OTHER PERSON OR ENTITY. NONE OF THE MSCI PARTIES HAS ANY OBLIGATION TO TAKE THE NEEDS OF THE ISSUER OR UNITHOLDERS OF THE FUND OR ANY OTHER PERSON OR ENTITY INTO CONSIDERATION IN DETERMINING, COMPOSING OR CALCULATING THE MSCI INDEXES. NONE OF THE MSCI PARTIES IS RESPONSIBLE FOR OR HAS PARTICIPATED IN THE DETERMINATION OF THE TIMING OF, PRICES AT, OR QUANTITIES OF THE FUND'S UNITS TO BE ISSUED OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY OR THE CONSIDERATION INTO WHICH THE FUND'S UNITS ARE REDEEMABLE. FURTHER, NONE OF THE MSCI PARTIES HAS ANY OBLIGATION OR LIABILITY TO THE ISSUER OR UNITHOLDERS OF THE FUND OR ANY OTHER PERSON OR ENTITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR OFFERING OF THE FUND. ALTHOUGH MSCI SHALL OBTAIN INFORMATION FOR INCLUSION IN OR FOR USE IN THE CALCULATION OF THE MSCI INDEXES FROM SOURCES THAT MSCI CONSIDERS RELIABLE, NONE OF THE MSCI PARTIES WARRANTS OR GUARANTEES THE ORIGINALITY, ACCURACY AND/OR THE COMPLETENESS OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES MAKES ANY WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE ISSUER OF THE FUND, UNITHOLDERS OF THE FUND, OR ANY OTHER PERSON OR ENTITY, FROM THE USE OF ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. NONE OF THE MSCI PARTIES SHALL HAVE ANY LIABILITY FOR ANY ERRORS, OMISSIONS OR INTERRUPTIONS OF OR IN CONNECTION WITH ANY MSCI INDEX OR ANY DATA INCLUDED THEREIN. FURTHER, NONE OF THE MSCI PARTIES MAKES ANY EXPRESS OR IMPLIED WARRANTIES OF ANY KIND, AND THE MSCI PARTIES HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO EACH MSCI INDEX AND ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT SHALL ANY OF THE MSCI PARTIES HAVE ANY LIABILITY FOR ANY DIRECT, INDIRECT, SPECIAL, PUNITIVE, CONSEQUENTIAL OR ANY OTHER DAMAGES (INCLUDING LOST PROFITS) EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES. No purchaser, seller or holder of any units of the Fund, or any other person or entity, should use or refer to any MSCI trade name, trademark or service mark to sponsor, endorse, market or promote the Fund without first contacting MSCI to determine whether MSCI's permission is required. Under no circumstances may any person or entity claim any affiliation with MSCI without the prior written permission of MSCI.

Bloomberg and Bloomberg.com are trademarks and service marks of Bloomberg Finance L.P., a Delaware limited partnership, or its subsidiaries. All rights reserved.

Epoch Investment Partners, Inc. is a wholly-owned subsidiary of The Toronto-Dominion Bank and an affiliate of TD Asset Management. 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.

All trademarks are the property of their respective owners.

® The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.

## **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 2017. During this fiscal year Eckler Ltd reported on the development of appropriate required capital for the Special Distribution Benefits Account and the Late Claims Benefits Account as at December 31, 2013 and carried out extensive work in connection with the assessment of the financial sufficiency of the Trust as at December 31, 2016. In addition, Eckler provided advice on potential changes to the investment policy, including the management of the short term fund and the approach to managing the long term fund's equity investments. Eckler also assisted in the administration of the Special Distribution Benefits payments. Eckler 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 2018; various discussions with counsel; and other miscellaneous items.



# *HEPATITIS C SETTLEMENT TRUST FUND*

Investment Summary  
as at December 31, 2017

*MARCH 23, 2018*

# Overview



- Total assets consist of two main components:
  - An Investible Trust 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.



# Overview continued...

- In 2017, the Courts approved a number of special distribution benefits and a late claims protocol to be funded out of the Excess Capital established as at December 31, 2013
- As a result, the trust fund was divided into three accounts:
  - Regular Benefits Account
  - Special Distribution Benefits Account
  - Late Claims Benefit Account
- Each account shares proportionately in the invested assets of the trust
- The investment income arising from the total invested assets is allocated monthly



