

HEPATITIS C
CLASS ACTION SETTLEMENT
1986-1990

YEAR 20

REPORT OF THE JOINT COMMITTEE
FOR THE PERIOD ENDING DECEMBER 31, 2019

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January 1, 1986 to July 1, 1990

HEPATITIS C CLASS ACTION SETTLEMENT

YEAR 20

ANNUAL REPORT OF THE JOINT COMMITTEE

FOR THE PERIOD ENDING DECEMBER 31, 2019

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Annual Report – YEAR 20 (2019)

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

EXECUTIVE SUMMARY

1. The 1986-1990 Hepatitis C Settlement (the “**Settlement**”) completed its twentieth year of operations on December 31, 2019.
2. In 2019, the Administrator received 134 new claims¹ under the Transfused HCV Plan and the Hemophiliac HCV Plan (collectively, the “**Regular Benefit Plans**”) as follows:
 - 16 Primarily Infected Transfused Claims
 - 63 Family Member Transfused Claims
 - 55 Family Member Hemophiliac Claims
3. As of December 31, 2019, 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 2 new claims under the other court-approved protocol exception to the First Claim Deadline.
4. In 2019, the Administrator paid about \$32.2 million in claims under the Regular Benefit Plans.²
5. In 2019, the Administrator paid about \$5.3 million in Special Distribution Benefits.³ Additional retroactive Special Distribution Benefits that have been approved have not yet been paid due to difficulty in locating

In 2019, the Settlement paid approximately:

\$32.2 million under the Regular Benefit Plans

\$5.3 million in Special Distribution Benefits

\$1.8 million under the Late Claims Benefit Plan

¹ In 2018, 157 new claims were received. In 2017, 191 new claims were received.

² In 2018, about \$39.8 million was paid. In 2017, about \$39.5 million in claims was paid.

³ 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**”).³ In 2018, about \$5.2 million was paid in Special Distribution Benefits. In 2017, about \$83.0 million was paid.

certain claimants, executors or their successors. Efforts continue to be made by the Administrator to locate claimants and identify successors. In addition, the Joint Committee filed applications with the Courts in 2020 aimed at locating missing claimants so that the approved payments can be made to them.

6. In December 2017, the Courts approved an HCV Late Claims Benefit Plan for class members who did not make a claim before 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 Benefit Plan**”).⁴ As of December 31, 2019:

- The Administrator had received 732 late claim requests;
- Referees had approved 617 requests and denied 85 requests to submit a late claim;
- The Administrator had begun to process 266 of 283 completed claims forms received from those permitted by the Referees to submit a late claim;
- 116 late claims were approved, 32 were denied and 118 were in progress; and
- About \$1.8 million in Late Claims Benefits was paid.

7. In summary, the Administrator paid a total of approximately \$40.0 million in payments to claimants in 2019.⁵

8. Since the inception of this Settlement in 1999, the Administrator has paid out a total of approximately \$1.126 billion⁶ in benefits in response to about 14,877 approved claims.

*Since inception, about
\$1.126 billion in benefits
has been paid to **14,877**
approved claims.*

9. Financial Statements of the Trust Fund attached at **Schedule A** indicate that, as at December 31, 2019, the Trustee held assets of about \$1.050 billion and there was a total unpaid liability of the

⁴ The Courts issued orders/judgments in February 2017 and December 2017 allocating about \$39.9 million in 2013 excess capital of the Trust Fund to the Late Claims Benefit Plan.

⁵ In 2018, the Administrator paid out approximately \$45.1 million, including \$5.2 million in Special Distribution Benefits. In 2017, the Administrator paid out about \$122.5 million, including approximately \$83 million in retroactive Special Distribution Benefits.

⁶ This amount includes payments of about \$21.4 million to HIV secondarily infected claimants.

provincial and territorial governments of about \$92.6 million (including interest) for a total of about \$1.142 billion available to satisfy class members' claims.

10. In 2019, there was a 7.34% return on the invested assets held by the Trustee, which was a significant increase over the prior year.⁷ This was mainly due to the return on the Government of Canada real return bonds that comprise most of the invested assets. The invested assets increased by about \$39.9 million or 4.0% net of payments out.⁸
11. The expenses incurred to administer the Settlement in 2019 totaled approximately \$2.9 million for all service providers, which is a decrease of about 32.7% over the previous year.⁹

⁷ In 2018, the overall return was negative 0.55%. In 2017, the overall return on invested assets was 2.38%.

⁸ In 2018, the invested assets decreased by about 4.1% net of payments out. In 2017, the invested assets decreased by about 7.8% net of payments out.

⁹ In 2018, the administration expenses totaled approximately \$4.2 million. In 2017, the administration expenses totaled approximately \$4.1 million.

OVERVIEW

12. This is the twentieth 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.
13. In 2019, the Joint Committee was comprised of J.J. Camp, Q.C. and Deborah Armour, Q.C., Michel Savonitto, Harvey T. Strosberg, Q.C., and Kathryn Podrebarac. Mr. Camp and Ms. Armour were appointed by Orders of the Supreme Court of British Columbia.¹⁰ 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.
14. 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.
15. The activities of the service providers to the Settlement under each of the three categories are discussed under the appropriate headings below and in their attached reports. Their fees and disbursements are reconciled to their court-approved budgets, where applicable.

2019 EXPENSES

16. The budgeting process for 2019 commenced in late 2018. Annual budget approval orders were obtained from the Courts in December 2018 and January 2019.
17. The actual 2019 fees and disbursements of each service provider for each category of work are set out below. All amounts are rounded to the nearest dollar.

¹⁰ By Order dated May 6, 2019, Deborah Armour, Q.C. was appointed to replace Mr. Camp, who retired from the Joint Committee.

A. Regular Benefit Plans Work

18. The total expenses of the service providers supervised by the Joint Committee for work relating to the Regular Benefit Plans in 2019 were \$1,925,320 (plus taxes). Service providers were generally at or under budget.
19. The following chart summarizes the budget versus actual expenses for 2019 for the service providers supervised by the Joint Committee for Regular Benefit Plans work (plus taxes).

Service Provider	2019 Budget	2019 Actual	Variance from Budget	Note
Epiq				
Administration of the Transfused Plan, Hemophiliac Plan and EAP2	\$530,000	\$530,000	0	See paras 35-39 and Schedules B and C
Activity Level Adjustment	As incurred, subject to a +/- 10% variance	0	-	
Third Party Expenses	As incurred	\$293	-	
Appeal Expenses	As incurred	0	-	
Special Projects	\$50,000	0	(\$50,000)	

Service Provider	2019 Budget	2019 Actual	Variance from Budget	Note
Deloitte LLP Audit, financial statements (exclusive of travel expenses)	not to exceed \$100,000 ¹¹	\$85,000 ¹³	_ ¹⁵	See paras. 29-34 and Schedule A
Interim Audit	\$20,000 ¹²	\$13,000 ¹⁴	_ ¹⁶	
Special Projects	\$25,000	\$5,000	(\$20,000)	
RBC Investor & Treasury Services Trustee Services	\$125,000	\$103,570	(\$21,430)	See paras. 43-45 and Schedule D
TD Asset Management Inc. Investment Services	\$598,238 ¹⁷	\$453,743 ¹⁸	(\$144,495)	See paras. 46-50 and Schedules E and F
Eckler Ltd. Actuarial Services & Investment Review	\$50,000	\$51,017	\$1,017	See paras. 57-62 and Schedules G and H
Special Projects	\$25,000	\$9,717	(\$15,283)	

¹¹ The Courts approved a global budget of not more than \$100,000 for completing the audit and preparing financial statements for all three accounts of the Trust.

¹² The Courts approved a global budget of \$20,000 for an interim audit.

¹³ This is the amount attributable to Deloitte's work in respect of the Regular Benefits work only. As noted in the charts that follow, additional fees were incurred in respect of the two other categories of work.

¹⁴ This is the amount attributable to the interim audit of Regular Benefits work only. As noted in the charts that follow, additional fees were incurred in respect of the interim audit of the two other categories of work.

¹⁵ We have not noted the variance from Deloitte's global budget here. The amounts attributable to the two other categories of work are shown in the charts that follow. Deloitte's fees for all audit and financial statements work in 2019 were on budget, totalling \$100,000.

¹⁶ We have not noted the variance from Deloitte's global interim audit budget here. The amounts attributable to the two other categories of work are shown in the charts that follow. Deloitte's fees for the interim audit for all three categories were on budget, totalling \$20,000.

¹⁷ The Courts approved a 2019 budget for TDAM of \$380,000 plus taxes. In 2018, the Courts also approved a budget for TDAM to restructure the real return bond portfolio to match the duration of the investments with the settlement's liabilities. As described more fully in this report, the restructuring could not be fully completed in 2018, so the unused portion (\$218,238) of the approved budget was carried forward into 2019, when the restructuring was completed. The 2019 budgeted amount shown is the sum of 2019 budget and unused 2018 restructuring budget.

¹⁸ This includes \$78,976 in restructuring fees to complete the rebalancing the real return bond portfolio.

Service Provider	2019 Budget	2019 Actual	Variance from Budget	Note
PriceWaterhouseCoopers LLP Income Loss annual computer programming update	\$10,000	\$9,460	(\$540)	See paras. 51-52
Paula Frederick/ Cohen Hamilton Steger Inc. Specialized Income Loss analysis	\$40,000	0	(\$40,000)	See paras. 53-54
Joint Committee Regular administration and supervision work Fees Disbursements	\$700,000 \$75,000	\$644,719 \$19,795	(\$55,281) (\$55,205)	See paras. 66-67, and Schedules I and J

20. The following service providers, who are not supervised by the Joint Committee, also provided services in 2019 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	2019 Actual	Note
Fund Counsel Fees Disbursements	\$44,787 \$577	See paras 72-74, 76 and Schedule K
Arbitrators and Referees Fees Disbursements	\$11,480 \$19	See paras. 75-77 and Schedule L
Court Monitor Fees Disbursements	\$6,900 \$1,145	See paras. 77-79

B. Financial Sufficiency Work

21. Section 10.01(1)(i) of the Settlement Agreement requires the financial sufficiency of the Trust Fund to be assessed every three years.
22. In 2019, the following service providers performed services in connection with the financial sufficiency review triggered on December 31, 2019 (the “**2019 Financial Sufficiency Review**”). All service providers were under their budgets.
23. The services provided included medical modelling work, planning and preparing for the 2019 Financial Sufficiency Review.

Service Provider	2019 Budget	2019 Actual	Variance from Budget	Note
Eckler Ltd. Phase 1 work Fees Disbursements	\$727,000 \$20,000	\$14,505 0	(\$712,495) ¹⁹ (\$20,000)	See para. 63
Joint Committee Fees Disbursements	\$200,000 \$35,000	\$90,312 \$273	(\$109,688) (\$34,727)	See para. 68 and Schedules I and J
Medical Modelling Working Group Updated medical model and medical modelling report for 2019 Financial Sufficiency Review	\$212,000	\$149,331	(\$62,669)	See para. 55-56

¹⁹ Eckler’s Financial Sufficiency budget is for completion of Phase 1 of the 2019 Financial Sufficiency Review. Its unused budget was carried forward into 2020, when the vast majority of its work will be performed.

C. Special Distribution Benefits Work

24. 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.
25. 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. All service providers were under their budgets.

Service Provider	Budget 2019	Actual 2019	Variance from Budget	Note
Deloitte				See para. 31-32
Fees	²⁰	\$10,000	-	
Interim Audit	²¹	\$2,000	-	
Epiq				See para. 40 and Schedule C
Fees for Prospective Payments	\$5,000 ²²	\$5,000	-	
Fees for Retroactive Payments	²³	\$425	-	
Disbursements	-	\$179	-	
Joint Committee				See para. 69 and Schedules I and J
Fees	\$30,000	\$21,010	(\$8,990)	
Disbursements	\$5,000	\$333	(\$4,667)	
Eckler Ltd.				See para. 64
Fees	\$25,000	\$13,198	(\$11,802)	

²⁰ See note 10 above.

²¹ See notes 11 and 15 above.

²² The Administrator charges a flat fee of \$5,000 per year to administer Special Distribution Benefits payments on a *go forward* basis.

²³ The Administrator's fees for making *retroactive* Special Distribution Benefits payments are based on a fee schedule approved by the Courts in the appointment orders.

D. Late Claims Benefits Work

26. In December 2017, the Courts approved a 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 to inform class members about the Late Claims Benefit Plan. The notice plan included an active national television, public relations and social media campaign at the beginning of 2018 in Phase 1. A more passive two-year post-campaign notice program in Phase 2 was also approved, with a budget of \$37,000 plus taxes per year. Phase 2 began in October 2018.
27. In 2019, 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. Service providers who had a budget were under or over budget.

Service Provider	2019 Budget	2019 Actual	Variance from Budget	Note
Deloitte				See para. 31-32
Fees	– ²⁴	\$5,000	-	
Interim Audit	– ²⁵	\$5,000	-	
Epiq				See para. 41
Fees	– ²⁶	\$109,749	-	
Disbursements	-	\$666	-	
Joint Committee				See para. 70 and Schedules I and J
Fees	\$125,000	\$148,208	\$23,208	
Disbursements	\$25,000	\$154	(\$24,846)	
Eckler Ltd.				See para 65
Fees	\$25,000	\$6,276	(\$18,724)	

²⁴ See note 10 above.

²⁵ See notes 11 and 15 above.

²⁶ The Administrator's fees and disbursements for services under the Late Claims Benefit Plan are based on a fee schedule approved by the Courts in the appointment orders.

28. The following service providers, who are not supervised by the Joint Committee, also provided services in 2019 relating to appeals filed under the Late Claims Benefit Plan. They were paid the following amounts (exclusive of taxes) pursuant to applicable orders or the tariff approved by the Courts.

