

FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2014

TABLE OF CONTENTS

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING49

PENSION FUNDS’ FINANCIAL STATEMENTS:

Teachers’ Pension Fund46

Judges’ Superannuation Fund47

CORPORATE FINANCIAL STATEMENTS:

New Brunswick Investment Management Corporation83

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

New Brunswick Investment Management Corporation (“NBIMC” or the “Corporation”) was created on March 11, 1996 pursuant to the *New Brunswick Investment Management Corporation Act* of the New Brunswick Legislature (the “*NBIMC Act*”) and was appointed as trustee of the pension fund assets of each of the *New Brunswick Public Service Superannuation Act*, the *New Brunswick Teachers’ Pension Act* and the *New Brunswick Provincial Court Judges’ Act*. Although continuing to serve as the investment manager, NBIMC ceased to be the trustee of the *New Brunswick Public Service Superannuation Act* when it was converted to the Public Service Shared Risk Plan on January 1, 2014.

The financial statements of the Teachers’ Pension Fund and the Judges’ Superannuation Fund (the “Pension Funds”) and of NBIMC have been prepared by management of the Corporation. They have been approved by the Board of Directors.


Management prepared the Pension Funds’ financial statements to comply with section 27(1) of the *NBIMC Act*. The Pension Fund financial statements are special purpose financial statements and reflect the net assets available for benefits and changes in net assets available for benefits in accordance with the basis of accounting as disclosed in note 2 to the financial statements.

Management prepared the Corporation’s financial statements in accordance with public sector accounting standards. The NBIMC financial statements are general purpose financial statements and include a Statement of Financial Position, Statement of Operations and Changes in Accumulated Deficit, Statement of Changes in Net Debt and Statement of Cash Flow.

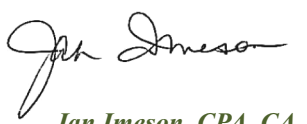
Management is responsible for the integrity and fair presentation of the financial statements, including amounts based on best estimates and judgments. NBIMC maintains systems of internal control and supporting procedures to provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

Ultimate responsibility for the financial statements rests with the Board of Directors of the Corporation. The Board is assisted in its responsibilities by the Audit Committee, consisting of five Board members the majority of whom are independent of NBIMC and the Plan Sponsor. The Audit Committee reviews the financial statements and recommends them for approval by the Board. The Audit Committee also reviews matters related to accounting, auditing, internal control systems, financial risk management and the scope, planning and audit findings of the internal and external auditors.

KPMG LLP, the external auditors of the financial statements, are directly accountable to the Audit Committee. They have conducted an independent examination of the financial statements in accordance with Canadian generally accepted auditing standards, performing such tests and other procedures as they consider necessary to express an opinion to the Board of Directors.



John A. Sinclair
President and Chief Executive Officer



Jan Imeson, CPA, CA
Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

TO THE DIRECTORS OF NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

We have audited the accompanying financial statements of the Teachers' Pension Fund and the Judges' Superannuation Fund held in trust by the New Brunswick Investment Management Corporation, which comprise the statements of net assets available for benefits as at March 31, 2014, March 31, 2013 and April 1, 2012, the statements of changes in net assets available for benefits for the years ended March 31, 2014 and March 31, 2013, and notes, comprising a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by management to comply with Subsection 27(1) of the *New Brunswick Investment Management Corporation Act*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Subsection 27(1) of the *New Brunswick Investment Management Corporation Act*; this includes determining that the basis of accounting is an acceptable basis for the preparation of these financial statements in the circumstances, 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the net assets available for benefits of the Teachers' Pension Fund and the Judges' Superannuation Fund as at March 31, 2014, March 31, 2013 and April 1, 2012 and the changes in net assets available for benefits for the years ended March 31, 2014 and March 31, 2013 in accordance with Subsection 27(1) of the *New Brunswick Investment Management Corporation Act*.

Basis of Accounting and Restriction of Use

Without modifying our opinion, we draw attention to note 1(a) to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Directors of New Brunswick Investment Management Corporation and the Minister of Finance for the Province of New Brunswick for complying with Subsection 27(1) of the *New Brunswick Investment Management Corporation Act*. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors and the Minister of Finance and should not be used by parties other than the specified users.

CHARTERED ACCOUNTANTS



JUNE 9, 2014

FREDERICTON, CANADA

TEACHERS' PENSION FUND

Statements of Net Assets Available for Benefits

(In thousands of Canadian dollars)

	March 31, 2014	March 31, 2013	April 1, 2012
ASSETS			
Investments (note 3)	\$ 4,841,185	\$ 4,448,486	\$ 4,156,431
Contributions receivable from employers (note 8)	4,299	4,087	4,234
Contributions receivable from employees (note 8)	1,028	803	803
Other receivable	93	171	—
Total assets	4,846,605	4,453,547	4,161,468
LIABILITIES			
Accounts payable and accrued liabilities (note 8)	3,162	2,694	2,060
NET ASSETS AVAILABLE FOR BENEFITS	\$ 4,843,443	\$ 4,450,853	\$ 4,159,408

See accompanying notes to financial statements.