# Asset Summary (\$,000's)



Fund	Portfolio	Strategy	Benchmark	Dec-17			Dec-16		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	809,971	79.3%		861,509	79.5%	
	Universe Bonds	Index	6.0%	60,859	6.0%		58,161	5.4%	
	Canadian Equity	Index	7.0%	76,106	7.5%		75,156	6.9%	
	US Equity	Index	3.5%	37,451	3.7%		51,192	4.7%	
	EAFE Equity	Index	3.5%	36,303	3.6%		37,100	3.4%	
	Cash		0.0%	382	0.0%		613	0.1%	
			100.0%	1,021,073	100.0%	88.0%	1,083,731	100.0%	86.0%
Short Term	Short Term Bonds	Index		25,590			52,051		
	Cash			449			74		
				26,039		2.2%	52,125		4.1%
Total Invested Assets *				1,047,112		90.3%	1,135,856		90.2%
Provinces/Territories' Notional Assets (net of prepayments, including outstanding payments)				113,059		9.7%	123,623		9.8%
Total Assets				1,160,171		100.0%	1,259,479		100.0%

\* Total Invested Assets includes prepayments from Yukon  
Totals may not add due to rounding

# Asset Summary – cont'd

## (\$,000's)

Split of Invested Assets between:	Dec-17	Dec-16
Long Term Fund	97.5%	95.4%
Short Term Fund	2.5%	4.6%
Total Invested Assets	100.0%	100.0%

# Comments on Asset Summary

As of December 31, 2017:

- Weighting for real return bonds is currently 0.7% below their benchmark of 80% of the Long Term Fund
  - An increase in the underweight from December 31, 2016 (0.5% below benchmark)
- Weighting for universe bonds is at their benchmark of 6%
  - An increase in the weighting from December 31, 2016 of 5.4%
- Equities are above their benchmark by 0.8%
  - At December 31, 2016 they were 1.0% above their benchmark
- Provinces/Territories' ("PT") 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 95.4% to 97.5%, while the Short Term Fund has decreased from 4.6% to 2.5% during the fiscal year

# Asset Development (\$,000's)



		Invested Assets <sup>1</sup>				Provinces/ Territories' Notional Assets <sup>1</sup>	Total Assets
		Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Total Invested Assets		
Initial, at December 31, 2016		862,058	221,672	52,125	1,135,856	123,623	1,259,479
Investment income (realized and unrealized)		5,020	19,937	(295)	24,662	790	25,452
Inflow:	Recoveries from Provinces	-	-	11,354	11,354	(11,354)	-
	Additional Prepayments	-	-	-	-	-	-
Outflow:	Benefit Payments	-	-	(122,477)	(122,477)	-	(122,477)
	Expenses	-	-	(2,283)	(2,283)	-	(2,283)
Transfers between funds		(56,789)	(30,826)	87,615	-	-	-
Closing, at December 31, 2017		810,290 <sup>2</sup>	210,783 <sup>2</sup>	26,039	1,047,112	113,059	1,160,171

1. Invested Assets include PT prepayments; PT 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 decreased since December 31, 2016 by \$88.7m
  - As a result of the "federal" 8/11ths share of the Regular Benefit Account payments plus the total Special Distribution Benefit Account payouts exceeding the investment returns
- The Provinces/Territories' Notional Assets have decreased by \$10.6m
  - As a result of their 3/11ths share of the Regular Benefit Account payout exceeding interest credits at T-bill rates
- Total assets (i.e. including Provinces/Territories' Notional Assets) have decreased by \$99.3m
- Benefits are paid from the Short Term Fund
- From June 2002 onwards all recoveries from the provinces were allocated to the Short Term Fund
- TD Asset Management made net transfers from the Long Term Fund to the Short Term Fund of \$87.6m
  - \$56.8m from real return bonds in June and December 2017
  - \$30.8m from other long term funds - spread over the period

# Provinces/Territories' Notional Assets (\$,000's)

	Gross Province/ Territories' Notional Assets	Less Yukon Prepayments	Net Provinces/ Territories' Notional Assets
Initial, at December 31, 2016	123,636	13	123,623
Interest credits	791	-	790
Additional prepayments	-	-	-
3/11 <sup>th</sup> share of benefits/expenses	(11,354)	-	(11,354)
Closing, at December 31, 2017	113,072	12	113,059