Service Provider	2019 Actual	Note
Fund Counsel		
Fees	\$16,406	See paras 75-76 and Schedule K
Disbursements	0	
Arbitrators and Referees		
Fees	\$59,543	See paras. 78-80 and Schedule L
Disbursements	\$585	

DELOITTE LLP

29. Deloitte LLP (“**Deloitte**”) was appointed auditor of the Trust Fund pursuant to orders of the Courts.
30. 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, 2019.
31. The Courts approved a 2019 budget for Deloitte for the audit and for preparation of the financial reports not to exceed \$100,000 plus travel expenses and taxes for 2019. The total amount invoiced by Deloitte for these services exclusive of taxes was \$100,000, comprised of \$85,000 for the Regular Benefits work, \$10,000 for the additional work, planning and financial reporting relating to Special Distribution Benefits, and \$5,000 for the additional work associated with the Late Claims Benefits.
32. The Courts also approved a budget of \$20,000 plus taxes for Deloitte to conduct an interim audit to verify that payments were calculated and paid correctly by the newly appointed Administrator. The total amount invoiced by Deloitte for these services exclusive of taxes was \$20,000, comprised of \$13,000 for the Regular Benefits work, \$2,000 for the additional work, planning and financial reporting relating to Special

Distribution Benefits, and \$5,000 for the additional work associated with the Late Claims Benefits.

33. The Courts also approved a special projects budget of \$25,000 plus taxes for Deloitte. The total amount invoiced exclusive of taxes was \$5,000 for Regular Benefits work for reviewing certain standard operating procedures of the new Administrator and investigating discrepancies with data extracts provided by the Administrator.
34. Deloitte's fees were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders.

EPIQ CLASS ACTION SERVICES CANADA INC.

35. Epiq Class Action Services Canada Inc. ("**Epiq**") was appointed Administrator by orders of the Courts for a two-year term commencing January 1, 2019. In their approval orders, the Courts also approved budgets for the two-year term.
36. The Report of the Administrator is attached as **Schedule B**.
37. Epiq's budget for services performed in connection with the Regular Benefit Plans 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 fees.
38. A special projects budget of \$50,000 was also approved for the Administrator for 2019.
39. **Schedule C** is the Payment Reconciliation for Epiq for 2019. It reflects payments to Epiq in accordance with its budget of \$530,000 relating to the administration of the Regular Benefit Plans as well as additional charges for third party expenditures of \$293 (plus taxes), which as paid on approval of the Joint Committee pursuant to the appointment approval orders. No appeal expenses were incurred under the Regular Plans.
40. Epiq's 2019 budget for administering Special Distribution Benefits on a go-forward basis was a flat fee of \$5,000. Its fees for making retroactive Special Distribution Benefits payments are based on a fee schedule approved in the appointment orders. Epiq's fees for administering these benefits in 2019 totalled \$5,604 (plus taxes), comprised of the \$5,000 flat fee for prospective benefits and \$425 in fees and \$179 in postage expenses

for retroactive benefits. These amounts were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders.

41. Epiq's fee schedule for administering Late Claim Benefits was approved by the Courts in the appointment orders. Epiq's fees in 2019 were \$109,749 (plus taxes), and it incurred expenses of \$666 (plus taxes). These amounts were paid on approval of the Joint Committee pursuant to the appointment approval orders
42. Epiq's special projects budget was not expended.

RBC INVESTOR & TREASURY SERVICES

43. In 2005, RBC Investor & Treasury 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.
44. Attached as **Schedule D** is a Report from RBC of its Custodial Trustee activities in the year ended December 31, 2019.
45. The Courts approved a budget for RBC for 2019 of \$125,000 plus taxes. The actual fees charged by RBC for 2019 were \$103,576 plus taxes, which were paid pursuant to the 2019 budget approval orders.

TD ASSET MANAGEMENT INC.

46. TD Asset Management Inc. ("**TDAM**") was appointed Investment Manager of the Trust Fund pursuant to the Orders of the Courts.
47. Attached as **Schedule E** is the Confirmation that TDAM has complied with the court-approved Investment Guidelines.
48. The Courts approved a budget for TDAM for 2019 of \$380,000 plus taxes. In 2018, the Courts approved a budget to implement changes arising from amendments to the Trust's Investment Guidelines, including a restructuring of the real return bond portfolio to match maturity dates to the Settlement's projected future liabilities. Due to a lack of availability of certain bonds and changes in market conditions, the restructuring plan required modification. The restructuring was not completed in 2018 and continued in 2019. The unused portion of the restructuring budget carried forward into 2019 was \$218,238.

49. The total fees charged by TDAM in 2019 were \$453,743 plus taxes, which includes \$78,976 in restructuring fees. TDAM was paid pursuant to the 2019 and 2018 TDAM budget approval orders.
50. Attached as **Schedule F** is the Portfolio Review of the Trust Fund assets.

PRICEWATERHOUSECOOPERS LLP

51. 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.
52. The budget approved by the Courts for PriceWaterhouseCoopers LLP for 2019 was \$10,000 plus taxes. The actual amount charged to the Trust Fund by PriceWaterhouseCoopers LLP was \$9,460 plus taxes. It was paid on approval of the Joint Committee pursuant to the 2019 budget approval orders.

COHEN HAMILTON STEGER & CO. INC. – Paula Frederick

53. 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.
54. The budget approved for Ms. Frederick's services in 2019 was \$40,000. No fees were incurred in 2019.

MEDICAL MODELLING WORKING GROUP

55. Dr. Murray Krahn and the Medical Modelling Working Group ("**MMWG**") have performed medical modelling work for each of the triennial financial sufficiency reviews.
56. The budget approved for the MMWG's services for the 2019 Financial Sufficiency Review was \$212,000 plus taxes. Only a portion of the MMWG's work was completed in 2019, with the balance, including delivery of its medical modelling report, completed in 2020. The MMWG's actual fees in 2019 were \$149,331 plus taxes, which were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders. The balance of its budget was carried into 2020.

ECKLER LTD.

57. 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.
58. 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.
59. Attached as **Schedule G** is the Report of Eckler regarding its activities during 2019.
60. Attached as **Schedule H** is an Investment Summary provided by Eckler.
61. The Courts approved an annual budget for Eckler’s actuarial and investment review services of \$50,000 plus disbursements and taxes for 2019. Eckler’s actual charges for these services were \$51,017 plus taxes. The overage related to the introduction of the TDAM low volatility equity fund, which required Eckler to perform extra work updating its annual investment review. The Joint Committee recommends approval and payment of this overage.
62. The Courts also approved a special projects budget of \$25,000. Eckler’s actual charges were \$9,717. The work involved modifying the restructuring plan for the real return bond portfolio to respond to changes in the market, including the unavailability of bonds with certain maturity dates. These accounts were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders.
63. For 2019, the Courts approved a financial sufficiency budget for Eckler of \$727,000 for fees plus \$20,000 for disbursements, exclusive of taxes, for Phase 1 of the 2019 Financial Sufficiency Review. The services performed in 2019 involved planning and preparing for the review triggered on December 31, 2019. Eckler’s actual accounts for financial sufficiency work in 2019 were \$14,505 plus taxes in fees and no disbursements. These accounts were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders. The unused portion of Eckler’s budget for the 2019 Financial Sufficiency Review was carried into 2020.
64. Eckler’s 2019 budget for Special Distribution Benefits was \$25,000 plus taxes. Its actual fees were \$13,198 plus taxes, which were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders.

65. Eckler's 2019 Budget for the Late Claims Benefit Plan was \$25,000 plus taxes. Its actual fees were \$6,276, which were paid on approval of the Joint Committee pursuant to the 2019 budget approval orders.

JOINT COMMITTEE

66. A Summary Report of the work of the Joint Committee in 2019 is set out in **Schedule I**. As described below, the Joint Committee receives separate budgets for each category of work performed.
67. The 2019 budget for the Joint Committee for administration and supervision services work relating to the Regular Benefit Plans was \$700,000 for fees and \$50,000 for disbursements, exclusive of taxes. The Joint Committee's actual fees in 2019 for this work were \$644,719 plus taxes and its actual disbursements were \$19,795 plus taxes.
68. Concerning financial sufficiency, the Courts approved a 2019 financial sufficiency budget for the Joint Committee of \$200,000 plus taxes and disbursements of \$35,000 plus taxes. The work involved preparing and planning for the 2019 Financial Sufficiency Review, including interacting with and coordinating the Administrator, medical modelling team and actuaries. The Joint Committee's actual fees for financial sufficiency for 2019 were \$90,312 plus taxes, and its actual disbursements were \$273 plus taxes.
69. The Joint Committee's 2019 budget for Special Distribution Benefits was \$30,000 plus taxes for fees and \$5,000 for disbursements. Its actual fees and disbursements were \$21,010 plus taxes and \$333 plus taxes, respectively.
70. The Joint Committee's 2019 budget for the HCV Late Claims Benefit Plan was \$125,000 plus taxes and \$25,000 plus taxes in disbursements. Its actual fees were \$148,208, an overage of \$23,208 plus taxes, and \$154 plus taxes in disbursements. The overage related to its greater than expected involvement in overseeing the administration of this Plan and updating and streamlining claims forms and template letters to be used by the administrator for the Late Claims Benefit Plan.
71. 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

72. John Callaghan and Belinda Bain were appointed as Fund Counsel in the Ontario Class Actions by Orders 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.
73. Attached as **Schedule K** is the Report of Fund Counsel on their activities and their fees incurred in 2019.
74. In 2019, the following appeals were dealt with in each jurisdiction under the Regular Benefit Plans:

2019 Appeal Status Report – Regular Benefit Plans	ON ²⁷	BC	QUE	Total
Appeals received	1	0	0	1
Appeals completed	0	0	0	0
Appeals withdrawn	0	0	0	0
Denials rescinded	0	0	0	0
Appeals mediated	0	0	0	0
Requests for Judicial confirmation	0	1	0	0
Judicial decisions	0	0	1	1
Appeals pending (including appeals sent back to Referees)	11	2	1	14

75. In 2019, the following appeals were dealt with in each jurisdiction under the Late Claims Benefit Plan:

2019 Appeal Status Report – Late Claims Benefit Plan	ON ²⁸	BC	QC	Total
Appeals Received	5	1	0	6
Appeals Completed	0	0	0	0

²⁷ Ontario covers all provinces and territories other than Quebec and British Columbia.

²⁸ Ontario covers all provinces and territories other than Quebec and British Columbia

Appeals Withdrawn	0	0	0	0
Denials Rescinded	0	0	0	0
Appeals Mediated	0	0	0	0
Requests for Judicial Confirmation	0	0	0	0
Judicial Decisions	0	0	0	0
Appeals Pending (including appeals sent back to Referees)	0	0	0	0

76. In 2019, the fees and disbursements charged by Fund Counsel fees were:

- (a) \$44,787 in fees and \$577 in disbursements, all exclusive of taxes, for services relating to the Regular Benefit Plans
- (b) \$16,406 in fees, exclusive of taxes, for services relating to the Late Claims Benefit Plan.

All accounts for Fund Counsel were submitted to the appropriate Court for approval before payment.

REFEREES AND ARBITRATORS

77. Referees and Arbitrators were appointed for each jurisdiction by Court orders.

78. A Summary Report of the work of the Referees and Arbitrators as well as the fees incurred for 2019 is set out in **Schedule L**.

79. In 2019, the fees and disbursements charged for Arbitrators and Referees were:

- (a) \$11,480 in fees and \$19 in disbursements, all exclusive of taxes, for services relating to the Regular Benefit Plans; and
- (b) \$ 59,543 in fees and \$585 in disbursements, all exclusive of taxes, for services relating to the Late Claims Benefit Plan.

Accounts for the Arbitrators and Referees are paid based upon the tariff set by the Courts.

80. While appeals under the Regular Benefit Plans have decreased in recent years, including in 2019, it is anticipated that appeals will continue to increase under the Late Claims Benefit Plan in future years as more claims are filed and processed under this plan..

THE MONITOR

81. 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.
82. In 2019, the fees of the Monitor were \$6,900 and the disbursements were \$1,145, all exclusive of taxes.

CANADIAN BLOOD SERVICES

83. 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.
84. 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 2019 and CBS has not invoiced for any expenses that were incurred. The Joint Committee anticipates that the volume of traceback requests will increase in 2020 due to claims made under the Late Claims Benefit Plan, so CBS may request reimbursement of costs for these services.

HÉMA-QUÉBEC

85. Héma-Québec provides the tracebacks required under the Plans in Quebec. No budget was sought for Héma-Québec for 2019 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.
86. Héma-Québec has advised that it does not seek reimbursement for the services provided in 2019. The Joint Committee anticipates that the volume of traceback requests will increase in 2020 due to claims made under the Late Claims Benefit Plan, so Héma-Québec may request reimbursement of costs for these services.

2020 BUDGETS

87. The chart that follows compares the approved budgets for service providers in 2020 to their 2019 budgets.

	2019 Budget	2020 Budget
EPIQ		
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)	\$530,000	\$515,000
HCV Special Distribution Benefits Administration	\$5,000 for prospective payments Retroactive payments in accordance with a fee schedule	\$5,000 for prospective payments Retroactive payments in accordance with a fee schedule
Special Projects	\$50,000	\$50,000
HCV Late Claims Benefit Plan	In accordance with a fee schedule	In accordance with a fee schedule
Deloitte		
Audit and financial statements (exclusive of travel expenses)	not to exceed \$100,000	not to exceed \$105,000
Additional Interim Audit	\$20,000	N/A
Special Projects	\$25,000	\$25,000
RBC Investor & Treasury Services		
Trustee Services	\$125,000	\$125,000
TDAM		
Investment Services	\$380,000	\$395,000
RRB portfolio rebalancing	2 basis points	N/A

	2019 Budget	2020 Budget
Eckler Ltd.		
General actuarial services and investment review work, not related to sufficiency (exclusive of disbursements)	\$50,000	\$50,000
Special Projects	\$25,000	\$25,000
Special Distribution Benefits	\$25,000	\$25,000
HCV Late Claims Benefit Plan	\$25,000	\$25,000
2019 Sufficiency Review – (Phase 1 and Phase 2 work)	\$727,000 fees and \$20,000 disbursements for the 2019 Financial Sufficiency Review	Unused portion of \$727,000 fees and \$20,000 disbursements for the 2019 Financial Sufficiency Review
Dr. Murray Krahn and Medical Modelling Working Group		
Updated medical model and medical modelling report for 2019 Financial Sufficiency Review	\$212,000	Unused portion of \$212,000
PWC		
Income Loss-annual computer programming update	\$10,000	\$10,000
Paula Frederick / Cohen Hamilton Steger		
Specialized Income Loss analysis	\$40,000	\$40,000

	2019 Budget	2020 Budget
Joint Committee		
Regular administration and supervision work	\$700,000 fees and \$75,000 disbursements	\$700,000 fees and \$75,000 disbursements
Special Distribution Benefits	\$30,000 fees and \$5,000 disbursements	\$50,000 fees and \$5,000 disbursements
HCV Late Claims Benefit Plan	\$125,000 fees and \$25,000 disbursements	\$175,000 fees and \$25,000 disbursements
Financial sufficiency review work for calendar year 2019	\$200,000 fees and \$35,000 disbursements	\$500,000 fees and \$35,000 disbursements
Special Projects	-	-

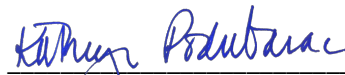
Dated this 8th day of September, 2020



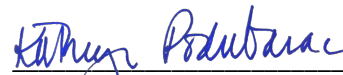
Kathryn Podrebarac
Podrebarac Barristers Professional Corporation



for Deborah Armour, 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, 2019
31 décembre 2019

Independent Auditor's Report	1-3	Rapport de l'auditeur indépendant
Statement of financial position	4	État de la situation financière
Statement of operations	5	État des résultats
Statement of cash flows	6	État des flux de trésorerie
Notes to the financial statements	7-15	Notes complémentaires

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the 1986-1990 Hepatitis Fund (the "Fund"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and of cash flows for the year then ended, and a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards 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.