TEACHERS' PENSION FUND

Statements of Changes in Net Assets Available for Benefits

(In thousands of Canadian dollars)

YEAR ENDED MARCH 31

	2014	2013
INCREASE IN NET ASSETS		
Net investment income (note 6)	\$ 579,120	\$ 371,920
Employee pension contributions	47,691	47,877
Employer pension contributions	46,490	46,139
Employer special contributions	—	98,627
	673,301	564,563
DECREASE IN NET ASSETS		
Payments to sponsor for benefits	271,257	265,565
Payments to sponsor for expenses	1,385	1,561
Fees paid to third party suppliers	2,998	1,627
Fees paid to NBIMC	4,575	4,164
Harmonized sales tax, net of rebates	496	201
	280,711	273,118
NET INCREASE FOR THE YEAR	392,590	291,445
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	4,450,853	4,159,408
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	\$ 4,843,443	\$ 4,450,853

See accompanying notes to financial statements.

Commitments (note 9)

Subsequent events (note 11)

Approved on behalf of the Board:



Michael W. Walton
Chairman of the Board



John A. Sinclair
President and Chief Executive Officer

JUDGES' SUPERANNUATION FUND

Statements of Net Assets Available for Benefits

(In thousands of Canadian dollars)

	March 31, 2014	March 31, 2013	April 1, 2012
ASSETS			
Investments (note 3)	\$ 37,215	\$ 33,433	\$ 31,091
Contributions receivable from employer (note 8)	177	25	36
Other receivable	1	1	—
Total assets	37,393	33,459	31,127
LIABILITIES			
Accounts payable and accrued liabilities (note 8)	45	26	12
NET ASSETS AVAILABLE FOR BENEFITS	\$ 37,348	\$ 33,433	\$ 31,115

See accompanying notes to financial statements.

JUDGES' SUPERANNUATION FUND

Statements of Changes in Net Assets Available for Benefits

(In thousands of Canadian dollars)

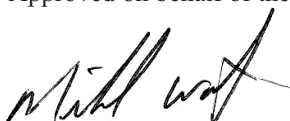
YEAR ENDED MARCH 31

	2014	2013
INCREASE IN NET ASSETS		
Net investment income (note 6)	\$ 4,524	\$ 2,788
Employee pension contributions	374	398
Employer pension contributions	306	326
Employer special contributions	153	153
	5,357	3,665
DECREASE IN NET ASSETS		
Payments to sponsor for benefits	1,343	1,278
Payments to sponsor for expenses	39	27
Fees paid to third party suppliers	23	11
Fees paid to NBIMC	34	30
Harmonized sales tax, net of rebates	3	1
	1,442	1,347
NET INCREASE FOR THE YEAR	3,915	2,318
NET ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	33,433	31,115
NET ASSETS AVAILABLE FOR BENEFITS, END OF YEAR	\$ 37,348	\$ 33,433

See accompanying notes to financial statements.

Commitments (note 9)

Approved on behalf of the Board:



Michael W. Walton
Chairman of the Board



John A. Sinclair
President and Chief Executive Officer

NET ASSETS AVAILABLE FOR BENEFITS

Notes to Financial Statements

(In thousands of Canadian dollars)

YEARS ENDED MARCH 31, 2014 AND MARCH 31, 2013

The assets of the Teachers' Pension Fund ("Teachers") and Judges' Superannuation Fund ("Judges"), (collectively "the Funds") are held in trust by the New Brunswick Investment Management Corporation ("NBIMC"). NBIMC was appointed as trustee on March 11, 1996, pursuant to the *New Brunswick Investment Management Corporation Act* of the New Brunswick Legislature (the "*NBIMC Act*") and assumed responsibility for the management of the Funds' assets effective April 1, 1996.

On April 1, 1998, the assets of the Funds were transferred to unit trust funds established by NBIMC. This portfolio structure facilitates the collective investment management and administration of the assets. There were 25 active unit trust funds in place at year-end, each pool with a specific investment mandate. Each of the Funds holds units of certain of the unit trust funds in accordance with its Statement of Investment Policies.

1. Summary Description of the Pension Plans

The *Teachers' Pension Act* ("TPA"), and the combined *Provincial Court Act* ("PCA") and *Provincial Court Judges' Pension Act* ("JPA") are legislated defined benefit pension plans. Below is a summary comparison of the features of each plan. For more complete information, reference should be made to the plans' legislation.

Feature	TPA	PCA	JPA
Contributions - employee	7.3% of earnings up to the Yearly Maximum Pensionable Amount ("YMPE"), 9.0% of earnings in excess of YMPE	8.0% of earnings up to YMPE, 8.0% of earnings in excess of YMPE	8.0% of earnings up to YMPE, 8.0% of earnings in excess of YMPE
Contributions - employer	Equal to employee plus special payments as determined by an actuary.	Determined by an actuary, plus special payments determined by an actuary.	Determined by an actuary, plus special payments determined by an actuary.
Unreduced benefits	Sum of age and years of service of 87; or Upon 35 years of service; or Age 65 with 5 years service; or Age 60 with 20 years service.	Age 60 with 25 years service; or Age 65 with 10 years service.	Age 60 with 2 years service
Reduced benefits	Sum of age and service 80; or Age 60 with 5 years service.	N/A	2 years of service.
Basic benefit	2% of salary times years of service. Integrated with CPP.	60% of salary. Integrated with CPP.	3% per year of service up to 65% of salary. Not integrated with CPP.
Annual benefit indexing	Up to 4.75%	Up to 6.0%	Up to 5.0%

2. Significant Accounting Policies

(a) Accounting entity and basis of presentation

These special purpose financial statements provide information on the net assets available for benefits of the Funds managed by NBIMC. They do not include the pension liabilities of the TPA or the JPA (collectively “the Plans”). Consequently, these financial statements do not purport to show the adequacy of the Funds’ assets to meet the Plans’ pension obligations. Such an assessment requires additional information, such as the Plans’ actuarial reports.