Totals may appear not add due to rounding

# Investment Returns

Fund	Portfolio	Fiscal Year Ending				Quarterly Returns Fiscal Dec 2017			
		Dec-14	Dec-15	Dec-16	Dec-17	Mar-17	Jun-17	Sep-17	Dec-17
Long Term	Real Return Bonds	15.7%	2.1%	3.9%	0.5%	-2.1%	2.0%	-3.9%	4.7%
	Universe Bonds	8.7%	3.5%	1.5%	2.5%	1.2%	1.1%	-1.9%	2.0%
	Canadian Equity	10.5%	-8.3%	21.0%	9.1%	2.4%	-1.6%	3.7%	4.4%
	US Equity	23.5%	21.2%	7.7%	13.4%	5.4%	0.3%	0.5%	6.8%
	EAFE Equity	3.8%	19.1%	-2.4%	16.8%	6.6%	3.4%	1.5%	4.4%
	Total	14.6%	2.7%	4.7%	2.4%	-1.0%	1.8%	-2.9%	4.6%
Short Term	Short Term Bonds	3.1%	2.6%	1.0%	0.3%	0.7%	-0.4%	-0.4%	0.3%
Total Invested Assets		13.6%	2.6%	4.5%	2.4%	-0.9%	1.7%	-2.8%	4.6%
Notional PT Assets		0.9%	0.6%	0.5%	0.7%	0.1%	0.1%	0.2%	0.3%
Total Assets		11.9%	2.4%	4.1%	2.3%	-0.8%	1.6%	-2.5%	4.1%

1. The 2014, 2015, 2016 and 2017 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 2.3% for the 2017 calendar year is the result of positive returns on all portfolios
- EAFE equities produced the best returns in 2017 of 16.8%, followed by the US equities of 13.4%
- Real return bonds and short term fund produced the worst returns in 2017 of 0.5% and 0.3% respectively
- The Provinces/Territories' Notional Assets increase with interest at the 3-month T-bill rate; in 2017, these rates were lower than the returns on the invested assets



# Tracking Error



		Fiscal Year Ending				4 years to Dec 2017	Target Tracking Error	
		Dec-14	Dec-15	Dec-16	Dec-17		1 year	4 years
Universe Bonds	Actual	8.7%	3.5%	1.5%	2.5%	4.02%		
	Index	8.8%	3.5%	1.7%	2.5%	4.09%		
	t/e	<b>-0.1%</b>	<b>0.0%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>-0.07%</b>	0.20%	0.10%
Canadian Equity	Actual	10.5%	-8.3%	21.0%	9.1%	7.56%		
	Index	10.6%	-8.3%	21.1%	9.1%	7.57%		
	t/e	<b>-0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>	<b>0.0%</b>	<b>-0.01%</b>	0.30%	0.15%
US Equity	Actual	23.5%	21.2%	7.7%	13.4%	16.28%		
	Index	23.2%	20.8%	7.4%	13.2%	15.96%		
	t/e	<b>0.3%</b>	<b>0.4%</b>	<b>0.3%</b>	<b>0.2%</b>	<b>0.32%</b>	0.30%	0.15%
EAFE Equity	Actual	3.8%	19.1%	-2.4%	16.8%	8.96%		
	Index	3.7%	19.0%	-2.5%	16.8%	8.87%		
	t/e	<b>0.1%</b>	<b>0.1%</b>	<b>0.1%</b>	<b>0.0%</b>	<b>0.09%</b>	0.60%	0.30%
Short Term Bonds	Actual	3.1%	2.6%	1.0%	0.3%	1.74%		
	Index	3.1%	2.6%	1.0%	0.1%	1.68%		
	t/e	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.2%</b>	<b>0.06%</b>	0.20%	0.10%

# *Comments on Tracking Error*

- US Equity had a tracking error outside the target range for four years ending 2017
- All other portfolios met their tracking error target over both one and four years for 2017

# Benefit Accounts



	Regular Benefit Account	Special Distribution Benefit Account	Late Claims Benefit Account	Total Invested Assets	Provinces/ Territories Notional Assets	Total Assets
<b>Initial, at December 31, 2016</b>	<b>901,533</b>	<b>185,750</b>	<b>48,573</b>	<b>1,135,856</b>	<b>123,623</b>	<b>1,259,479</b>
Investment Income	21,122	2,365	1,175	24,662	790	25,452
Inflow: Recoveries from PT	11,354	-	-	11,354	(11,354)	(0)
Additional prepayments	-	-	-	-	-	
Outflow: Benefit Payments	(39,461)	(83,015)	-	(122,477)	-	(122,477)
Expenses	(1,805)	(465)	(14)	(2,283)	-	(2,283)
<b>Closing, at December 31, 2017</b>	<b>892,743</b>	<b>104,635</b>	<b>49,734</b>	<b>1,047,112</b>	<b>113,059</b>	<b>1,160,171</b>
Gross investment return	2.4%	2.4%	2.4%	2.4%	0.7%	2.3%

# SUMMARY OF JOINT COMMITTEE WORK DURING EIGHTEENTH YEAR OF OPERATIONS (2017)

## Executive Summary

1. The Joint Committee has a mandate to:

- implement the 1986-1990 Hepatitis C Settlement Agreement and the following Plans:
  - the Transfused HCV Benefit Plan and the Hemophiliac HCV Benefit Plan (the “**Regular Plans**”)
  - the HCV Late Claims Benefit Plan<sup>1</sup>
- supervise the ongoing administration of claims under the Plans
- supervising the administration and payment of Special Distribution Benefits<sup>2</sup>
- oversee the performance of the investment portfolio of the Hepatitis C 1986-1990 Trust Fund (the “**Trust Fund**”)
- oversee certain services providers,<sup>3</sup> including making recommendations to the Courts regarding their appointment, negotiating their budgets, obtaining budget approval orders, and instructing, receiving and assessing their advice and reports.