Rapport de l'auditeur indépendant

Au comité mixte du
Fonds Hépatite C 1986 - 1990

Opinion

Nous avons effectué l'audit des états financiers du Fonds Hépatite C 1986 - 1990 (le « Fonds »), qui comprennent l'état de la situation financière au 31 décembre 2019, 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 (collectivement les « états financiers »).

À notre avis, les états financiers ci-joints donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière du Fonds au 31 décembre 2019, ainsi que des résultats de ses activités et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux Normes comptables canadiennes pour les organismes sans but lucratif.

Fondement de l'opinion

Nous avons effectué notre audit conformément aux normes d'audit généralement reconnues (NAGR) du Canada. Les responsabilités qui nous incombent en vertu de ces normes sont plus amplement décrites dans la section « Responsabilités de l'auditeur à l'égard de l'audit des états financiers » du présent rapport. Nous sommes indépendants du Fonds conformément aux règles de déontologie qui s'appliquent à l'audit des états financiers au Canada et nous nous sommes acquittés des autres responsabilités déontologiques qui nous incombent selon ces règles. Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

Responsabilité de la direction et des responsables de la gouvernance à l'égard des états financiers

La direction est responsable de la préparation et de la présentation fidèle des 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Lors de la préparation des états financiers, c'est à la direction qu'il incombe d'évaluer la capacité du Fonds à poursuivre son exploitation, de communiquer, le cas échéant, les questions relatives à la continuité de l'exploitation et d'appliquer le principe comptable de continuité d'exploitation, sauf si la direction a l'intention de liquider le Fonds ou de cesser son activité ou si aucune autre solution réaliste ne s'offre à elle.

Il incombe aux responsables de la gouvernance de surveiller le processus d'information financière du Fonds.

Responsabilités de l'auditeur à l'égard de l'audit des états financiers

Nos objectifs sont d'obtenir l'assurance raisonnable que les états financiers pris dans leur ensemble sont exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, et de délivrer un rapport de l'auditeur contenant notre opinion. L'assurance raisonnable correspond à un niveau élevé d'assurance, qui ne garantit toutefois pas qu'un audit réalisé conformément aux NAGR du Canada permettra toujours de détecter toute anomalie significative qui pourrait exister. Les anomalies peuvent résulter de fraudes ou d'erreurs et elles sont considérées comme significatives lorsqu'il est raisonnable de s'attendre à ce que, individuellement ou collectivement, elles puissent influencer sur les décisions économiques que les utilisateurs des états financiers prennent en se fondant sur ceux-ci.

Dans le cadre d'un audit réalisé conformément aux NAGR du Canada, nous exerçons notre jugement professionnel et faisons preuve d'esprit critique tout au long de cet audit. En outre :

- Nous identifions et évaluons les risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs, concevons et mettons en œuvre des procédures d'audit en réponse à ces risques, et réunissons des éléments probants suffisants et appropriés pour fonder notre opinion. Le risque de non-détection d'une anomalie significative résultant d'une fraude est plus élevé que celui d'une anomalie significative résultant d'une erreur, car la fraude peut impliquer la collusion, la falsification, les omissions volontaires, les fausses déclarations ou le contournement du contrôle interne.
- Nous acquérons une compréhension des éléments du contrôle interne pertinents pour l'audit 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 du Fonds.
- Nous apprécions le caractère approprié des méthodes comptables retenues et le caractère raisonnable des estimations comptables faites par la direction, de même que des informations y afférentes fournies par cette dernière.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

March 31, 2020

- Nous tirons une conclusion quant au caractère approprié de l'utilisation par la direction du principe comptable de continuité d'exploitation et, selon les éléments probants obtenus, quant à l'existence ou non d'une incertitude significative liée à des événements ou situations susceptibles de jeter un doute important sur la capacité du Fonds à poursuivre son exploitation. Si nous concluons à l'existence d'une incertitude significative, nous sommes tenus d'attirer l'attention des lecteurs de notre rapport sur les informations fournies dans les états financiers au sujet de cette incertitude ou, si ces informations ne sont pas adéquates, d'exprimer une opinion modifiée. Nos conclusions s'appuient sur les éléments probants obtenus jusqu'à la date de notre rapport. Des événements ou situations futurs pourraient par ailleurs amener le Fonds à cesser son exploitation.
- Nous évaluons la présentation d'ensemble, la structure et le contenu des états financiers, y compris les informations fournies dans les notes, et apprécions si les états financiers représentent les opérations et événements sous-jacents d'une manière propre à donner une image fidèle.

Nous communiquons aux responsables de la gouvernance notamment l'étendue et le calendrier prévus des travaux d'audit et nos constatations importantes, y compris toute déficience importante du contrôle interne que nous aurions relevée au cours de notre audit.

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

Comptables professionnels agréés
Experts-comptables autorisés

Le 31 mars 2020

The 1986 - 1990 Hepatitis C Fund**Statement of financial position**

As at December 31, 2019

(in thousands of dollars)

Fonds Hépatite C 1986 - 1990**État de la situation financière**

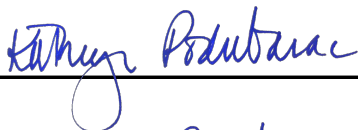
au 31 décembre 2019


(en milliers de dollars)

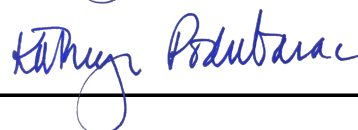
	2019 \$	2018 \$	
Assets			Actif
Current assets			Actif à court terme
Cash	4,832	4,728	Encaisse
Contributions receivable	2,243	2,038	Apports à recevoir
	7,075	6,766	
Investments (Note 3)	1,042,747	1,002,879	Placements (note 3)
	1,049,822	1,009,645	
Liabilities			Passif
Current liabilities			Passif à court terme
Accounts payable and accrued liabilities	5,679	5,888	Créditeurs et charges à payer
Accrued claims in process of payment	8,383	7,626	Demandes accumulées en cours de paiement
	14,062	13,514	
Funding held for future expenses (Note 4)			Financement pour charges futures (note 4)
Regular	887,810	851,519	Régulier
Late claims benefits	48,436	47,389	Réclamations tardives
Special distribution benefits	99,514	97,223	Indemnités de distribution spéciale
	1,049,822	1,009,645	


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

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



 for Harvey Strosberg, Q.C.

 for Deborah Armour, Q.C.

 for Michel Savonitto

The 1986 - 1990 Hepatitis C Fund**Statement of operations**

Year ended December 31, 2019

(in thousands of dollars)

Fonds Hépatite C 1986 - 1990**Etat des résultats**

de l'exercice clos le 31 décembre 2019

(en milliers de dollars)

	2019	2018	
	\$	\$	
Expenses			Dépenses
Claims (Note 5)	40,048	45,112	Demandes (note 5)
Operating (Note 6)	2,852	4,243	Frais d'exploitation (note 6)
	42,900	49,355	
Revenue	42,900	49,355	Revenus
Excess of revenue over expenses	—	—	Excédent des revenus sur les dépenses

The 1986 - 1990 Hepatitis C Fund**Statement of cash flows**

Year ended December 31, 2019

(in thousands of dollars)

Fonds Hépatite C 1986 - 1990**État des flux de trésorerie**

de l'exercice clos le 31 décembre 2019

(en milliers de dollars)

	2019	2018	
	\$	\$	
Operating activities			Activités d'exploitation
Excess of revenue over expenses	—	—	Excédent des revenus sur les dépenses
Items not affecting cash			Éléments sans incidence sur l'encaisse
Realized gains on investments	(67,144)	(45,127)	Gains réalisés sur placements
Change in unrealized gains and losses on investments	25,715	66,828	Variation des gains et pertes non réalisés sur placements
	(41,429)	21,701	
Changes in non-cash operating working capital items			Variation nette des éléments hors caisse du fonds de roulement d'exploitation
Contributions receivable	(205)	184	Apports à recevoir
Accounts payable and accrued liabilities	(209)	(1,165)	Créditeurs et charges à payer
Accrued claims in process of payment	757	39	Demandes accumulées en cours de paiement
Funding held for future expenses	39,629	(42,309)	Financement pour charges futures
	(1,457)	(21,550)	
Investing activities			Activités d'investissement
Purchase of investments	(472,000)	(276,010)	Acquisition de placements
Proceeds on sale of investments	473,561	297,549	Produits de la vente de placements
	1,561	21,539	
Net cash inflow	104	(11)	Augmentation de l'encaisse
Cash, beginning of year	4,728	4,739	Encaisse au début
Cash, end of year	4,832	4,728	Encaisse à la fin

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(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, 2019, the provinces and territories prepaid contributions total \$11,000 (\$12,000 in 2018). 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, 2019, those obligations including interest are estimated to be \$92,551,000 (\$100,627,000 in 2018).

In 2017, from the excess capital, the Courts approved funding for Late Claims Benefits and Special Distribution Benefits. The provinces and territories do not contribute towards these new 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^{er} janvier 1986 au 1^{er} juillet 1990 (l'« entente »), datée du 15 juin 1999, et aux décisions de la Cour suprême de la Colombie-Britannique, de la Cour supérieure de justice de l'Ontario et de la Cour supérieure du Québec (les « Tribunaux »).

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

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

Au 31 décembre 2019, les apports des provinces et territoires versés à l'avance totalisent 11 000 \$ (12 000 \$ en 2018). 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 2019, ces obligations, intérêts compris, sont estimées à 92 551 000 \$ (100 627 000 \$ en 2018).

En 2017, les Tribunaux ont approuvé l'allocation de capital excédentaire pour les réclamations tardives et pour les indemnités de distribution spéciale. Les provinces et les territoires ne contribuent pas à ces nouveaux avantages. 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, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(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 décaissant 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, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(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 comptabilisées dans les revenus.

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

Demandes

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

Frais d'exploitation

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

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, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990**Notes complémentaires**

31 décembre 2019

(montants dans les tableaux en milliers de dollars)

3. Investments

Investments are summarized as follows:

3. Placements

Les placements se résument ainsi :

	Fair value	2019	Fair value	2018	
	Juste valeur	Coût	Juste valeur	Coût	
	\$	\$	\$	\$	
Investment earnings receivable and cash	2,483	2,483	1,499	1,499	Revenus de placement à recevoir et encaisse
Fixed income					Titres à revenu fixe
Government of Canada	772,114	654,703	779,240	621,891	Gouvernement du Canada
Fixed income pooled funds	61,988	54,660	59,830	54,659	Fonds communs à revenu fixe
	834,102	709,363	839,070	676,550	
Equities - Pooled Funds					Actions - Fonds communs
Canadian	206,162	191,827	162,310	160,041	Canadiens
	1,042,747	903,673	1,002,879	838,090	

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, 2019, the average duration of the bonds and debentures in the portfolio, weighted on fair value, was 8.11 years (15.6 years in 2018).

Pooled fund units are valued at prices based on the market value of the underlying securities held by the pooled funds. There are no foreign investments held in 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 2019, la durée moyenne des obligations et des débiteures du portefeuille, pondérée selon la juste valeur, était de 8,11 ans (15,6 ans en 2018).

Les fonds communs sont évalués selon la valeur marchande des titres sous-jacents détenus par les fonds communs. Aucun placement étranger n'est détenu dans les fonds communs.

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(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) 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

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

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

a) Risque de concentration

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

	2019 Fair value Juste valeur		2018 Fair value Juste valeur		
	\$	%	\$	%	
Investment earnings receivable and cash	2,483	—	1,499	—	Revenus de placement à recevoir et encaisse
Fixed income					Titres à revenu fixe
Government of Canada	772,114	74	779,240	78	Gouvernement du Canada
Fixed income pooled funds	61,988	6	59,830	6	Fonds communs à revenu fixe
	834,102	80	839,070	84	
Equities - Pooled Funds					Actions - Fonds communs
Canadian	206,162	20	162,310	16	Canadiens
	1,042,747	100	1,002,879	100	

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(montants dans les tableaux en milliers de dollars)

4. Funding held for future expenses

4. Financement pour charges futures

	Regular Fund	Late claims benefits	Special distribution benefits	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	2019 Total
	\$	\$	\$	\$
Balance, beginning of year	851,519	47,389	97,223	996,131
Changes during the year				
Investment earnings	62,104	3,638	7,105	72,847
Amounts recognized as revenue	(25,813)	(2,591)	(4,814)	(33,218)
Balance, end of year	887,810	48,436	99,514	1,035,760

Solde au début

Variations au cours de l'exercice

Revenus de placement

Montants constatés comme revenus

Solde à la fin

	Regular Fund	Late claims benefits	Special distribution benefits	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	2018 Total
	\$	\$	\$	\$
Balance, beginning of year	886,006	49,193	103,241	1,038,440
Changes during the year				
Investment earnings (losses)	(3,810)	(234)	(414)	(4,458)
Amounts recognized as revenue	(30,677)	(1,570)	(5,604)	(37,851)
Balance, end of year	851,519	47,389	97,223	996,131

Solde au début

Variations au cours de l'exercice

Revenus (pertes) de placement

Montants constatés comme revenus

Solde à la fin

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(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 :

	Regular	Late claims benefits	Special distribution benefits	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	2019 Total
	\$	\$	\$	\$
Approved by the Administrator of the Fund Disbursed	32,213	1,824	5,254	39,291
Net change in accrued claims in process of payments	897	365	(505)	757
	33,110	2,189	4,749	40,048