These financial statements have been prepared in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants’ (CPA) Handbook excluding pension obligations and any resulting surplus or deficit. They are prepared solely for the information and use of the Board of Directors of NBIMC and the Minister of Finance for the Province of New Brunswick for complying with Subsection 27(1) of the *NBIMC Act*. As a result, the financial statements may not be suitable for another purpose.

The Funds adopted Canadian accounting standards for pension plans excluding pension obligations and any resulting surplus or deficit on April 1, 2013 with a transition date of April 1, 2012. Canadian accounting standards for pension plans also require the Funds to follow general standards for financial presentation with respect to comparative information and retrospectively apply accounting changes. Accordingly, these standards were applied retroactively by management to the comparative information in these financial statements including the statement of net assets available for benefits as at March 31, 2013 and the statement of changes in net assets available for benefits for the year ended March 31, 2013 and related disclosure.

All investment assets and liabilities are measured at fair value in accordance with IFRS 13, *Fair Value Measurements*. In selecting or changing accounting policies that do not relate to its investment portfolio, Canadian accounting standards for pension plans requires the Funds to comply on a consistent basis with either International Financial Reporting Standards (“IFRS”) in Part I of the CPA Handbook or with Canadian accounting standards for private enterprises in Part II of the CPA Handbook. The Funds have chosen to comply on a consistent basis with IFRS.

(b) Transition to CPA Section 4600 and IFRS

These financial statements are the Funds’ first in compliance with CPA Section 4600 and IFRS. The comparative results as at April 1, 2012 and for the year ended March 31, 2013 have been restated accordingly and the classification of the unit holdings in the NBIMC unit trust funds has been revised.

Coincident with the Funds’ adoption of Section 4600 and IFRS, the NBIMC unit trust funds also adopted IFRS. As part of their transition, the NBIMC unit trust funds adopted IFRS 13, *Fair Value Measurement*, on a prospective basis commencing April 1, 2012. They applied the measurement requirements under IFRS 13 consistently to the fair value of all underlying financial assets and financial liabilities in the periods presented in the unit trust fund financial statements, which in turn affects the NBIMC unit trust funds’ net asset values reported as investments in these Funds financial statements.

Note 10 provides further information on the impacts of adopting Section 4600 and IFRS.

(c) Basis of measurement

The Funds’ financial statements have been prepared on the historical cost basis except for investments, which are measured at fair value.

2. Significant Accounting Policies (continued)

(d) Financial instruments

(i) Recognition and measurement

Financial assets and financial liabilities are recognized and derecognized, as applicable, in the Statement of Net Assets Available for Benefits on the trade date, which is the date on which the Funds become a party to the contractual provisions of the instrument.

All investments of the Funds consist of units of NBIMC unit trust funds. The Funds designate all investments as fair value through profit or loss ("FVTPL") upon initial recognition.

The fair value of each investment in units of the NBIMC unit trust funds is based on the calculated daily net asset value per unit multiplied by the number of units held, and represents the Funds' proportionate share of the underlying net assets at fair values determined using closing market prices.

The underlying investments held in the NBIMC unit trust funds are valued at fair value as of the date of the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the unit trust funds have access at that date.

The fair value of the financial assets and liabilities traded in active markets (such as exchange-traded derivatives and debt and equity securities) are based on quoted market prices at the close of trading on the reporting date.

If there is no quoted price in an active market, then the NBIMC unit trust funds use valuation techniques that maximize the use of the relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

Certain of the Funds' financial assets and financial liabilities such as contributions and other receivables and accounts payable and accrued liabilities are measured at amortized cost, which is the cost at initial recognition, minus any reduction for impairment. The carrying amount of these assets and liabilities approximates fair value due to their short settlement period. At the reporting date, the Funds assess whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Funds recognize an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate.

(ii) Derecognition

The Funds derecognize a financial asset when the contractual rights to the cash flows from the asset expire, or are transferred in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received (including any new asset obtained less any new liability assumed) is recognized in profit or loss.

The Funds derecognize a financial liability when its contractual obligations are discharged or cancelled or expire.

(e) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the functional currency of each of the Funds. Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the date of the Statement of Net Assets Available for Benefit.

2. Significant Accounting Policies (continued)*(f) Use of estimates and judgments*

The preparation of the Funds' financial statements requires judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the Statement of Net Assets Available for Benefits. Significant estimates and judgments are required in determining the reported estimated fair value of private investments since these determinations may include estimates of expected future cash flows, rates of return and the impact of future events. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future years affected.