---

<sup>1</sup> In December 2017, the Courts approved an HCV Late Claims Benefit Plan funded by an allocation of about \$40 million in excess capital of the Trust Fund for class members who did not make a claim prior to the First Claim Deadline and who do not fall within the existing court approved protocols that provide exceptions to the June 30, 2010 deadline of the Regular Benefit Plans (“**Late Claims**”)

<sup>2</sup> In accordance with their August 2016 decisions, the Courts issued orders/judgments in February 2017 and December 2017 allocating about \$152.8 million in 2013 excess capital of the 1986-1990 Hepatitis C Trust Fund in favour of class members to fund certain special distribution benefits (the “**Special Distribution Benefits**”).

<sup>3</sup> These responsibilities apply to the following service providers: the administrator, the trustee, the investment managers and advisors, the auditors, the Joint Committee’s actuaries and physicians who assist in medical modelling.

- undertake the triennial fund sufficiency review in respect of the Regular Plans and the HCV Late Claims Benefit Plan
2. The numbers in this report have been rounded. Totals may not add due to this rounding.
  3. In 2017, approximately \$122.5 million was paid to claimants as follows:
    - \$39.5 million under the Transfused HCV Benefit Plan and the Hemophiliac HCV Benefit Plan (the “**Regular Plans**”)
    - \$83.0 million in Special Distribution Benefits

The total amount paid for claims over the life of the settlement now totals approximately \$1.041 billion.

4. Operating expenses of administration and all service providers in 2017 were approximately \$3.9 million,<sup>4</sup> which is a decrease of about 17.4% over the previous year, despite the added complexity of implementing two new elements, Special Distribution Benefits and the HCV Late Claims Benefit Plan.
5. In 2017, there was a 2.38% return on the total invested assets. The invested assets decreased by about \$88.5 million (net of payments out).
6. As at December 31, 2017, the Trust Fund held assets of approximately \$1.053 billion. The unpaid liability of the provincial and territorial governments was approximately \$110.8 million. This unpaid liability combined with the Trust Fund’s assets totals approximately \$1.164 billion available to satisfy the claims of class members.

---

<sup>4</sup> This amount is less than stated in the audited financial statements because discounts to the administrator’s fees were negotiated by the Joint Committee after the financial statements were completed.

## The Trust Fund

7. The governments' maximum obligation to the Trust Fund established as at January 10, 2000 was \$1.203 billion, shared between the Government of Canada (72.7273%) and the governments of the provinces and territories (27.2727%). The Government of Canada contributed its obligation at the outset. The provincial and territorial governments contribute their respective obligations mostly on a "pay-as-you-go" basis, with interest at the 3 month T-bill rate.

8. As at December 31, 2017:

- the Trust held assets of about \$1.053 billion
- the obligation of the provinces and territories which fund on a pay-as-you go basis was estimated to be about \$110.8 million

*As at December 31, 2017, there was **\$1.164 billion** available to satisfy class members' claims*

9. In December 2017, the Courts established three accounts of the Trust Fund:

- the Regular HCV Benefits Account
- the Special Distribution Benefits Account
- the HCV Late Claims Benefit Account.

The work performed, and expenses incurred by service providers are categorized and charged to the applicable account. The provincial and territorial governments do not contribute to claims or expenses paid from the Special Distribution Benefits Account or the HCV Late Claims Benefit Account.

10. The funding, investment earnings, claims paid and expenses relating to each of the Trust Fund's three accounts are reported in notes 4 - 7 of the Audited Financial Statements at Schedule A of the Annual Report.

## Payments to Claimants

11. In 2017, approximately \$39.5 million in claims were paid under the Regular Plans, which was about 7% less than was paid out in the previous year.<sup>5</sup>
12. Approximately \$83.0 million in Special Distribution Benefits were paid. Additional claims for retroactive Special Distribution Benefits were also approved but had not been paid as of the year end due to difficulty in locating claimants, executors or their successors. Efforts are being made by the Administrator to locate claimants and identify successors so that these approved retroactive payments can be made as intended.
13. As of December 31, 2017, the Administrator had received 336 Late Claim requests. No claims had been filed (or paid) under the newly established plan by year end.