Demandes approuvées par l'Administrateur du Fonds
Décaissements
Variation nette des demandes accumulées en cours de paiement

	Regular	Late claims benefits	Special distribution benefits	
	Régulier	Réclamations tardives	Indemnités de distribution spéciale	2018 Total
	\$	\$	\$	\$
Approved by the Administrator of the Fund Disbursed	39,828	—	5,245	45,073
Net change in accrued claims in process of payments	(392)	—	431	39
	39,436	—	5,676	45,112

Demandes approuvées par l'Administrateur du Fonds
Décaissements
Variation nette des demandes accumulées en cours de paiement

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(montants dans les tableaux en milliers de dollars)

6. Operating expenses

6. Frais d'exploitation

	Regular	Late claims benefits	Special distribution benefits	
	Régulier	Réclamations Tardives	Indemnités de distribution spéciale	2019 Total
	\$	\$	\$	\$
Administrator	630	124	7	761
Advertising	—	37	—	37
Legal (claims' appeal costs, Fund counsel)	77	65	—	142
Joint committee - Administration	599	159	23	781
Joint committee - Sufficiency review	87	—	—	87
Investment management	513	—	—	513
Audit and related services	110	10	17	137
Custodial trustee	117	—	—	117
Actuarial - General	64	7	18	89
Actuarial - Sufficiency review	15	—	—	15
Medical and other consulting	173	—	—	173
	2,385	402	65	2,852

	Regular	Late claims benefits	Special distribution benefits	
	Régulier	Réclamations Tardives	Indemnités de distribution spéciale	2018 Total
	\$	\$	\$	\$
Administrator	525	138	(133)	530
Advertising	—	1,023	—	1,023
Legal (claims' appeal costs, Fund counsel)	187	79	—	266
Joint committee - Administration	786	305	18	1,109
Joint committee - Sufficiency review	242	—	—	242
Investment and management	275	—	—	275
Audit and related services	108	10	12	130
Custodial trustee	121	—	—	121
Actuarial - General	80	15	31	126
Actuarial - Sufficiency review	412	—	—	412
Medical and other consulting	9	—	—	9
	2,745	1,570	(72)	4,243

The 1986 - 1990 Hepatitis C Fund

Notes to the financial statements

December 31, 2019

(tabular amounts in thousands of dollars)

Fonds Hépatite C 1986 - 1990

Notes complémentaires

31 décembre 2019

(montants dans les tableaux en milliers de dollars)

7. Subsequent events

Subsequent to the year-end, on March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Fund in future periods.

7. Événement postérieur à la date de clôture

Après la clôture de l'exercice, le 11 mars 2020, l'Organisation mondiale de la santé a annoncé que la COVID-19 (maladie à coronavirus 2019) pouvait être qualifiée de « pandémie ». Cette annonce a déclenché la mise en place d'une série de mesures de santé publique et de mesures d'urgence pour lutter contre la propagation du virus. La durée et les incidences de la COVID-19 restent inconnues et il est impossible d'estimer de façon fiable les incidences que la durée et la gravité de la pandémie pourraient avoir sur les résultats financiers et la situation du fonds aux périodes futures.

**1986-1990 Hepatitis C Claims Centre
Annual Report for the Period Ending December 31, 2019**

Appointment

Epiq Class Action Services Canada Inc. has been administering the 1986-1990 Hepatitis C Class Action Settlement since our appointment by the Courts January 1, 2019.

Activities of Year 20

1. Successfully transitioned the Administration of the 1986-1990 Hepatitis C and HCV Late Claims Benefit Plan from Crawford Class Action Services to Epiq Class Action Services Canada Inc.
2. Complied with all Administrator duties as outlined in Article Five of the Settlement Agreement.
3. Worked in collaboration with the auditors from Deloitte to complete an interim audit and the year-end audit process.
4. Continued to work with the Joint Committee to implement the decisions of the courts to allocate excess capital to Class Members in the form of Special Distributions.
5. Fully implemented the HCV Late Claims Benefit Plan – enhanced Database to support processing of claims and payments, developed Claim/Benefit Forms, and transitioned Help Desk, Website, and existing processes.
6. Participated in meeting with the Joint Committee in March to provide and discuss updated claim statistics and support transition of settlement.
7. Continued to work in collaboration with Canadian Blood Services, Héma-Québec, provincial hepatitis c programs, and medical experts.
8. Updated the www.hepc8690.ca as needed.
9. Prepared files for Fund Counsel, Referees, and Arbitrators.

Hepatitis C 1986-1990 - Key Statistics as of December 31, 2019

Funds disbursed – HCV Regular Benefit Account	\$1,029,446,194.32
Funds disbursed – HCV Special Distribution Benefit Account	\$94,286,650.84
Claims received	18,029
Claims approved	14,753
Claims denied	3,177
Claims in progress	99
Appeals	488
Decisions Rendered	354
Mediated/Withdrawn/Rescinded/Archived	122
Traceback requests initiated	5,053

HCV Late Claims Benefit Plan - Key Statistics as of December 31, 2019

Funds disbursed – HCV Late Claims Benefit Plan Account	\$1,824,461.74
Claims received	283
Claims approved	124
Claims denied	33
Claims in progress	126
Appeals	6
Decisions Rendered	0
Mediated/Withdrawn/Rescinded/Archived	0
Traceback requests initiated	77

Administrator's 2019 Hepatitis C 8690 Reconciliation

Balance owing as of December 31, 2018

N/A

A. Regular Benefit Plan

2019 Budgeted Fees	\$ 530,000.04	
HST	\$ 68,900.04	\$ 598,900.08
Activity Adjustment	\$ -	
HST	\$ -	
Third Party Expenses	\$ 293.35	
HST	\$ -	
Appeals Costs	\$ -	
HST	\$ -	\$ 293.35
Regular Benefit Plan Total 2019 Fees and Disbursements		\$ 599,193.43

B. Special Distribution Benefits (SDB)

Fees	\$ 5,425.00	
HST	\$ 705.25	\$ 6,130.25
Disbursements	\$ 178.60	
HST	\$ 23.22	\$ 201.82
SDB Total 2019 Fees and Disbursements		\$ 6,332.07

C. Late Claims Benefit Plan (LCBP)

Fees	\$ 109,748.75	
HST	\$ 14,267.35	\$ 124,016.10
Disbursements	\$ 666.30	
HST	\$ 86.62	\$ 752.92
LCBP Total 2019 Fees and Disbursements		\$ 124,769.02

D. Special Projects

Fees	\$ -	
HST	\$ -	\$ -
Disbursements	\$ -	
HST	\$ -	\$ -
Special Projects Total 2019 Fees and Disbursements		\$ -

2019 Total

\$ 730,294.52

Payments made in 2019

Towards Budget Year 2019	\$ 499,083.40	
Total Payments made in 2019		\$ 499,083.40

Balance to be Debited Against Hep C Fund (as of December 31, 2019) *

\$ 231,211.12

*some invoices for 2019 Fees and Disbursements were rendered in 2020. As of July 31, 2020 the amount outstanding: \$0

RBC Investor & Treasury Services Trustee and Custodian Hepatitis C Fund

Information Brief for the twelve-month
period ending December 31, 2019

Strictly Private and Confidential



Investor &
Treasury Services

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About the Trustee and Custodian

RBC Investor & Treasury Services (RBC I&TS) is a specialist provider of asset services, custody, payments and treasury and market services for financial and other institutional investors worldwide, with over 4,500 employees in 17 countries across North America, Europe, Asia and Australia. We deliver services which safeguard client assets, underpinned by client-centric digital solutions which continue to be enhanced and evolved in line with our clients' changing needs. Trusted with CAD 4.3 trillion in client assets under administration⁽²⁾, RBC I&TS is a financially strong partner with among the highest credit ratings globally⁽⁴⁾.

RBC I&TS' 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 and market services (including cash/liquidity management, foreign exchange services and global securities lending).



¹ Bloomberg, July 31, 2019

² RBC annual results released December 4, 2019

³ Global Investor ISF, Investment Excellence Awards 2019 and R&M Fund Accounting & Administration Survey, 2018

⁴ Standard & Poor's (AA-) and Moody's (Aa2) legacy senior long-term debt ratings of Royal Bank of Canada as of December 4, 2019

Responsibilities of the Trustee and Custodian

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. 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 safekeeping 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 daily 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 and 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 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 Trust Fund.

Summary of Trust Fund Activity

The following is a summary of Hepatitis C Trust Fund activity for the 12 months ended December 31, 2019, the Trust Fund's 20th year of operation.

Payments to the Trust Fund

Contributions from provincial and territorial governments	\$9,474,523.17
Earnings (including investment income, realized and unrealized capital gains and losses)	\$98,361,366.42

Payments from the Trust Fund

Disbursements to the administrator for claimants	\$39,290,951.02
Disbursements to service providers for fees and expenses (including RBC I&TS' trustee and custodial fees)	\$2,962,062.10
Total	\$42,253,013.12

Closing Market Value of the Trust Fund

At December 31, 2019	\$1,042,746,757.73
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Trustee and Custodial Fees

Budget approved by the courts	\$125,000.00
Actual charge to the Trust Fund	\$103,259.76
Fees by year	
For 2018	\$19,196.14
For 2019	\$84,063.62
Taxes (GST/HST)	\$13,423.76
Total	\$116,683.52
Fees by type	
Custody of assets under administration	\$63,919.20
Transaction fees	\$4,940.52
Plan/reporting/accounting charges	\$30,900.00
Special reports	\$3,500.04
Taxes (GST/HST)	\$13,423.76
Total	\$116,683.52

1986-1990 Hepatitis C Settlement Trust Fund

Annual Certificate of Compliance

For the year ending: December 31, 2019

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, 2020

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

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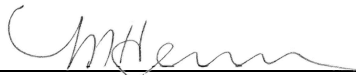
1986-1990 Hepatitis C Settlement Trust Fund

CERTIFICAT ANNUEL DE CONFORMITÉ

Pour l'année se terminant le: 31 décembre 2019

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

Vérifié par :



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

en date du: 15 janvier, 2020

Pour toute question concernant ce document, n'hésitez pas à communiquer avec votre gestionnaire relationnel.

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March 31, 2020

2019 Year-End Review:

| 1986 - 1990 Hepatitis C Settlement Trust Fund

Anne Giroux, CFA
Vice President & Director

Carlos Phillips, CFA
Vice President & Director

Michelle Hegeman, CFA
Vice President & Director



Investment mandate

1986 - 1990 Hepatitis C Settlement Trust Fund



As of December 31, 2019

Mandate	TDAM Fund	Benchmark	Inception Date	Market Value
Short Term	TD <i>Emerald</i> Canadian Short Term Investment Fund	FTSE Canada 91 Day T-Bill Index	October 26, 2018	\$24,335,611
Long Term	Segregated Real Return Bonds (buy-and-hold)	N/A	February 29, 2000	\$806,667,284
	TD <i>Emerald</i> Canadian Bond Index Fund	FTSE Canada Universe Bond Index	February 29, 2000	\$61,988,387
	TD <i>Emerald</i> Low Volatility All World Equity PFT	MSCI All Country World Index ND (C\$)	October 25, 2018	\$144,830,694
Total				\$1,037,821,976

PFT: Pooled Fund Trust

Account Performance

1986 - 1990 Hepatitis C Settlement Trust Fund



As of December 31, 2019

Mandate	Account Performance			Hep C Target
	1 Year	4 Years	Account Inception ¹	
TD <i>Emerald</i> Canadian Short Term Investment Fund	2.09%	-	2.11%	N/A
FTSE Canada 91 Day T-Bill Index	1.61%	-	1.66%	
Added Value	0.48%	-	0.45%	
Segregated Real Return Bonds (buy-and-hold)	6.22%	2.47%	6.35%	N/A

Mandate	Account Performance			Hep C Target Tracking Error (%)	
	1 Year	4 Years	Account Inception ¹	1 Year	4 Year
TD <i>Emerald</i> Canadian Bond Index Fund	6.72%	2.99%	5.34%	± 0.20	± 0.10
FTSE Canada Universe Bond Index	6.87%	3.09%	5.41%		
Difference	-0.15%	-0.10%	-0.07%		

Mandate	Account Performance			Volatility ²	Down Market Capture ²	Sharpe Ratio ²	Beta ²
	1 Year	4 Years	Account Inception ¹				
TD <i>Emerald</i> Low Volatility All World Equity PFT	14.64%	-	13.83%	-	-	-	-
MSCI All Country World Index ND (C\$)	20.20%	-	16.00%	-	-	-	-
Difference	-5.56%	-	-2.17%	-	-	-	-
Hep C Targets over 4 Years				70% of index or lower	80% of index or lower	greater than index	70% or lower
Total Return³	7.34%	3.38%					

¹ Inception date for Segregated RRBs & Canadian Bond Index Fund are: February 29, 2000. Inception date for Short Term Investment Fund is Oct 26, 2018. Inception date for Low Volatility All World Equity PFT is Oct 25, 2018. ² To be provided when 4 year data history is available. ³ Corresponds to 1 & 4 Years Total Performance of all of the accounts together. Source: TDAM, Investment Guidelines for the 1986-1990 Hepatitis C Settlement Trust Fund (Revised 2018). Returns for periods over one year are annualized.

Mandates performance

1986 - 1990 Hepatitis C Settlement Trust Fund



As of December 31, 2019

Funds	1 Year	3 Years	4 Years	5 Years	10 Years	Since Inception
Segregated Real Return Bonds	6.27%	2.02%	2.48%	2.40%	4.40%	6.43%
TD <i>Emerald</i> Canadian Short Term Investment Fund	2.09%	-	-	-	-	2.11%
FTSE Canada 91 Day T-Bill Index	1.61%	-	-	-	-	1.66%
Added Value	0.48%	-	-	-	-	0.45%
TD <i>Emerald</i> Canadian Bond Index Fund	6.72%	3.49%	2.99%	3.10%	4.23%	5.34%
FTSE Canada Universe Bond Index	6.87%	3.57%	3.09%	3.18%	4.30%	5.41%
Difference	-0.15%	-0.08%	-0.10%	-0.08%	-0.07%	-0.07%
TD <i>Emerald</i> Low Volatility All World Equity PFT	14.64%	8.96%	8.84%	10.21%	-	12.94%
MSCI All Country World Index ND (C\$).	20.20%	11.19%	9.38%	10.88%	-	11.71%
Difference	-5.56%	-2.23%	-0.54%	-0.67%	-	1.23%

Inception date for Segregated RRBs & Canadian Bond Index Fund are: February 29, 2000.