(g) Taxes

The Funds are Registered Pension Plan Trusts as defined in the *Income Tax Act* and are not subject to income taxes.

(h) Contributions

Contributions from the Plan Sponsor and pension plan members are recorded in the period that payroll deductions are made.

(i) Net investment income

Investment transactions are recognized by the underlying unit trusts as of their trade date. Net investment income includes realized and unrealized gains and losses in the value of the units held in each of the unit trusts.

(j) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the prevailing rates of exchange at the date of the Statements of Net Assets Available for Benefits. Investment income and expenses are translated at the exchange rates prevailing on the transaction date. Realized and unrealized exchange gains and losses are included in investment income.

(k) New standards not adopted

The following new standards, interpretations and amendments to published standards that are mandatory for future accounting periods, but where early adoption is permitted now, have not been duly adopted:

IFRS 9 (effective not earlier than 2017) - Financial instruments

Management is in the process of assessing the impact of the amendment to this standard and believes that this amendment will not significantly affect the Funds' net assets available for benefits but may affect the disclosures in the financial statements.

3. Investments

Investment assets of the Funds are held in the unit trust funds for which NBIMC is trustee.

Following is a description of each unit trust fund in which an interest is held by the Funds during the year ended March 31, 2014:

NBIMC Nominal Bond Fund

This fund invests primarily in investment grade bonds (a minimum of triple-B rated by a major rating agency) of G-7 countries and Canadian provinces paying a nominal rate of interest. The performance objective is to add 20 basis points to its benchmark, the FTSE TMX Canada All Government Bond Index, over a four-year moving average.

3. Investments (continued)

NBIMC Corporate Bond Fund

This fund invests primarily in investment grade corporate bonds (a minimum of triple-B rated by a major rating agency) paying a nominal rate of interest. The performance objective is to add 20 basis points to its benchmark, the FTSE TMX All Corporate Bond Index, over a four-year moving average.

NBIMC New Brunswick Fixed Income Opportunity Fund

This fund invests primarily in fixed income issues to finance economic activity in New Brunswick. The performance objective is to add 20 basis points to its benchmark, the FTSE TMX Canada All Government Bond Index, over a four-year moving average.

NBIMC Money Market Fund

This fund invests primarily in fixed income securities having a maturity of less than one year. The performance objective is to add 20 basis points to its benchmark. The benchmark is calculated as 93% of the FTSE TMX Canada 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

NBIMC Student Investment Fund

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial capital of \$1 million, funded in 1998, has been invested using the same general investment policies and guidelines as are used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSX Total Return Composite Index, 45% FTSE TMX Canada All Government Bond Index, 4.65% FTSE TMX Canada 91-Day Treasury Bill Index and 0.35% Call Loan Rate. NBIMC staff closely monitor the activities of this fund, including executing and processing all transactions on behalf of the students.

NBIMC Foreign Exchange Hedging Funds

Each of the Funds has settled a separate grantor trust (the “Hedging Trust”), designed to facilitate hedging policy decisions with respect to exposure to foreign currencies. The Hedging Trusts are currently inactive.

NBIMC Canadian Equity Index Fund

This fund invests in physical securities and derivative strategies to gain exposure to various segments of the S&P/TSX Composite Index. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The performance objective is to match the return of the S&P/TSX Total Return Composite Index over four year rolling periods.

NBIMC Low Volatility Canadian Equity Fund

This fund actively invests in securities to gain exposure to the S&P/TSX Composite Index. The objective is to achieve a long-term rate of return equivalent to this index with less annual volatility.

NBIMC External Canadian Equity Fund

This fund is managed by external managers and invests in publicly traded Canadian equities. The performance objective is to add 150 basis points to its benchmark, the S&P/TSX Total Return Composite Index, over a four-year moving average.

NBIMC S&P/TSX Completion Index Fund

Managed by an external manager, this fund invests primarily in the companies of the S&P/TSX Completion Index. The performance objective is to exceed the performance of its benchmark, the S&P/TSX Completion Total Return Index, by 150 basis points (after fees).

3. Investments (continued)

NBIMC Canadian Equity Active Long Strategy Fund

This fund seeks to add value through prudent selection of individual securities and sector allocations through over and under weighting of the index. The performance objective is to add 150 basis points to its benchmark, the S&P /TSX Total Return Composite Index.

NBIMC External International Equity Fund

This fund is managed by external managers and invests in publicly traded equities in markets in Europe, Australasia and the Far East. The performance objective is to exceed the performance of the benchmark, which is a weighting of the respective country or regional indices (CAD\$) by 150 basis points over a four-year moving average.

NBIMC EAFE Equity Index Fund

This fund invests in securities in the MSCI EAFE (Developed Markets) Index (CAD\$). The objective is to achieve a rate of return equivalent to the MSCI EAFE (Developed Markets) Net Dividends.

NBIMC Low Volatility International Equity Fund

This fund actively invests in securities in the MSCI EAFE (Developed Markets) Net Dividends Index (CAD\$). The objective is to achieve a long-term rate of return equivalent to this index with less annual volatility.

NBIMC U.S. Equity Index Fund

This fund passively invests in physical securities and derivatives to gain exposure to the S&P 500 Index. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The performance objective is to match the return of the S&P 500 Total Return Index (CAD\$).