## Operating Expenses

14. A total of approximately \$3.9 million in administration and service provider expenses were paid in 2017, which is about a 17.4% decrease in expenses from the previous year.<sup>6</sup> This amount is less than stated in the audited financial statements because after the financial statements were completed, the Joint Committee negotiated discounts to the administrator's fees, specifically, its activity level adjustment and fees for the administration of Special Distribution Benefits.

## Portfolio Oversight

15. In 2017, the invested portion of the Trust Fund closed at about \$1.047 billion, which was down approximately \$88.5 million from the previous year.
16. The investment portfolio is largely in fixed income instruments, with the greatest portion of the fixed income instruments being real return bonds. A small portion is held in equities.

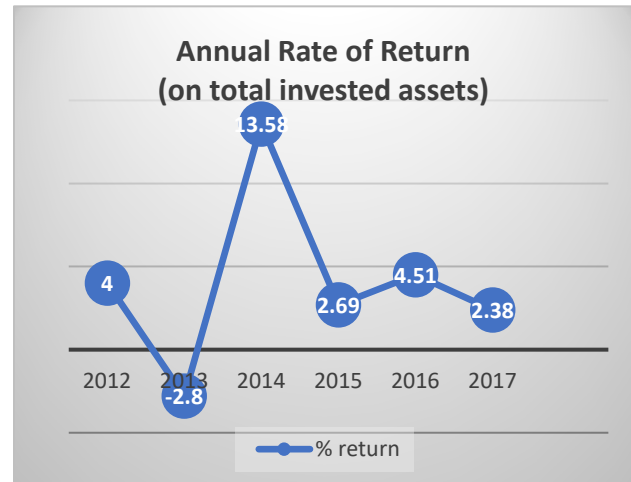
---

<sup>5</sup> In 2016, approximately \$42.2 million was paid. In 2015, approximately \$52.6 million was paid.

<sup>6</sup> In 2016, the operating expenses were about \$4.7 million. In 2015, the operating expenses were approximately \$4.3 million.

17. Overall, there was a 2.38% return on the total invested assets in 2017, which was a moderate decrease over the prior year.<sup>7</sup>

18. Most of the assets (about \$810.4 million) are invested in Government of Canada Real Return Bonds, which produced a return of 0.50% in 2017. This was a decrease over the previous year.<sup>8</sup> The return on these bonds since inception is 6.84%.



19. Short term bonds (comprising about \$25.5 million) produced a return of 0.28% in 2017. This was a decrease over the previous year.<sup>9</sup> The return on these bonds since inception is approximately 4.20%.

20. The “other” invested assets include bond funds and Canadian and foreign equities.

- the return on the Canadian bond fund (comprising about \$60.9 million) was 2.46%, which was an increase over the previous year.<sup>10</sup> The return on Canadian bonds since inception is 5.49%.
- the return on Canadian equities (comprising about \$76.1 million) was 9.09%, which was a substantial decrease over the previous year.<sup>11</sup> The return on Canadian equities since inception is 5.97%.

---

<sup>7</sup> In 2016, the overall return on invested assets was 4.51%. In 2015, the overall return on invested assets was 2.69%.

<sup>8</sup> In 2016, the return on real return bonds was 3.86%. In 2015, the return on real return bonds was 2.08%.

<sup>9</sup> In 2016, the return on short term bonds was 1.03%. In 2015, the return on short term bonds was 2.63%.

<sup>10</sup> In 2016, the return on Canadian bonds was 1.49%. In 2015, the return on Canadian bonds was 3.53%.

<sup>11</sup> In 2016, the return on Canadian equities was 21.01%. In 2015, the return on Canadian equities was -8.27%.



- the return on US equities (comprising about \$37.5 million) was 13.43%, which was a substantial increase from the previous year.<sup>12</sup> The return on US equities since inception is 4.63%.
  - the return on international equities (comprising about \$36.3 million) was 16.83%, which was a substantial increase from the prior year<sup>13</sup> and represented the best return of all invested assets. The return on international equities since inception is 2.83%.
21. The Trust Fund met the one year and four-year tracking ranges set in the Investment Guidelines for the Trust Fund for all portfolios except US equities, which had a tracking error outside the target range for four years ending 2017.<sup>14</sup>

## Summary of Joint Committee Work in 2017

22. The most time-consuming work for members of the Joint Committee in 2017 flowed from the Courts' judgments allocating excess capital in favour of class members. This included:
- negotiating the terms of the Ontario and British Columbia orders pertaining to the Special Distribution Benefits and obtaining a conciliation order from the Quebec court
  - working with the Administrator, the Trustee and the Investment Manager to ensure payment of the Special Distribution Benefits
  - creating a special protocol for the payments of estates in Quebec and having it approved by the Quebec court

---

<sup>12</sup> In 2016, the return on US equities was 7.65%. In 2015, the return on US equities was 21.21%.