Inception date for Short Term Investment Fund is Oct 26, 2018.

Inception date for TD *Emerald* Low Volatility All World Equity PFT is Oct. 25, 2018.

Source: TDAM, FTSE 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.

COVID-19 Impact on Fixed Income Markets



- **Elevated market volatility as a result of the COVID-19 outbreak**
 - Increasing COVID-19 infection count and lockdown measures will likely continue to weigh on the markets
- **Valuation shifts in credit markets exacerbated by liquidity challenges**
 - Liquidity reduced for all sectors but relatively healthier for sovereign and provincial bonds
 - Should these challenges ultimately abate as markets calm, we expect to see valuations trade closer to actual projected fundamental value-
- **We have seen sharp and prudent actions on both the fiscal and monetary front globally**
 - These actions will potentially help cushion the market impact arising from COVID-19 and include large fiscal support packages and rate cuts from central banks

Universe Bond Market Update



As of December 31, 2019

Sector	Weight (%)	Quarter Return (%)	1 Year Return (%)
Federal	34.63	-1.09	3.73
Provincial	35.26	-1.32	9.07
Municipal	2.10	-0.95	8.84
All Corporates ¹	28.01	0.06	8.05
Corporate BBB	11.46	0.21	9.01
FTSE Canada Universe Bond Index		-0.85	6.87

3-Month Commentary

- **The FTSE Canada Universe Bond Index (the “Index”)** declined 0.85% over the fourth quarter of 2019. Within the Index, the government sector declined 1.20%, and underperformed corporate bonds, which returned 0.06%.
- Government of Canada bonds posted the weakest returns among the government sector, falling 1.36%. Among corporate bonds, the Financial and Real Estate sectors had the strongest gains, returning 0.39% and 0.25%, respectively, while the Energy and Infrastructure sectors trailed the group. Within the corporate sector, AAA/AA-rated bonds led the group, returning 0.22%, followed by BBB-rated bonds, which rose 0.21%.
- Shorter duration bonds outperformed those with longer maturities. The FTSE Canada Short Term Bond Index returned 0.14%, while the FTSE Canada Mid Term Bond Index and FTSE Canada Long Term Bond Index fell 1.08% and 1.93%, respectively.
- Over the period, the yield of the Index rose from 2.12% to 2.28%. Government-related bond yields rose from 1.89% to 2.08%, while the average yield of corporate bonds increased from 2.73% to 2.80%.

¹ Including BBB Corporates.

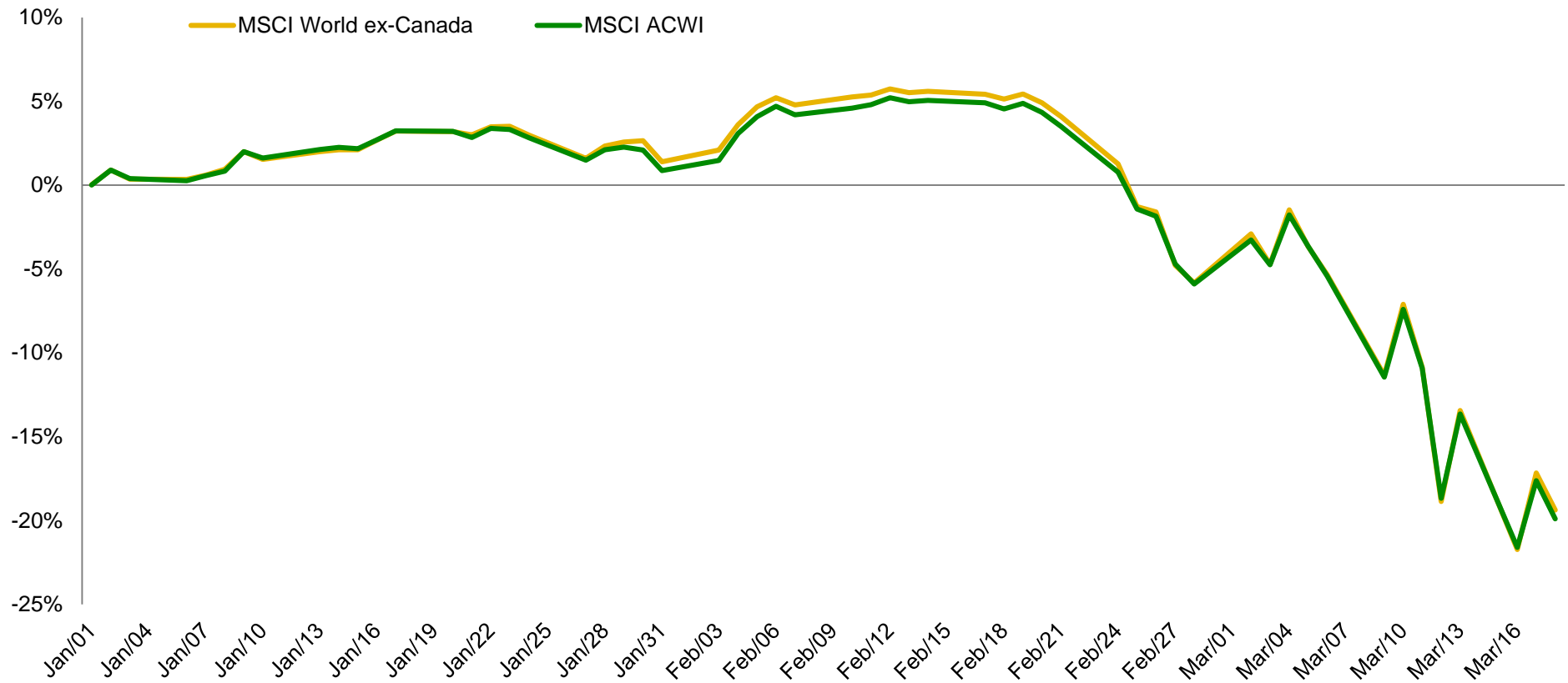
Sources: TDAM, FTSE Global Debt Capital Markets Inc.

Strong Reaction of Global Markets Since Late February



As of March 18, 2020

Cumulative returns in 2020



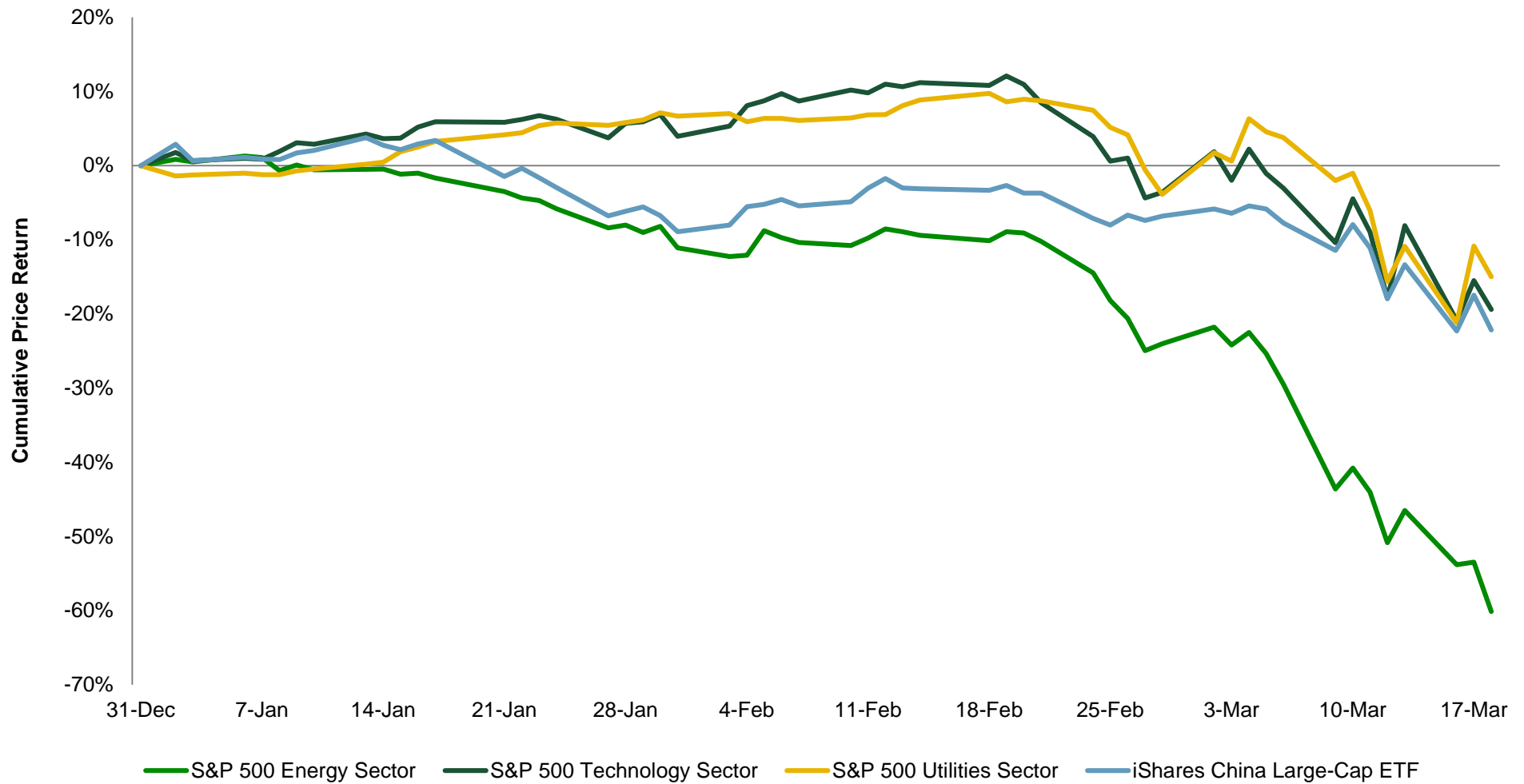
Source: MSCI Factset

Market Reaction to COVID-19



As of March 18, 2020

Energy vs the rest of the market



Sources: Bloomberg Finance L.P., S&P.