NBIMC Low Volatility U.S. Equity Fund

This fund actively invests in securities to gain exposure to the S&P 500 Total Return Index (CAD\$). The objective is to achieve a long-term rate of return equivalent to this index with less annual volatility.

NBIMC Inflation Linked Securities Fund

This fund invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. The performance objective is to add 10 basis points to its benchmark, the FTSE TMX Canada Real Return Bond Index, over a four-year moving average.

NBIMC Canadian Real Estate Fund

This fund invests in private Canadian real estate investments, directly through a wholly owned subsidiary, NBIMC Realty Corp., or indirectly through limited partnerships or similar investment vehicles. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus 4%.

NBIMC Canadian Real Estate Investment Trust Fund

This fund invests in publicly-traded Canadian real estate investment trust securities. The performance objective is to match the return of the S&P/TSX Capped REIT Index.

3. Investments (continued)

NBIMC International Real Estate Fund

This fund is managed by an external manager that invests primarily in publicly traded securities of international Real Estate Investment Trusts (REITs). The performance objective is to add 150 basis points to the countries' blended REIT Equity Indices (CAD\$), net of fees, over the long-term.

NBIMC Infrastructure Fund

This fund was created to provide additional investment diversification through direct investment in infrastructure through co-investment structures. The benchmark is inflation, as measured by the percentage change in the twelve-month CPI-Canada All Items Index, plus 4%.

NBIMC North American Market Neutral Fund

This fund focuses on adding value through security selection within its universe of the S&P/TSX Composite Index as well as certain publicly traded US-listed stocks. Favored securities are purchased and offset by a corresponding short position in another security within the same sector. The portfolio is supported by a cash underlay and its performance objective is to add 500 basis points annually over a four-year moving average basis to its benchmark. The benchmark is calculated as 93% of the FTSE TMX Canada 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

NBIMC Quantitative Strategies Fund

This fund seeks to add value by investing in either long or short positions where announced mergers or dual class share structures present arbitrage potential. Short positions are supported by cash underlay. The objective is to add 500 basis points over its benchmark. The benchmark is calculated as 93% of the FTSE TMX Canada 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund

This fund invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. The performance objective is to achieve a 4% real rate of return over a long-term investment horizon.

NBIMC Private Equity Fund

This fund is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The performance objective is to exceed the performance of its benchmark, a blend of the respective countries' total return indices (CAD\$).

3. Investments (continued)

Following are details of unit trust holdings by each of the Funds:

Teachers' <i>(\$ thousands)</i>	Units <i>(# rounded)</i>	Unit Value <i>(in dollars)</i>	Fair Value March 31, 2014
Fixed Income:			
NBIMC Nominal Bond Fund	340,571	\$ 2,337	\$ 796,036
NBIMC Corporate Bond Fund	316,937	1,111	352,131
NBIMC New Brunswick Fixed Income Opportunity Fund	2,437	2,792	6,803
NBIMC Money Market Fund	58,269	1,561	90,976
NBIMC Student Investment Fund	528	3,002	1,586
			1,247,532
Equities:			
NBIMC Canadian Equity Index Fund	161,512	2,888	466,510
NBIMC Low Volatility Canadian Equity Fund	84,589	1,214	102,708
NBIMC External Canadian Equity Fund	56,855	3,430	195,017
NBIMC S&P/TSX Completion Index Fund	30,169	3,180	95,923
NBIMC Canadian Equity Active Long Strategy Fund	87,239	1,228	107,158
NBIMC External International Equity Fund	70,032	1,720	120,421
NBIMC EAFE Equity Index Fund	449,697	1,236	555,923
NBIMC Low Volatility International Equity Fund	96,705	1,505	145,563
NBIMC U.S. Equity Index Fund	277,528	1,725	478,719
NBIMC Low Volatility U.S. Equity Fund	96,901	1,614	156,443
			2,424,385
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	140,600	3,194	449,134
NBIMC Canadian Real Estate Fund	26,216	3,265	85,591
NBIMC Canadian Real Estate Investment Trust Fund	90,226	1,058	95,464
NBIMC International Real Estate Fund	33,067	4,659	154,041
NBIMC Infrastructure Fund	34,919	1,259	43,957
			828,187
Alternative Investments:			
NBIMC North American Market Neutral Fund	53,723	1,303	70,020
NBIMC Quantitative Strategies Fund	81,224	1,231	100,005
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	2,767	4,683	12,958
NBIMC Private Equity Fund	81,441	1,941	158,098
			341,081
			\$ 4,841,185