<sup>13</sup> In 2016, the return on international equities was -2.42%. In 2015, the return on international equities was 19.06%.

<sup>14</sup> The tracking error target for US equities is 0.15% for four years. The actual tracking error for US equities was 0.32% for four years ending 2017.

- consulting and coordinating with the Auditor, Administrator and Trustee regarding the separate reporting required to account for the payment of Special Distribution Benefits and expenses
- drafting and negotiating the terms of the Late Claims Benefit Plan with the federal government and the provincial and territorial governments
- retaining a communications firm and discussing proposals for a notice campaign regarding the Late Claims Benefit Plan, and obtaining budget proposals for same
- revising court approved protocols to address the Late Claims Benefit Plan and other issues;
- obtaining trust advice regarding the appropriate structure and accounting within the Trust Fund to address and implement the Special Distribution Benefits and the Late Claims Benefit Plan in accordance with the Courts' judgments
- working with the Joint Committee's actuaries, the auditors and trustee on the appropriate structure and funding of three accounts of the Trust to implement the Courts' judgments
- obtaining actuarial advice regarding required capital and the costs of additional special distribution benefits to address the circumstances of class members referred to in the Courts' decisions
- seeking medical advice to consider amendments required to the medical evidence and compensable HCV drug therapy court approved protocols
- drafting applications and supporting affidavits seeking approval of:
  - the Late Claims Benefit Plan and notice program
  - the proposed financial structure of three separate accounts of the Trust Fund and the attribution of investment gains/losses to each
  - two new special distribution benefits
  - revised court approved protocols and new protocols for the Late Claims Benefit Plan, as well as amendments to the court approved protocol on medical evidence and compensable HCV drug therapy

- negotiating the terms of draft orders for the above-noted applications with the federal, provincial and territorial governments
- working with the Administrator and the Late Claims Referees on the implementation of the Late Claims Benefit Plan
- collaborating with the communication firm on the creative concepts and strategies for the notice campaign
- communicating with class members throughout and updating the settlement website home page

23. The Joint Committee also worked on the following in 2017:

- preparing the applications and material for court approval of the 2016 Annual Report and Financial Statements;
- preparing the applications and supporting material for approval of the 2018 annual budgets;
- consulting with the actuaries regarding changes in investment strategy and to the short term fund proposed by the Investment Manager;
- overseeing the CLASS claims management system upgrade and its quality assessment by the auditors;
- addressing delays by and performance issues of the administrator
- responding to numerous telephone and email communication from class members and family class members;
- coordinating the preparation of the medical model and the actuarial models for the financial sufficiency review triggered as at December 31, 2016; and
- responding to various policy issues raised by the Administrator for direction from the Joint Committee.

**YEAR 18 JC FEES**

**Joint Committee Fees and Disbursements Incurred in the Period from  
January 1, 2017 to December 31, 2017**

**Regular Benefit Plans**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Fees</b>	103,243.50	91,058.50	103,545.00	89,238.00	387,085.00
<b>Disbursements</b>	14,194.86	6,936.08	3,008.38	4,240.45	28,379.77
<b>GST</b>	5,851.92	4,898.76	-	-	10,750.68
<b>PST</b>	7,884.08	9,773.02	-	-	17,657.10
<b>HST</b>	-	-	13,851.96	12,152.07	26,004.03
<b>Total</b>	<b>\$131,174.36</b>	<b>\$112,666.36</b>	<b>\$120,405.34</b>	<b>\$105,630.52</b>	<b>\$469,876.58</b>

**Financial Sufficiency**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Fees</b>	21,570.00	14,897.50	18,697.50	23,085.00	78,250.00
<b>Disbursements</b>	978.36	76.15	3.60	141.05	1,199.16
<b>GST</b>	1,123.41	748.70	-	-	1,872.11
<b>PST</b>	1,561.15	1,493.63	-	-	3,054.78
<b>HST</b>	-	-	2,431.15	3,019.19	84,376.05
<b>Total</b>	<b>\$25,232.92</b>	<b>\$17,215.98</b>	<b>\$21,132.25</b>	<b>\$26,245.24</b>	<b>\$168,752.10</b>