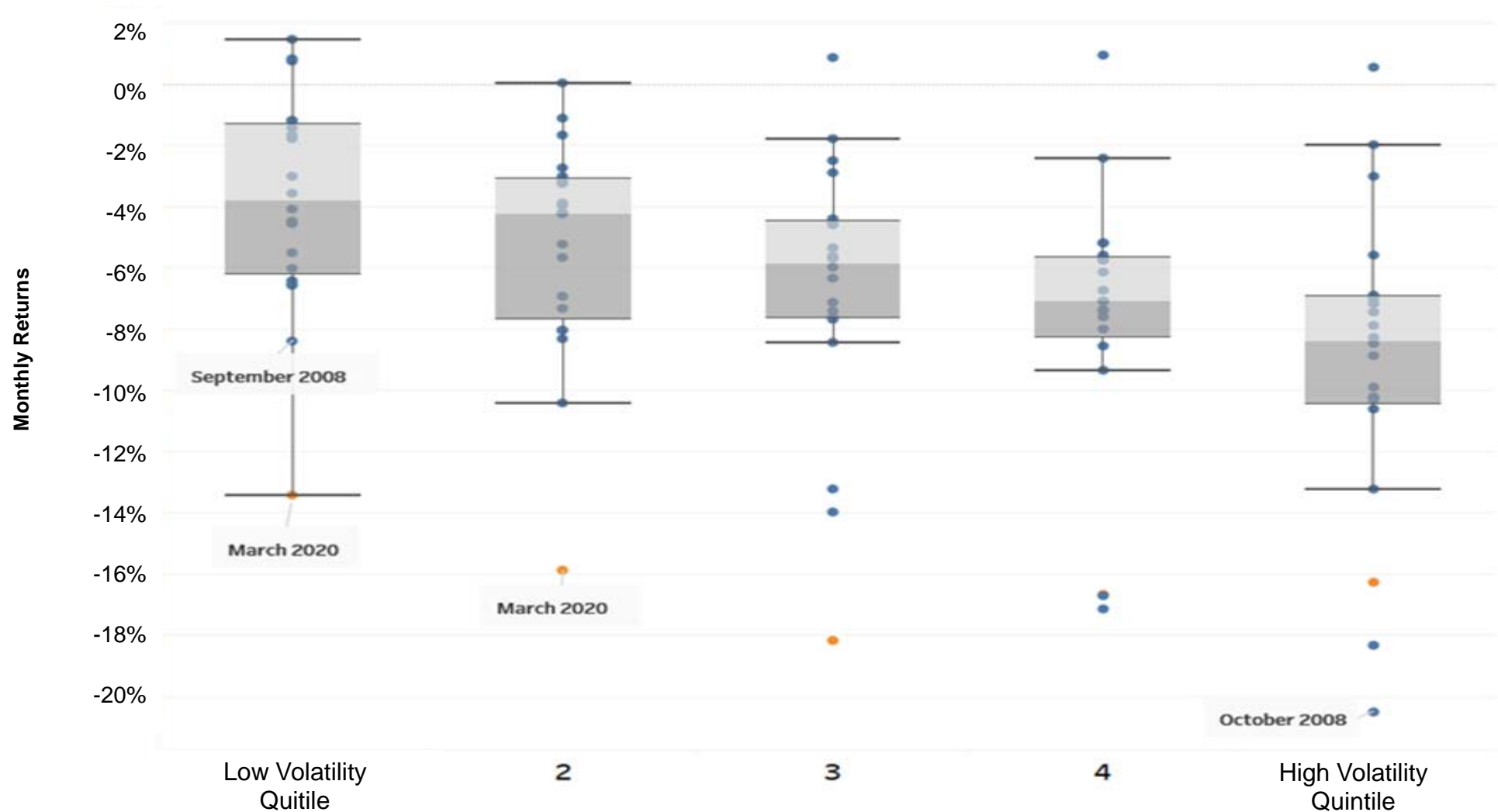
Focus on Down Market Months



What happens when MSCI ACWI drops more than 4%

As of March 18, 2020

Distribution of monthly returns by volatility portfolio



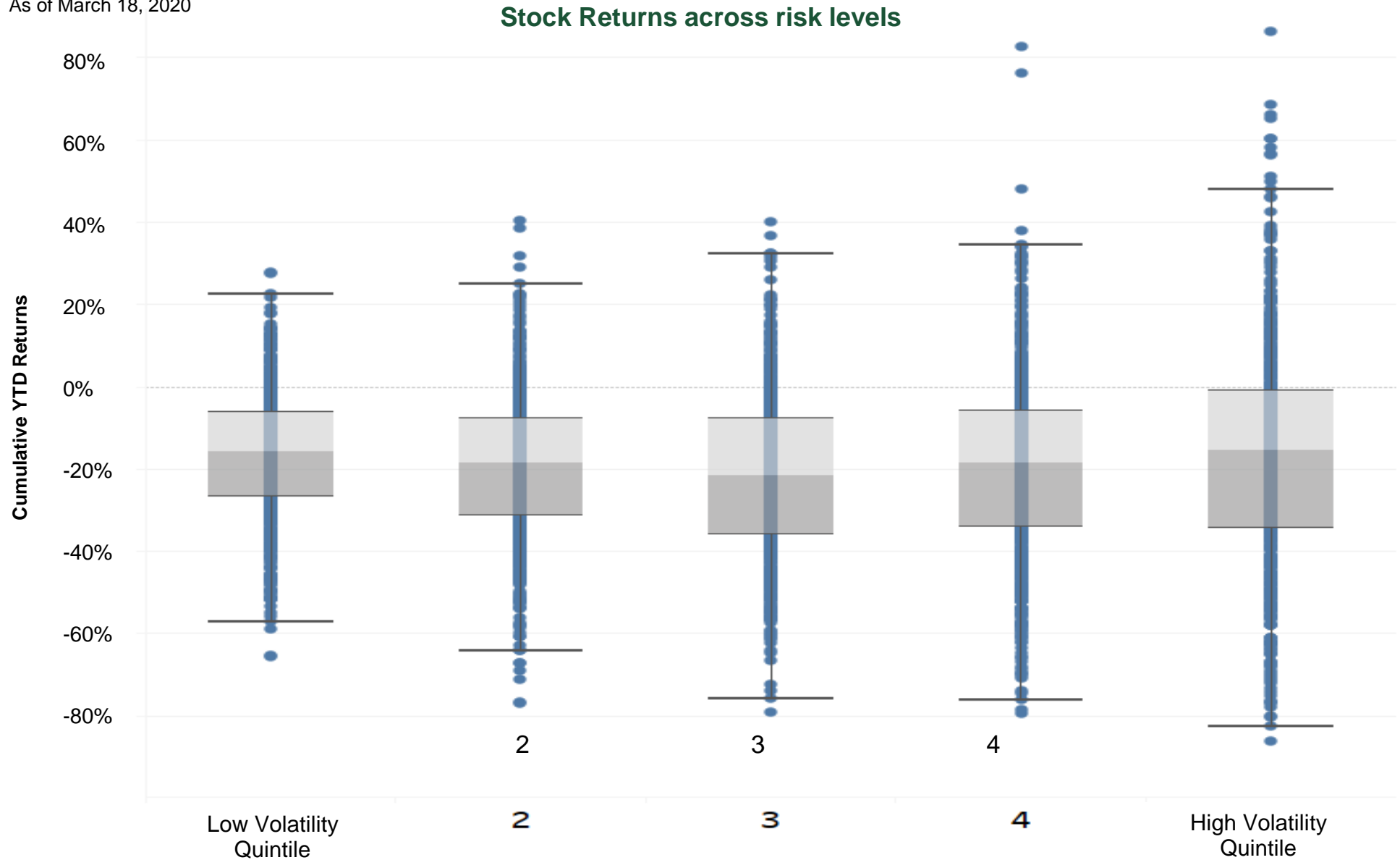
Sources: Factset, S&P, TDAM

Similar Stock Returns Across Risk Levels



Constituents of MSCI All Country World Index

As of March 18, 2020



Sources: Factset, MSCI, TDAM.

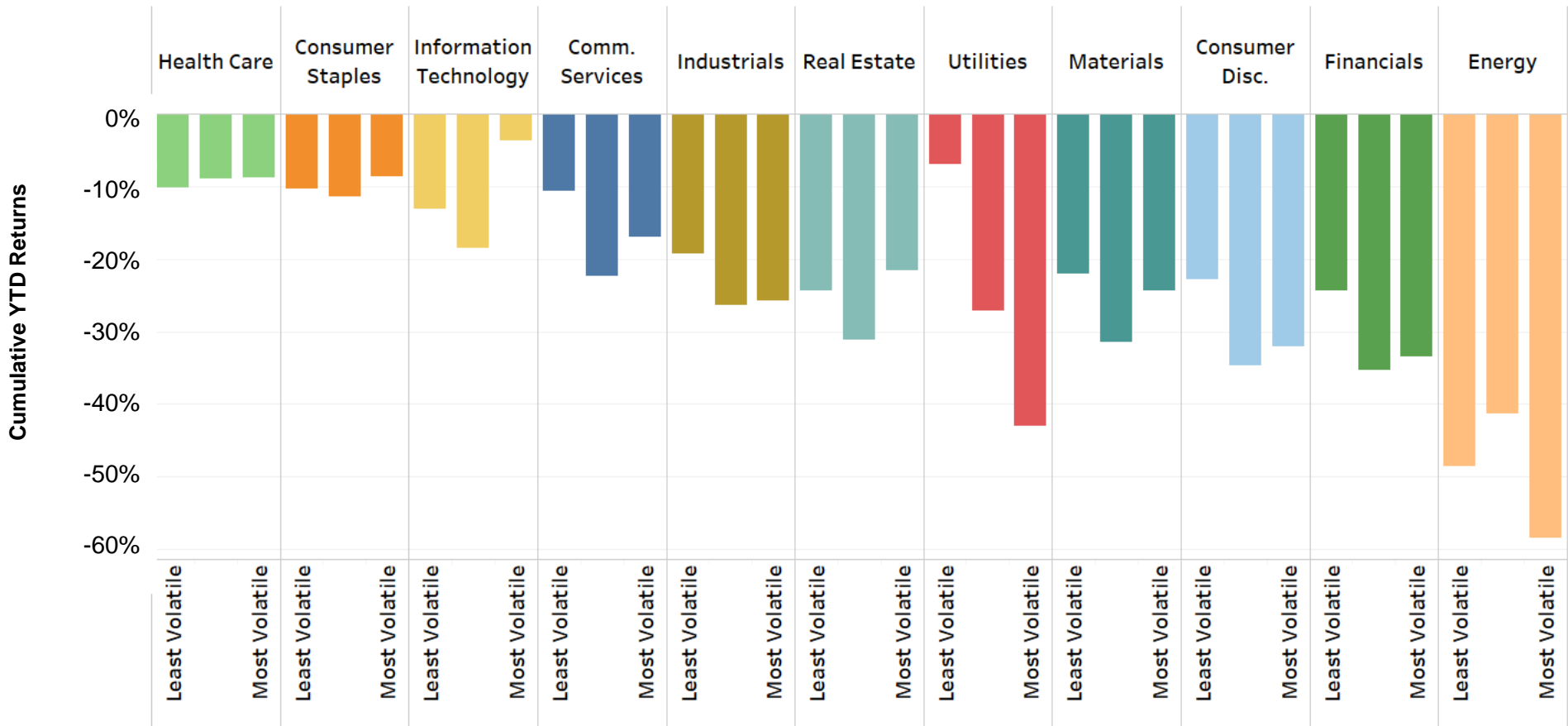
Returns Across Sectors and Risk Levels



Constituents of MSCI All Country World Index

As of March 18, 2020

YTD Returns Across Sectors and Risk Levels



Sources: Factset, MSCI, TDAM

All Country World Equity Market Update



As of December 31, 2019

Region	Weight (%)	Quarter Return (%)	1 Year Return (%)
United States	55.59	6.73	24.26
Developed Europe Ex UK	13.78	6.21	18.31
Emerging Markets	12.22	9.53	12.43
Japan	7.17	5.42	13.56
United Kingdom	4.81	7.69	14.93
Developed Pac. Ex Japan	3.47	3.61	12.33
Canada	2.96	2.73	21.05
MSCI AC World Index ND (C\$) ¹		6.71	20.20

3-Month Commentary

- Global equities, as measured by the MSCI AC World Index ND rose 6.71% during the quarter. U.S. equity markets shrugged off the impeachment of President Trump to soar in the fourth quarter as fears of a recession waned and officials reported progress on Chinese trade negotiations. In late October, the U.S. Fed implemented its third and final 25-bps rate cut for the year. The stimulus, along with improved manufacturing data in early November, seemed to put the markets at ease after a poor manufacturing report in September.
- In December, new European Central Bank (ECB) President Christine Lagarde followed in her predecessor's footsteps, announcing no change to the ECB's ultra-loose monetary policy. A deposit rate of -0.50% remains in place, as does the Bank's plan to purchase financial assets worth 20 billion euros per month as part of its quantitative-easing program. This came as no surprise, given the eurozone's bleak inflation and growth outlook.
- Japan's Nikkei 225 Stock Average delivered an impressive return in Q4 with consistent growth throughout the quarter. Investors snapped up shares of tech exporters, which got a boost from a weakening yen.
- Emerging Markets Index jumped in Q4, tracking developed markets optimism over a possible breakthrough in the U.S.-China trade negotiations as the world's largest economies agreed to roll back tariffs as part of a phase-one agreement.

¹ From MSCI Inc.

Note: Performance numbers in C\$ terms. Total Returns net of withholding taxes

Sources: TDAM, Factset

Appendix



Performance



TD *Emerald* Pooled Funds

As of December 31, 2019

TD <i>Emerald</i> Funds	3 Months	1 Year	3 Years	5 Years	10 Years	Since Inception	Fund Inception Date	AUM as at 12/31/2019 (billion)
TD <i>Emerald</i> Canadian Short Term Investment Fund	0.46%	2.09%	1.65%	1.38%	1.25%	3.55%	July 4, 1991	\$2.7
FTSE Canada 91 Day T-Bill Index	0.38%	1.61%	1.18%	0.94%	0.92%	3.11%		
Added Value	0.08%	0.48%	0.47%	0.44%	0.33%	0.44%		
TD <i>Emerald</i> Canadian Bond Index Fund	-0.89%	6.72%	3.49%	3.10%	4.23%	6.73%	August 7, 1991	\$4.2
FTSE Canada Universe Bond Index	-0.85%	6.87%	3.57%	3.18%	4.31%	6.77%		
Difference	-0.04%	-0.15%	-0.08%	-0.08%	-0.08%	-0.04%		
TD <i>Emerald</i> Low Volatility All World Equity	1.95%	14.64%	8.96%	10.20%	N/A	12.93%	May 9, 2011	\$3.2
MSCI All Country World Index ND (C\$)	6.71%	20.20%	11.19%	10.88%	N/A	11.71%		
Difference	-4.76%	-5.56%	-2.23%	-0.68%	N/A	1.22%		

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

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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 2019. During this fiscal year Eckler provided advice on the treatment of permanently disabled dependants, and on rebalancing the Real Return Bond holdings. Eckler also carried out preparatory work in connection with the assessment of financial sufficiency of the Trust as at December 31, 2019, including discussions with the government actuary and the Medical Model Working Group. Eckler assisted in the administration of the Special Distribution Benefits payments and Late Claims Benefit Plan. Eckler provided continuing assistance to the Joint Committee on a number of issues including: review of TDAM asset reports; review of RBC asset statements; checking RBC 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 2020; various discussions with counsel; and other miscellaneous items.



ECKLER

HEPATITIS C SETTLEMENT TRUST FUND

Investment Summary
as at December 31, 2019

March 24, 2020

- 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 investment fund (short term bonds prior to October 2018)
 - 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

Overview continued...

- The Investment Guidelines were updated in 2018 to make the following changes:
 - Implement a low volatility equity investment strategy
 - Restructure the short term fund as a pooled investment in an appropriate money market product
 - Change the name of the relevant bond benchmark indices and to recognise court orders approving payments from excess capital of the Trust Fund

The above changes were implemented in October 2018

Asset Summary

(\$,000's)

Fund	Portfolio	Strategy	Bench mark	Dec-19			Dec-18		
				Value	Asset Alloc	Fund Alloc	Value	Asset Alloc	Fund Alloc
Long term	Real Return Bonds	Passive	80.0%	806,095	79.2%		780,438	79.8%	
	Universe Bonds	Index	6.0%	61,988	6.1%		59,829	6.1%	
	World Equity	Low Volatility	14.0%	149,744	14.7%		137,639	14.1%	
	Cash		0.0%	573	0.1%		206	0.0%	
			100.0%	1,018,400	100.0%	89.5%	978,112	100.0%	88.5%
Short Term	Short Term Bonds	Index							
	Short Term Investment Fund	Index		24,335			24,671		
	Cash			12			96		
				24,347		2.1%	24,767		2.2%
Total Invested Assets *				1,042,747		91.7%	1,002,879		90.7%
Provinces/Territories' Notional Assets (net of prepayments, including outstanding payments)				94,796		8.3%	102,665		9.3%
Total Assets				1,137,543		100.0%	1,105,543		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-19	Dec-18
Long Term Fund	97.7%	97.5%
Short Term Fund	2.3%	2.5%
Total Invested Assets	100.0%	100.0%

Comments on Asset Summary

As of December 31, 2019:

- Weighting for real return bonds is currently 0.8% below their benchmark of 80% of the Long Term Fund
 - An increase in the underweight from December 31, 2018 (0.2% below benchmark)
- Weighting for universe bonds is 6.1%, slightly over their benchmark of 6%
 - Weighting unchanged from December 31, 2018 of 6.1%
- Equities are above their benchmark by 0.7%
 - At December 31, 2018 they were 0.1% above their benchmark of 14%
- Provinces/Territories' ("PT") Notional Assets are net of prepayments by Yukon
 - See further detail on page 8
- As a percentage of the Invested Assets, the Long Term Fund has increased slightly from 97.5% to 97.7%, while the Short Term Fund has decreased from 2.5% to 2.3% during the fiscal year

Asset Development (\$,000's)

		Invested Assets ¹				Provinces/ Territories' Notional Assets ¹	Total Assets
		Real Return Bond Fund	Other Long Term Funds	Short Term Fund	Total Invested Assets		
Initial, at December 31, 2018		780,548	197,563	24,767	1,002,879	102,665	1,105,543
Investment income (realized and unrealized)		49,124	23,116	406	72,646	1,606	74,253
Inflow:	Recoveries from Provinces	-	-	9,475	9,475	(9,475)	-
	Additional Prepayments	-	-	-	-	-	-
Outflow:	Benefit Payments	-	-	(39,291)	(39,291)	-	(39,291)
	Expenses	-	-	(2,962)	(2,962)	-	(2,962)
Transfers between funds		(23,005)	(8,947)	31,952	-	-	-
Closing, at December 31, 2019		806,667 ²	211,733 ²	24,347	1,042,747	94,796	1,137,543

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 5 because of allocation of cash balances

Note: Values are based on RBC Dexia statements, and totals may not add due to rounding

Comments on Asset Development

- Total invested assets (i.e. excluding Provinces/Territories' Notional Assets) have increased since December 31, 2018 by \$39.9m
 - As a result of the positive investment returns, partially offset by the “federal” 8/11ths share of the Regular Benefit Account payments, the total Special Distribution Benefit Account payouts, the Late Claims Benefit Account payouts
- The Provinces/Territories' Notional Assets have decreased by \$7.9m
 - 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 increased by \$32.0m
- 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 \$32.0m
 - \$23.0m from real return bonds in from June to December 2019
 - \$8.9m 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, 2018	102,677	12	102,665
Interest credits	1,606	-	1,606
Additional prepayments	-	-	-
3/11 th share of benefits/expenses	(9,475)	-	(9,475)
Closing, at December 31, 2019	94,808	12	94,796

Totals may appear not to add due to rounding.