3. Investments (continued)

Teachers' <i>(\$ thousands)</i>	Units <i>(# rounded)</i>	Unit Value <i>(in dollars)</i>	Fair Value March 31, 2013
Fixed Income:			
NBIMC Nominal Bond Fund	377,685	\$ 2,322	\$ 784,199
NBIMC Corporate Bond Fund	260,795	1,087	283,500
NBIMC New Brunswick Fixed Income Opportunity Fund	2,663	2,760	7,351
NBIMC Money Market Fund	19,718	1,540	30,377
NBIMC Student Investment Fund	528	2,767	1,462
			1,106,889
Equities:			
NBIMC Canadian Equity Index Fund	181,604	2,484	451,071
NBIMC Low Volatility Canadian Equity Fund	86,365	1,029	88,904
NBIMC External Canadian Equity Fund	57,755	2,885	166,658
NBIMC S&P/TSX Completion Index Fund	30,516	2,698	82,356
NBIMC Canadian Equity Active Long Strategy Fund	87,377	1,054	92,118
NBIMC External International Equity Fund	70,993	1,281	90,983
NBIMC EAFE Equity Index Fund	542,638	968	525,495
NBIMC Low Volatility International Equity Fund	113,809	1,242	141,377
NBIMC U.S. Equity Index Fund	368,983	1,302	480,744
NBIMC Low Volatility U.S. Equity Fund	110,287	1,274	140,568
			2,260,274
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	126,117	3,394	428,109
NBIMC Canadian Real Estate Fund	56,754	3,188	180,957
NBIMC International Real Estate Fund	34,381	4,121	141,686
NBIMC Infrastructure Fund	27,623	1,213	33,516
			784,268
Alternative Investments:			
NBIMC North American Market Neutral Fund	52,222	1,226	64,023
NBIMC Quantitative Strategies Fund	79,377	1,153	91,530
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	2,879	4,308	12,404
NBIMC Private Equity Fund	84,617	1,525	129,098
			297,055
			\$ 4,448,486

3. Investments (continued)

Teachers' <i>(\$ thousands)</i>	Units <i>(# rounded)</i>	Unit Value <i>(in dollars)</i>	Fair Value April 1, 2012
Fixed Income:			
NBIMC Nominal Bond Fund	436,780	\$ 2,230	\$ 973,964
NBIMC Corporate Bond Fund	110,685	1,022	113,185
NBIMC New Brunswick Fixed Income Opportunity Fund	3,670	2,631	9,656
NBIMC Money Market Fund	40,686	1,518	61,765
NBIMC Student Investment Fund	528	2,630	1,390
			1,159,960
Equities:			
NBIMC Canadian Equity Index Fund	191,126	2,317	442,871
NBIMC External Canadian Equity Fund	57,788	2,704	156,296
NBIMC S&P/TSX Completion Index Fund	30,533	2,596	79,282
NBIMC Canadian Equity Active Long Strategy Fund	129,404	992	128,455
NBIMC External International Equity Fund	71,033	1,113	79,102
NBIMC EAFE Equity Index Fund	599,406	854	512,159
NBIMC Low Volatility International Equity Fund	81,099	1,047	84,947
NBIMC U.S. Equity Index Fund	390,468	1,125	439,365
NBIMC Low Volatility U.S. Equity Fund	80,753	1,039	83,906
			2,006,383
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	115,960	3,316	384,574
NBIMC Canadian Real Estate Fund	49,714	2,845	141,434
NBIMC International Real Estate Fund	48,644	3,549	172,657
NBIMC Infrastructure Fund	20,599	1,133	23,344
			722,009
Alternative Investments:			
NBIMC North American Market Neutral Fund	54,385	1,218	66,277
NBIMC Quantitative Strategies Fund	71,602	1,098	78,630
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	2,530	3,119	7,893
NBIMC Private Equity Fund	83,193	1,385	115,279
			268,079
			\$ 4,156,431

3. Investments (continued)

Judges' <i>(\$ thousands)</i>	Units <i>(# rounded)</i>	Unit Value <i>(in dollars)</i>	Fair Value March 31, 2014
Fixed Income:			
NBIMC Nominal Bond Fund	2,538	\$ 2,337	\$ 5,932
NBIMC Corporate Bond Fund	2,436	1,111	2,707
NBIMC New Brunswick Fixed Income Opportunity Fund	19	2,792	52
NBIMC Money Market Fund	449	1,561	701
NBIMC Student Investment Fund	4	3,002	11
			9,403
Equities:			
NBIMC Canadian Equity Index Fund	1,368	2,888	3,951
NBIMC Low Volatility Canadian Equity Fund	650	1,214	790
NBIMC External Canadian Equity Fund	436	3,430	1,494
NBIMC S&P/TSX Completion Index Fund	231	3,180	735
NBIMC Canadian Equity Active Long Strategy Fund	682	1,228	838
NBIMC External International Equity Fund	537	1,720	923
NBIMC EAFE Equity Index Fund	3,612	1,236	4,464
NBIMC Low Volatility International Equity Fund	743	1,505	1,119
NBIMC U.S. Equity Index Fund	2,205	1,725	3,804
NBIMC Low Volatility U.S. Equity Fund	745	1,614	1,203
			19,321
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	1,023	3,194	3,267
NBIMC Canadian Real Estate Fund	201	3,265	657
NBIMC Canadian Real Estate Investment Trust Fund	694	1,058	734
NBIMC International Real Estate Fund	176	4,659	822
NBIMC Infrastructure Fund	261	1,259	329
			5,809
Alternative Investments:			
NBIMC North American Market Neutral Fund	413	1,303	538
NBIMC Quantitative Strategies Fund	624	1,231	769
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	21	4,683	100
NBIMC Private Equity Fund	657	1,941	1,275
			2,682
			\$ 37,215