**Special Distribution Benefits**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Fees</b>	25,743.50	56,058.25	60,817.50	32,992.50	175,611.75
<b>Disbursements</b>	8,118.96	840.63	8,779.35	297.75	18,036.69
<b>GST</b>	1,689.13	2,844.95	-	-	4,534.08
<b>PST</b>	1,817.84	5,675.67	-	-	7,493.51
<b>HST</b>	-	-	9,047.59	4,328.23	13,375.82
<b>Total</b>	<b>\$37,369.43</b>	<b>\$65,419.50</b>	<b>\$78,644.44</b>	<b>\$37,618.48</b>	<b>\$219,051.85</b>

**Late Claims Plan**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Fees</b>	71,711.00	56,995.00	92,677.50	112,033.00	333,416.50
<b>Disbursements</b>	4,683.08	1,414.86	1,100.29	2,908.22	10,106.45
<b>GST</b>	3,815.71	2,920.26	-	-	6,735.97
<b>PST</b>	5,142.35	5,825.88	-	-	10,968.23
<b>HST</b>	-	-	12,191.12	14,942.74	27,133.86
<b>Total</b>	<b>\$85,352.14</b>	<b>\$67,156.00</b>	<b>\$105,968.91</b>	<b>\$129,883.96</b>	<b>\$388,361.01</b>

**TOTAL FEES AND DISBURSEMENTS**

	<b>British Columbia</b>	<b>Quebec</b>	<b>Ontario (Hemophiliac)</b>	<b>Ontario (Transfused)</b>	<b>Total</b>
<b>Total Fees</b>	222,268.00	219,009.25	275,737.50	257,348.50	974,363.25
<b>Total Disbursements</b>	27,975.26	9,267.72	12,891.62	7,587.47	57,722.07
<b>GST</b>	12,480.17	11,412.67	-	-	23,892.84
<b>PST</b>	16,405.42	22,768.20	-	-	39,173.62
<b>HST</b>	-	-	37,521.82	34,442.23	71,964.05
<b>Total</b>	<b>\$279,128.85</b>	<b>\$262,457.84</b>	<b>\$326,150.94</b>	<b>\$299,378.20</b>	<b>\$1,167,115.83</b>

## **REPORT OF FUND COUNSEL (FOR 2017 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, 2017 to December 31, 2017**, 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, 2017	<b>333</b>
Number of appeals received from January 1, 2017 to December 31, 2017	<b>5</b>
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2017	<b>240</b>
Number of completed appeals (decisions rendered) from January 1, 2017 to December 31, 2017	<b>3</b>
Number of total withdrawals from the beginning to December 31, 2017	<b>49</b>
Number of withdrawals from January 1, 2017 to December 31, 2017	<b>2</b>
Number of total rescissions of denial from the beginning to December 31, 2017	<b>22</b>
Number of rescissions of denial from January 1, 2017 to December 31, 2017	<b>0</b>
Number of total Mediated Appeals from January 1, 2017 to December 1, 2017	<b>7</b>
Number of Mediated appeals from January 1, 2017 to December 31, 2017	<b>0</b>
Number of Archived Appeals	<b>3</b>
Number of pending Appeals as of December 31, 2017	<b>12</b>
Number of total requests for judicial confirmation from the beginning to December 31, 2017	<b>56</b>
Number of requests for judicial confirmation from January 1, 2017 to December 31, 2017	<b>0</b>
Number of total judicial decisions from the beginning to December 31, 2017	<b>50</b>
Number of judicial decisions from January 1, 2017 to December 31, 2017	<b>0</b>
Number of Appeals Justice Winkler sent back to Referee up to December 31, 2017	<b>4</b>

Number of Appeals that have been sent back that are concluded	<b>3</b>
Number of Appeals sent back by Justice Winkler that have been withdrawn by claimant up to December 31, 2017	<b>1</b>
<b>Total Number of pending Appeals as of December 31, 2017</b>	<b>12</b>

***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.*

8. Ontario Fund Counsel incurred fees of **\$38,688.50** plus GST/HST. Ontario Fund Counsel incurred disbursements in the amount of **\$1,107.97** plus GST/HST. The total amount of taxes incurred on fees and expenses was **\$5,163.78**. No expert witness expenses were incurred. With taxes, the total amount of fees and disbursements incurred is **\$44,960.25**.