Investment Returns

Fund	Portfolio	Fiscal Year Ending				Quarterly Returns Fiscal Dec 2019			
		Dec-16	Dec-17	Dec-18	Dec-19	Mar-19	Jun-19	Sep-19	Dec-19
Long Term	Real Return Bonds	3.9%	0.5%	-0.6%	6.3%	4.5%	2.4%	0.6%	-1.2%
	Universe Bonds	1.5%	2.5%	1.4%	6.7%	3.9%	2.5%	1.2%	-0.9%
	Canadian Equity	21.0%	9.1%	n/a	n/a	n/a	n/a	n/a	n/a
	US Equity	7.7%	13.4%	n/a	n/a	n/a	n/a	n/a	n/a
	EAFE Equity	-2.4%	16.8%	n/a	n/a	n/a	n/a	n/a	n/a
	Low Volatility World Equity	n/a	n/a	n/a	14.6%	8.0%	1.5%	2.6%	2.0%
	Total	4.7%	2.4%	-0.6%	7.4%	4.6%	2.5%	1.0%	-0.8%
Short Term	Short Term Bonds/Investment Fund	1.0%	0.3%	1.1%	2.1%	0.6%	0.5%	0.5%	0.5%
Total Invested Assets		4.5%	2.4%	-0.6%	7.3%	4.5%	2.4%	1.0%	-0.7%
Notional PT Assets		0.5%	0.7%	1.2%	1.7%	0.4%	0.4%	0.4%	0.4%
Total Assets		4.1%	2.3%	-0.4%	6.8%	4.1%	2.2%	1.0%	-0.6%

1. The 2016, 2017, 2018 and 2019 annual and quarterly returns for the component portfolios are as reported by TD Asset Management in their 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 6.8% for the 2019 calendar year is the result of 7.3% for invested assets and 1.7% for notional PT assets
- Universe Bonds produced a positive return of 6.7% in 2019.
- The 2019 return for the new low volatility world equity implemented in October 2018 is 14.6%
- The 2019 return for the new money market pooled fund implemented in November 2018 is 2.1%
- The Provinces/Territories' Notional Assets increase with interest at the 3-month T-bill rate; in 2019, these rates were lower than the returns on the invested assets

Tracking Error

		Fiscal Year Ending				4 years to Dec 2019	Target Tracking Error	
		Dec-16	Dec-17	Dec-18	Dec-19		1 year	4 years
Universe Bonds	Actual	1.5%	2.5%	1.4%	6.7%	3.0%		
	Index	1.7%	2.5%	1.4%	6.9%	3.1%		
	t/e	-0.2%	0.0%	0.0%	-0.2%	-0.1%	0.20%	0.10%

- Universe Bonds met their tracking error target over both one and four years for 2019

Risk metrics for Low Volatility Equity Portfolio

Metric	Fund	Index	Ratio of Fund to Index	Performance Objective	Comment
Standard Deviation	7.08%	9.52%	0.74	<0.7	Slightly above objective
Down Market Capture	34%	100%	0.34	<0.8	Better than expectations
Sharp Ratio	1.69	1.13	1.50	>1	Significantly higher risk-adjusted return
Beta	0.63	1.0	0.63	<0.7	Consistent with expectations

- Performance objectives for the Low Volatility Equity Portfolio are measured over a 4 year period
- The Fund invested in the Low Volatility Equity Portfolio effective October 25, 2018 so 4 year figures are not yet available
- Fund and Index metrics as reported by TD Asset Management are based on returns from TD's fund inception date of May 9, 2011 to December 31, 2019

Benefit Accounts

	Regular Benefit Account	Special Distribution Benefit Account	Late Claims Benefit Account	Total Invested Assets	Provinces/ Territories Notional Assets	Total Assets
Initial, at December 31, 2018	856,863	96,586	49,430	1,002,879	102,665	1,015,543
Investment Income	62,100	6,908	3,637	72,646	1,606	74,253
Inflow: Recoveries from PT	9,475	-	-	9,475	(9,475)	-
Additional prepayments	-	-	-	-	-	-
Outflow: Benefit Payments	(32,213)	(5,254)	(1,824)	(39,291)	-	(39,291)
Expenses	(2,380)	(300)	(282)	(2,962)	-	(2,962)
Closing, at December 31, 2019	893,846	97,940	50,961	1,042,747	94,796	1,137,543
Gross investment return	7.3%	7.3%	7.3%	7.3%	1.7%	6.8%

Totals may appear not to add due to rounding.

ECKLER

SUMMARY OF JOINT COMMITTEE WORK DURING THE TWENTIETH YEAR OF OPERATIONS (2019)

Executive Summary

1. The Joint Committee has a mandate to:
 - implement the 1986-1990 Hepatitis C Settlement Agreement (the “**Settlement Agreement**”) and the following Plans:
 - the Transfused HCV Plan and the Hemophiliac HCV Plan (the “**Regular Benefits Plans**”)
 - the HCV Late Claims Benefit Plan (“**Late Claims Benefit Plan**”)
 - supervise the ongoing administration of claims under the Plans, as well as the assistance program for HIV Secondarily Infected Individuals that is included in the Settlement Agreement
 - supervise the administration and payment of Special Distribution Benefits
 - oversee the performance of the investment portfolio of the Hepatitis C 1986-1990 Trust Fund (the “**Trust Fund**”)
 - oversee certain services providers,¹ 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
 - undertake the triennial fund sufficiency review in respect of the Regular Benefits Plans and the Late Claims Benefit Plan.
2. The numbers in this report have been rounded. Totals may not add up due to this rounding.
3. In 2019, approximately \$40.0 million was paid to claimants as follows:

¹ 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.

- \$32.2 million under the Regular Benefits Plans
- \$5.3 million in Special Distribution Benefits
- \$1.8 million in Late Claims Benefits

The total amount paid for claims over the life of the settlement now totals approximately \$1.126 billion in response to 14,877 claims.

4. Operating expenses of administration and all service providers in 2019 were approximately \$2.9 million, which was a substantial decrease of about 32.7% over the previous year.
5. In 2019, there was a 7.34% return on the total invested assets. The invested assets increased by about \$39.9 million (net of payments out).
6. As at December 31, 2019, the Trust Fund held assets of approximately \$1.050 billion. The unpaid liability of the provincial and territorial governments was approximately \$92.6 million (including interest). This unpaid liability combined with the Trust Fund's assets totals approximately \$1.142 billion available to satisfy the claims of class members.

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 Treasury Bill rate.

8. As at December 31, 2019:

- The Trust held assets of about \$1.050 billion
- The obligation of the provinces and territories which fund on a pay-as-you go basis was estimated to be about \$92.6 million.

*As at December 31, 2019, there was **\$1.142 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 2019, approximately \$32.2 million in claims were paid under the Regular Benefits Plans, which is about 19.1% less than what was paid out in the previous year.²
12. Approximately \$5.3 million in Special Distribution Benefits were paid, which is about 1.9% more than what was paid out in the previous year.³ Efforts continue to be made to locate claimants and identify successors so that previously approved retroactive payments can be made as intended. To this end, the Joint Committee filed applications before the Courts in 2020 aimed at locating missing claimants.
13. Approximately \$1.8 million in Late Claims Benefits were paid in 2019, the first year in which such payments were made.

Operating Expenses

14. A total of approximately \$2.9 million in administration and service provider expenses were paid in 2019, which is a substantial decrease of about 32.7% from the previous year.⁴

Portfolio Oversight

15. In 2019, the invested portion of the Trust Fund closed at about \$1.043 billion, which was up by approximately \$39.9 million from the previous year (net of payments out).
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 a short term investment fund and in a low volatility equities fund.

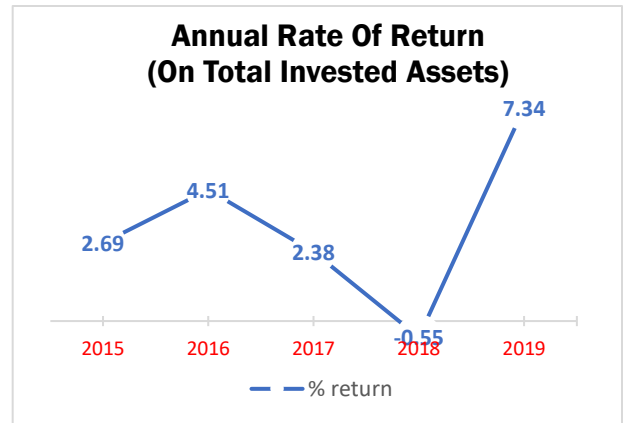
² In 2018, approximately \$39.8 million was paid. In 2017, approximately \$39.5 million was paid.

³ In 2018, approximately \$5.2 million was paid. In 2017, approximately \$83.0 million was paid.

⁴ In 2018, the operating expenses were about \$4.2 million. In 2017, the operating expenses were approximately \$4.1 million.

17. Overall, there was a 7.34% return on the total invested assets in 2019, which was a significant increase over the prior year.⁵

18. Most of the assets (about \$806.7 million) are invested in Government of Canada Real Return Bonds, which produced a return of 6.22% in 2019. This was a significant increase over the previous year.⁶ The return on these bonds since inception is 6.35%.



19. The short term investment fund (comprising about \$24.3 million), was introduced in October 2018 as part of the changes to the investment guidelines. In 2019, it produced a return of 2.09%, which was an increase over the prior partial year.⁷ The return on this fund since inception is 2.11%.

20. The “other” invested assets include a bond fund and equities.

- The return on the Canadian bond fund (comprising about \$62.0 million) was 6.72%, which was an increase over the previous year.⁸ The return on Canadian bonds since inception is 5.34%.
- The return on the low volatility all world equity portfolio (comprising about \$144.8 million), which was introduced in October 2018 as part of the changes to the

⁵ In 2018, the overall return on invested assets was negative 0.55%. In 2017, the overall return on invested assets was 2.38%.

⁶ In 2018, the return on real return bonds was negative 0.58%. In 2017, the return on real return bonds was 0.50%.

⁷ In 2018, the return on the short term investment fund was 0.40% from October 26, 2018 to the end of the year. The 2018 return on the short term bonds that this fund replaced was 0.74% up until October 26, 2018. In 2017, the return on short term bonds was 0.28%.

⁸ In 2018, the return on Canadian bonds was 1.39%. In 2017, the return on Canadian bonds was 2.46%.

investment guidelines, was 14.64%, which was a substantial increase over the previous year.⁹

21. The Canadian Bond Fund met the one year and four-year tracking ranges set in the Investment Guidelines for the Trust Fund.

Summary of Joint Committee Work in 2019

22. The most time-consuming work for members of the Joint Committee in 2019 was the close monitoring of the completion of the administration transition to the new Administrator and the supervision of its work. This included:
 - monitoring the progress of the transition plan for the claims administration to be carried over by Epiq, addressing issues such as knowledge transfer from the remaining Crawford employees, data transfer to Epiq's server and the Late Claims database implementation by ad hoc interventions and requesting additional follow-up reports when necessary
 - discussing and corresponding with Epiq's project manager and senior management to ensure that the required training period was proceeding as agreed with Crawford
 - preparing and attending a full day work session with the new and past project managers and appeal coordinators of the Hep C 1986-1990 Settlement administration to review the different past and upcoming projects and tasks to be performed
 - working with the new Administrator to ensure the proper transition of the live call centre with a dedicated help-line to process the incoming phone calls prompted by the Late claims post-campaign notice program
 - identifying requirements for a successful data transfer to Epiq's server and coordinating interim testing with the auditor and documenting processes and procedures

⁹ In 2018, the return on the low volatility all world equity portfolio was 1.68% from October 25, 2018 until the end of the year. The 2018 overall return on the portfolio's equities held up until October 25, 2018 was negative 1.1%.

- coordinating the interim audit by the auditor, reviewing the results and discussing same with the auditor and Epiq
 - obtaining an extension of the transition/collaboration period between Epiq and Crawford until June 30 2019 and a right to occupy the then current premises
 - monitoring the move of the 1986-1990 Hep-C Claims centre to the new premises in Epiq's new offices.
23. In order to get the claims program for the Late Claims Benefit Plan setup and operating, significantly more involvement of the Joint Committee was required than had initially been anticipated. This included:
- supervising the late claim request process governed by Appendix E of the Late Claims Benefit Plan, including the appeal process of the preliminary Referee decision and coordinating with the Referees, the Administrator and the Court Monitor
 - continuing to review and adapt several claim forms required for the Late Claims Benefit Plan
 - drafting, supervising, reviewing and translating the various draft letters required for the Late claims process.
24. The Joint Committee also worked on the following in 2019:
- preparing a protocol for the implementation of the Special Distribution benefit approved by the courts pertaining to the payment of loss of services compensation to an alive dependent who is permanently disabled
 - drafting applications and supporting affidavits seeking approval of:
 - modifications to the protocol on medical evidence to include treatment with Direct Acting Antiviral Agents and regarding HCV drug therapy
 - a protocol to facilitate access to medical records of a deceased HCV infected person in the Province of Quebec by his/her Personal representative who received the Referee's authorization to file a Late Claim
 - negotiating the terms of the draft orders for the above-noted applications with the federal, provincial and territorial governments

- planning and coordinating the financial sufficiency review of the Trust Fund as at December 31, 2019 by gathering the expert teams, securing their availability, establishing a new schedule with an earlier start date, instructing the new administrator to provide the data extracts required by the medical experts, reviewing the data with the medical team and following up with the administrator to obtain response and additional queries performed
- preparing the applications and material for court approval of the 2018 Annual Report and Financial Statements
- preparing the applications and supporting material for approval of the 2020 annual budgets
- obtaining and reviewing a proposed contract from the Trustee regarding separate reporting for the three accounts of the Trust
- working with the Administrator to ensure that the applicable privacy policy and its dissemination plan to class members were in keeping with Canadian privacy law.
- advancing with the Administrator the class member tracing project to obtain updated contact information so that outstanding retroactive Special Distribution Benefits can be paid
- monitoring with the Investment Manager the completion of the rebalancing of the real return bond portfolio as a result of the duration matching review conducted by the Investment consultant
- updating the hepc8690.ca website content to ensure its coherent co-existence with the Late claims campaign website
- responding to numerous telephone and email communication from class members and family class members
- providing directions regarding various policy issues raised by the Administrator for the Joint Committee.