3. Investments (continued)

Judges' <i>(\$ thousands)</i>	Units <i>(# rounded)</i>	Unit Value <i>(in dollars)</i>	Fair Value March 31, 2013
Fixed Income:			
NBIMC Nominal Bond Fund	2,394	\$ 2,322	\$ 5,559
NBIMC Corporate Bond Fund	2,114	1,087	2,298
NBIMC New Brunswick Fixed Income Opportunity Fund	20	2,760	56
NBIMC Money Market Fund	149	1,540	229
NBIMC Student Investment Fund	4	2,767	10
			8,152
Equities:			
NBIMC Canadian Equity Index Fund	1,495	2,484	3,712
NBIMC Low Volatility Canadian Equity Fund	649	1,029	668
NBIMC External Canadian Equity Fund	434	2,885	1,251
NBIMC S&P/TSX Completion Index Fund	229	2,698	618
NBIMC Canadian Equity Active Long Strategy Fund	670	1,054	707
NBIMC External International Equity Fund	533	1,281	683
NBIMC EAFE Equity Index Fund	4,264	968	4,128
NBIMC Low Volatility International Equity Fund	855	1,242	1,063
NBIMC U.S. Equity Index Fund	2,864	1,302	3,731
NBIMC Low Volatility U.S. Equity Fund	829	1,274	1,056
			17,617
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	899	3,394	3,050
NBIMC Canadian Real Estate Fund	427	3,188	1,361
NBIMC International Real Estate Fund	179	4,121	738
NBIMC Infrastructure Fund	203	1,213	246
			5,395
Alternative Investments:			
NBIMC North American Market Neutral Fund	392	1,226	481
NBIMC Quantitative Strategies Fund	597	1,153	688
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	22	4,308	93
NBIMC Private Equity Fund	660	1,525	1,007
			2,269
			\$ 33,433

3. Investments (continued)

Judges' <i>(\$ thousands)</i>	Units <i>(# rounded)</i>	Unit Value <i>(in dollars)</i>	Fair Value April 1, 2012
Fixed Income:			
NBIMC Nominal Bond Fund	3,197	\$ 2,230	\$ 7,129
NBIMC Corporate Bond Fund	828	1,022	847
NBIMC New Brunswick Fixed Income Opportunity Fund	27	2,631	72
NBIMC Money Market Fund	305	1,518	463
NBIMC Student Investment Fund	4	2,630	11
			8,522
Equities:			
NBIMC Canadian Equity Index Fund	1,564	2,317	3,624
NBIMC External Canadian Equity Fund	432	2,704	1,168
NBIMC S&P/TSX Completion Index Fund	228	2,596	593
NBIMC Canadian Equity Active Long Strategy Fund	968	992	961
NBIMC External International Equity Fund	531	1,113	591
NBIMC EAFE Equity Index Fund	4,685	854	4,003
NBIMC Low Volatility International Equity Fund	607	1,047	636
NBIMC U.S. Equity Index Fund	3,022	1,125	3,401
NBIMC Low Volatility U.S. Equity Fund	604	1,039	628
			15,605
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	821	3,316	2,721
NBIMC Canadian Real Estate Fund	372	2,845	1,059
NBIMC International Real Estate Fund	278	3,549	986
NBIMC Infrastructure Fund	149	1,133	169
			4,935
Alternative Investments:			
NBIMC North American Market Neutral Fund	407	1,218	496
NBIMC Quantitative Strategies Fund	536	1,098	588
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	19	3,119	59
NBIMC Private Equity Fund	640	1,385	886
			2,029
			\$ 31,091

4. Fair Value of Financial Instruments

Investments are valued at fair value with changes in fair values over time recognized in net investment income.

The determination of fair value is dependent upon the use of measurement inputs with varying degrees of subjectivity. The level of subjectivity can be classified and is referred to as the fair value hierarchy. The fair value hierarchy levels are:

Level 1 - Quoted market prices in active markets. This is considered to be the most reliable input for fair value measurement. A financial instrument is regarded as quoted in an active market if quoted prices are readily or regularly available from an exchange or prices represent actual and regularly occurring market transactions on an arm's length basis.

Level 2 – Inputs (other than quoted prices included within Level 1) that are observable for the investment, either directly or indirectly. These inputs include quoted prices for similar investments in active markets, quoted prices for identical or similar investments in markets that are not active, and inputs other than quoted prices that are observable for the investment. These are inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – Inputs that are unobservable that are used to measure fair value when observable inputs are not available. Unobservable inputs reflect subjective assumptions that market participants may use in pricing the investment.

Investments that are classified as Level 2 include the units held in each unit trust fund provided the valuation of the underlying securities held by those unit trust funds are themselves based on either Level 1 or Level 2 inputs. Level 1 investments include publicly traded fixed income securities, publicly traded equity securities, real estate investment trusts (REITs) and exchange-traded funds and futures. Level 2 investments held by the unit trust funds include: short-term securities, non-publicly traded fixed income and equity securities as well as derivatives traded over-the-counter. These investments are valued based on a quotation from a recognized dealer, or by applying a spread to a similarly termed instrument.

Investments that are classified as Level 3 include the units held in the unit trust funds which are based on Level 3 inputs. Level 3 investments include private equity, real estate and infrastructure investments, as well as certain fixed income instruments that are typically private market investments. For these investments, fair value is derived by using valuation techniques. The significant inputs and assumptions used in these valuation models are not observable and may involve significant subjectivity.