**(b) Quebec Fund Counsel**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2017:	<b>80</b>
Number of appeals received from January 1, 2017 to December 31, 2017:	<b>0</b>
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2017:	<b>63</b>
Number of completed appeals (decisions rendered) from January 1, 2017 to December 31, 2017:	<b>0</b>
Number of total withdrawals from the beginning to December 31, 2017:	<b>10</b>
Number of withdrawals from January 1, 2017 to December 31, 2017:	<b>0</b>
Number of total mediated appeals from the beginning to December 31, 2017:	<b>1</b>
Number of mediated appeals from January 1, 2017 to December 31, 2017:	<b>0</b>
Number of total rescissions of denial from the beginning to December 31, 2017:	<b>5</b>
Number of rescissions of denial from January 1, 2017 to December 31, 2017:	<b>0</b>
Number of pending appeals as of December 31, 2017:	<b>1</b>
Number of total requests for Judicial confirmation from the beginning to December 31, 2017:	<b>22</b>

Number of requests for Judicial confirmation from January 1, 2017 to December 31, 2017	0
Number of total Judicial decisions from the beginning to December 31, 2017:	20
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2017	1
Number of judicial decisions from January 1, 2017 to December 31, 2017:	0

Quebec Fund Counsel incurred fees of **\$18,400.00** plus tax. Quebec Fund Counsel incurred disbursements in the amount of **\$104.65** plus tax. The total amount of taxes incurred on fees and expenses is **\$2,405.60**. As per Quebec Fund Counsel, disbursements related to general expenditure and bailiff fees. With taxes, the total amount of fees and disbursements incurred in Quebec is **\$20,910.25**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2017:	74
Number of appeals received from January 1, 2017 to December 31, 2017:	0
Number of total completed appeals (dec rendered) from the beginning to December 31, 2017:	50
Number of completed appeals (dec rendered) from January 1, 2017 to December 31, 2017:	0
Number of total withdrawals from the beginning to December 31, 2017:	17
Number of withdrawals from January 1, 2017 to December 31, 2017:	1
Number of total rescissions from the beginning to December 31, 2017:	0
Number of rescissions from January 1, 2017 to December 31, 2017:	0
Number of total mediated appeals from the beginning to December 31, 2017:	1
Number of mediated appeals from January 1, 2017 to December 31, 2017:	0
Number of Archived Appeals	4
Number of Archived Appeals from January 1, 2017 to December 31, 2017	0



Number of pending appeals as of December 31, 2017:	<b>2</b>
Number of total request for judicial confirmation from the beginning to December 31, 2017:	<b>19</b>
Number of requests for judicial confirmation from January 1, 2017 to December 31, 2017:	<b>1</b>
Number of total judicial decisions from the beginning to December 31, 2017:	<b>19</b>
Number of judicial decisions from January 1, 2017 to December 31, 2017:	<b>0</b>

B.C. Fund Counsel incurred fees in the amount of **\$15,491.25** plus tax. B.C. Fund Counsel incurred disbursements in the amount of **\$149.31** plus tax. The total amount of taxes incurred on fees and expenses is **\$1,866.42** (GST was paid in the amount of \$782.03 and PST in the amount of \$1,084.39). 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 **\$17,506.98**.

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.

9. 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.

## Annual Report 2017

### 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.
3. Two Referees, one in Quebec and one in Ontario, were also appointed in 2017 to determine whether applicants who have missed the applicable deadline to file a regular claim under the Settlement Plan meet the criteria to receive an application to file a claim under the HCV Late Claim Plan. The Late Claim Plan has been widely advertised and a high volume of applications is anticipated.

## Roster of Arbitrator/Referees

4. There are currently 14 active Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, three in British Columbia and 6 in Ontario, including a French speaking Arbitrator/Referee who conducts all French language appeals outside of Quebec and British Columbia.

## Appeal Activity

5. The number of new appeals assigned to Arbitrators and Referees remains very low. However, with the possible influx of Late Claims under the recently approved HCV Late Claim Benefit Plan, the number of new appeals may significantly increase in the upcoming year.

## Financial Activity to December 31, 2017

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

	<u>British Columbia</u>	<u>Quebec</u>	<u>Ontario (includes all remaining provinces)</u>
Fees:	\$ 2,125.00	\$0.00	\$ 13,540.00
Disbursements:	\$ 260.72	\$0.00	\$ 626.80

Taxes:	\$ 51.30	\$0.00	\$ 1,510.08
<b>TOTALS</b>	<b>\$ 2,437.02</b>	<b>\$0.00</b>	<b>\$ 15,676.88</b>

In the past fiscal year, no cases were approved for payment in excess of the tariff rate.

#### **Proposed Budget**

7. As in previous years, the number and complexity of appeals pursued by claimants will determine the fiscal needs of Appeal administration. However, the proposed budget must also take into account the anticipated fees for Referees determining whether a Late Claim application form will be issued to applicants and the possible increase in appeals arising from additional claims filed under the HCV Late Claim Benefit Plan. Consequently, we recommend that the proposed budget for Arbitrators and Referees should be significantly increased from the amount of expenses, fees and related expenses incurred in the preceding year.