Late Claims Notice Campaign

25. In November 2017, the Courts approved a two phase notice campaign for the Late Claims Benefit Plan, an active notice phase with a budget of \$987,400 (plus applicable taxes) and a more passive post-campaign notice program for two years budgeted at \$37,000 (plus applicable taxes) per year.
26. The post-campaign notice program on the social media was launched in October 2018.

27. In 2019, the Joint Committee reviewed with the advertising agency the results of the first year of the post-campaign notice program in social media and adapted the strategy for the second and last year.
28. The Joint Committee also ensured updated content was available on the Late claims campaign website.
29. As of December 31, 2019:
 - the Administrator had received 732 late claim requests;
 - Referees had approved 617 requests and denied 85 requests to submit a late claim;
 - the Administrator had begun to process 266 of 283 completed claims forms received from those permitted by the Referees to submit a late claim; and
 - 116 late claims were approved, 32 were denied and 118 were in progress.

YEAR 19 JC FEES

**Joint Committee Fees and Disbursements Incurred in the Period from
January 1, 2019 to December 31, 2019**

Regular Benefit Plans

	BC	QUEBEC	ONTARIO (H)	ONTARIO (T)	TOTAL
FEES	\$168,361.00	\$135,965.50	\$164,220.00	\$176,172.50	\$644,719.00
DISB.	\$11,126.26	\$3,968.2	\$888.04	\$3,757.17	\$19,739.68
GST	\$8,958.39	\$6,996.69	-	-	\$15,995.08
PST	\$11,887.55	\$13,958.38	-	-	\$25,845.93
HST	-	-	\$21,464.02	\$23,390.85	\$44,854.87
TOTAL	\$200,333.20	\$160,888.78	\$186,572.06	\$203,320.52	\$751,114.56

Financial Sufficiency

	BC	QUEBEC	ONTARIO (H)	ONTARIO (T)	TOTAL
FEES	\$20,925.00	\$2,906.75	\$16,310.00	\$50,170.00	\$90,311.75
DISB.	\$40.72	-	-	\$232.31	\$273.03
GST	\$1,048.31	\$145.34	-	-	\$1,193.65
PST	\$1,467.03	\$159.14	-	-	\$1,626.17
HST	-	-	\$2,120.30	\$6,552.30	\$8,672.60
TOTAL	\$23,481.06	\$3,211.23	\$18,430.30	\$56,954.61	\$102,077.20

Special Distribution Benefits

	BC	QUEBEC	ONTARIO (H)	ONTARIO (T)	TOTAL
FEES	\$2,477.50	\$5,717.25	\$6,580.00	\$6,235.00	\$21,009.75
DISB.	-	\$329.65	-	\$3.25	\$332.90
GST	\$123.88	\$302.38	-	-	\$426.26
PST	\$173.43	\$603.21	-	-	\$776.64
HST	-	-	\$855.40	\$810.96	\$1666.36
TOTAL	\$2,774.81	\$6,952.49	\$7,435.40	\$7,049.21	\$24,211.91

Late Claims Benefit Plan

	BC	QUEBEC	ONTARIO (H)	ONTARIO (T)	TOTAL
FEES	\$2,990.00	\$34,810.50	\$12,460.00	\$97,947.50	\$148,208.00
DISB.	-	\$21.30	-	\$132.75	\$154.05
GST	\$149.51	\$1,741.60	-	-	\$1,891.11
PST	\$209.31	\$2,912.85	-	-	\$3,122.16
HST	-	-	\$1,619.80	\$12,750.42	\$14,370.22
TOTAL	\$3,348.82	\$39,486.25	\$14,079.80	\$110,830.67	\$167,745.54

TOTAL FEES AND DISBURSEMENTS

	BC	QUEBEC	ONTARIO (H)	ONTARIO (T)	TOTAL
FEES	\$194,753.50	\$179,400.00	\$199,570.00	\$330,525.00	\$904,248.50
DISB.	\$11,166.98	\$4,319.16	\$888.04	\$4,125.48	\$20,499.66
GST	\$10,280.09	\$9,186.01	-	-	\$19,466.10
PST	\$13,737.32	\$17,633.58	-	-	\$31,370.90
HST	-	-	\$26,059.52	\$43,504.53	\$69,564.05
TOTAL	\$229,937.89	\$210,538.75	\$226,517.56	\$378,155.01	\$1,045,149.21

REPORT OF FUND COUNSEL (FOR 2019 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, 2019 to December 31, 2019**, 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, 2019	334
Number of appeals received from January 1, 2019 to December 31, 2019	0
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2019	241
Number of completed appeals (decisions rendered) from January 1, 2019 to December 31, 2019	1
Number of total withdrawals from the beginning to December 31, 2019	49
Number of withdrawals from January 1, 2019 to December 31, 2019	1
Number of total rescissions of denial from the beginning to December 31, 2019	22
Number of rescissions of denial from January 1, 2019 to December 31, 2019	0
Number of total Mediated Appeals from January 1, 2019 to December 1, 2019	7
Number of Mediated appeals from January 1, 2019 to December 31, 2019	0
Number of Archived Appeals	2
Number of pending Appeals as of December 31, 2019	12
Number of total requests for judicial confirmation from the beginning to December 31, 2019	56
Number of requests for judicial confirmation from January 1, 2019 to December 31, 2019	0
Number of total judicial decisions from the beginning to December 31, 2019	50
Number of judicial decisions from January 1, 2019 to December 31, 2019	0
Number of Appeals Justice Perell sent back to Referee up to December 31, 2019	4

Number of Appeals that have been sent back that are concluded	3
Number of Appeals sent back by Justice Perell that have been withdrawn by claimant up to December 31, 2019	1
Total Number of pending Appeals as of December 31, 2019	12

***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, with respect to Regular Plans (Transfused and Hemophiliac), in the amount of **\$33,542.26** plus GST/HST. Ontario Fund Counsel incurred disbursements in the amount of **\$434.46** plus GST/HST. No expert witness expenses were incurred. With taxes, the total amount of fees and disbursements incurred was **\$38,393.68** (Total accounts for 2019: fees, disb and tax = \$52,367.55).

Ontario Fund Counsel incurred fees, with respect to Late Claims, in the amount of **\$12,800.70** plus GST/HST. Ontario Fund Counsel incurred disbursements in the amount of **\$0**. The total amount of taxes incurred on fees was **\$6,024.59**. No expert witness expenses were incurred. With taxes, the total amount of fees incurred was **\$13,973.87** (-\$434.46 for the above-noted disbursements).

(b) Quebec Fund Counsel

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2019:	80
Number of appeals received from January 1, 2019 to December 31, 2019:	0
Number of total completed appeals (decisions rendered) from the beginning to December 31, 2019:	63
Number of completed appeals (decisions rendered) from January 1, 2019 to December 31, 2019:	0
Number of total withdrawals from the beginning to December 31, 2019:	10
Number of withdrawals from January 1, 2019 to December 31, 2019:	0
Number of total mediated appeals from the beginning to December 31, 2019:	1
Number of mediated appeals from January 1, 2019 to December 31, 2019:	0

Number of total rescissions of denial from the beginning to December 31, 2019:	5
Number of rescissions of denial from January 1, 2019 to December 31, 2019:	0
Number of pending appeals as of December 31, 2019:	1
Number of total requests for Judicial confirmation from the beginning to December 31, 2019:	22
Number of requests for Judicial confirmation from January 1, 2019 to December 31, 2019	0
Number of total Judicial decisions from the beginning to December 31, 2019:	20
Number of requests for Judicial confirmation withdrawn by claimant to December 31, 2019	1
Number of judicial decisions from January 1, 2019 to December 31, 2019:	0

9. Quebec Fund Counsel incurred fees, with respect to Regular Plans (Transfused and Hemophiliac), in the amount of **\$7,675.00** plus tax. Quebec Fund Counsel incurred disbursements in the amount of **\$64.35** plus tax. The total amount of taxes incurred on fees and expenses is **\$1,006.12**. 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 **\$8,745.47**.

Quebec Fund Counsel incurred fees, with respect to Late Claims, in the amount of **\$290.00** plus tax. Quebec Fund Counsel incurred disbursements in the amount of **\$0**. The total amount of taxes incurred on fees is **\$37.70**. 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 **\$327.70**.

(c) **British Columbia**

Particulars of the appeals are as follows:

Number of total appeals received from the beginning to December 31, 2019:	75
Number of appeals received from January 1, 2019 to December 31, 2019:	0
Number of total completed appeals (dec rendered) from the beginning to December 31, 2019:	50

Number of completed appeals (dec rendered) from January 1, 2019 to December 31, 2019:	0
Number of total withdrawals from the beginning to December 31, 2019:	17
Number of withdrawals from January 1, 2019 to December 31, 2019:	0
Number of total rescissions from the beginning to December 31, 2019:	0
Number of rescissions from January 1, 2019 to December 31, 2019:	0
Number of total mediated appeals from the beginning to December 31, 2019:	1
Number of mediated appeals from January 1, 2019 to December 31, 2019:	0
Number of Archived Appeals	4
Number of Archived Appeals from January 1, 2019 to December 31, 2019	0
Number of pending appeals as of December 31, 2019:	3
Number of total request for judicial confirmation from the beginning to December 31, 2019:	20
Number of requests for judicial confirmation from January 1, 2019 to December 31, 2019:	0
Number of total judicial decisions from the beginning to December 31, 2019:	19
Number of judicial decisions from January 1, 2019 to December 31, 2019:	0

10. B.C. Fund Counsel incurred fees with respect to Regular Plans (Transfused and Hemophiliac) in the amount of \$3,570.00 plus tax. B.C. Fund Counsel incurred disbursements in the amount of **\$58.18** plus tax. The total amount of taxes incurred on fees and expenses is **\$431.34** (GST was paid in the amount of \$181.42 and PST in the amount of \$249.92). 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 **\$4,059.52**.

B.C. Fund Counsel incurred fees with respect to Late Claims in the amount of **\$3,315.00** plus tax. B.C. Fund Counsel incurred disbursements in the amount of **\$0**. The total amount of taxes incurred on fees is **\$397.82** (GST was paid in the amount of \$165.76 and PST in the amount of \$232.06). There were no costs incurred with respect to expert fees or travel expenses. With taxes, the total amount of fees incurred in B.C. is **\$3,712.82**.

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.

- 11. 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 2019

Prepared for:

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

Prepared by:

Reva Devins

Associate Chair, Ontario Roster of Arbitrators and Referees

Duties and Responsibilities of Arbitrators and Referees

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

Roster of Arbitrator/Referees

3. There are currently 14 active Court appointed Arbitrator/Referees: one in each of Alberta, Saskatchewan, Manitoba, Nova Scotia and Quebec, 3 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

4. The number of new appeals assigned to Arbitrators and Referees remained extremely low in 2019.

Late Claim Benefit Plan

5. The HCV Late Claim Benefit Plan was launched in January 2018 and allows individuals who missed the first claims deadline to request approval to file a late claim. The Courts approved guidelines for approval, directing that requests should be allowed where the claimant did not have timely notice of the first claim deadline, failed to meet the deadline for reasons beyond their control or where they provide another reasonable explanation for their delay. Two arbitrators were assigned to review the late claim requests and provide written reasons for allowing or denying them, one in Quebec and one in Ontario. 41 Late Claim requests were submitted for review in Quebec and 142 throughout the rest of Canada in 2019. One request for review of the Administrator's decision under the Late Claim Benefit Plan was received.

Financial Activity to December 31, 2019

6. The fees and expenses incurred by Arbitrators and Referees under the 1986-90 Hepatitis C Benefit Plans were as follows:

	<u>British Columbia</u>	<u>Quebec</u>	<u>Ontario (includes all remaining provinces)</u>
Fees:	\$5,652.00	\$1,402.50	\$4,425.00
Disbursements:	\$0	\$ 18.50	\$0
Taxes:	\$ 282.62	\$ 184.73	\$ 418.45
TOTALS	\$ 5,935.12	\$1,605.73	\$ 4,843.45

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

7. Referee fees and disbursements in 2019 for the administration of the HCV Late Claim Benefit Plan were as follows:

	<u>Quebec*</u>	<u>Ontario (and remaining provinces)</u>
Fees:	\$45,177.50	\$14,365.00
Disbursements:	\$584.50	\$0
HST:	\$5,949.06	\$ 1,867.46
TOTALS:	\$51,711.06	\$16,232.46

* This represents fees and disbursements paid in 2019, however, includes amounts incurred for work performed in 2018.

Proposed Budget

8. As in previous years, the number and complexity of appeals will determine the fiscal needs of Appeal administration. There was a marked decrease in cases forwarded for review under the Regular Benefit Plan in 2019 and I anticipate that the budget for 2020 can be safely set at the amount actually incurred in 2019.
9. The volume of requests to file Late Claims began to taper off in the latter part of 2018 and continued to diminish throughout 2019. There were, however, a large number of requests to file a claim under the Late Claim Benefit Plan that were approved in 2018 and 2019. This should be taken into account when setting future budgets, as there will inevitably be a significant increase in the volume of appeals arising under the Late Claim Plan. As well, many of the underlying facts giving rise to these claims occurred roughly 30 years ago, further adding to the complexity of hearing these matters.
10. In light of the likely increase in volume and complexity of requests for review following implementation of the Late Claim Benefit Plan, I recommend that the budget be set at \$75,000 for 2020.