4. Fair Value of Financial Instruments (continued)

The levels of input for valuation of the Funds' financial instruments as at March 31, 2014, March 31, 2013 and April 1, 2012 are shown in the following tables:

Teachers' <i>(\$ thousands)</i>	Fair Value March 31, 2014	Level 2	Level 3
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 796,036	\$ 796,036	\$ —
NBIMC Corporate Bond Fund	352,131	352,131	—
NBIMC New Brunswick Fixed Income Opportunity Fund	6,803	—	6,803
NBIMC Money Market Fund	90,976	90,976	—
NBIMC Student Investment Fund	1,586	1,586	—
	1,247,532	1,240,729	6,803
Equities:			
NBIMC Canadian Equity Index Fund	466,510	466,510	—
NBIMC Low Volatility Canadian Equity Fund	102,708	102,708	—
NBIMC External Canadian Equity Fund	195,017	195,017	—
NBIMC S&P/TSX Completion Index Fund	95,923	95,923	—
NBIMC Canadian Equity Active Long Strategy Fund	107,158	107,158	—
NBIMC External International Equity Fund	120,421	120,421	—
NBIMC EAFE Equity Index Fund	555,923	555,923	—
NBIMC Low Volatility International Equity Fund	145,563	145,563	—
NBIMC U.S. Equity Index Fund	478,719	478,719	—
NBIMC Low Volatility U.S. Equity Fund	156,443	156,443	—
	2,424,385	2,424,385	—
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	449,134	449,134	—
NBIMC Canadian Real Estate Fund	85,591	—	85,591
NBIMC Canadian Real Estate Investment Trust Fund	95,464	95,464	—
NBIMC International Real Estate Fund	154,041	154,041	—
NBIMC Infrastructure Fund	43,957	—	43,957
	828,187	698,639	129,548
Alternative Investments:			
NBIMC North American Market Neutral Fund	70,020	70,020	—
NBIMC Quantitative Strategies Fund	100,005	100,005	—
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	12,958	—	12,958
NBIMC Private Equity Fund	158,098	—	158,098
	341,081	170,025	171,056
Contributions receivable	5,327	5,327	—
Other receivables	93	93	—
Accounts payable and accrued liabilities	(3,162)	(3,162)	—
Total	\$ 4,843,443	\$ 4,536,036	\$ 307,407

4. Fair Value of Financial Instruments (continued)

Teachers' <i>(\$ thousands)</i>	Fair Value March 31, 2013	Level 2	Level 3
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 784,199	\$ 784,199	\$ —
NBIMC Corporate Bond Fund	283,500	283,500	—
NBIMC New Brunswick Fixed Income Opportunity Fund	7,351	—	7,351
NBIMC Money Market Fund	30,377	30,377	—
NBIMC Student Investment Fund	1,462	1,462	—
	1,106,889	1,099,538	7,351
Equities:			
NBIMC Canadian Equity Index Fund	451,071	451,071	—
NBIMC Low Volatility Canadian Equity Fund	88,904	88,904	—
NBIMC External Canadian Equity Fund	166,658	166,658	—
NBIMC S&P/TSX Completion Index Fund	82,356	82,356	—
NBIMC Canadian Equity Active Long Strategy Fund	92,118	92,118	—
NBIMC External International Equity Fund	90,983	90,983	—
NBIMC EAFE Equity Index Fund	525,495	525,495	—
NBIMC Low Volatility International Equity Fund	141,377	141,377	—
NBIMC U.S. Equity Index Fund	480,744	480,744	—
NBIMC Low Volatility U.S. Equity Fund	140,568	140,568	—
	2,260,274	2,260,274	—
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	428,109	428,109	—
NBIMC Canadian Real Estate Fund	180,957	—	180,957
NBIMC International Real Estate Fund	141,686	141,686	—
NBIMC Infrastructure Fund	33,516	—	33,516
	784,268	569,795	214,473
Alternative Investments:			
NBIMC North American Market Neutral Fund	64,023	64,023	—
NBIMC Quantitative Strategies Fund	91,530	91,530	—
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	12,404	—	12,404
NBIMC Private Equity Fund	129,098	—	129,098
	297,055	155,553	141,502
Contributions receivable	4,890	4,890	—
Other receivables	171	171	—
Accounts payable and accrued liabilities	(2,694)	(2,694)	—
Total	\$ 4,450,853	\$ 4,087,527	\$ 363,326

4. Fair Value of Financial Instruments (continued)

Teachers' <i>(\$ thousands)</i>	Fair Value April 1, 2012	Level 2	Level 3
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 973,964	\$ 973,964	\$ —
NBIMC Corporate Bond Fund	113,185	113,185	—
NBIMC New Brunswick Fixed Income Opportunity Fund	9,656	—	9,656
NBIMC Money Market Fund	61,765	61,765	—
NBIMC Student Investment Fund	1,390	1,390	—
	1,159,960	1,150,304	9,656
Equities:			
NBIMC Canadian Equity Index Fund	442,871	442,871	—
NBIMC External Canadian Equity Fund	156,296	156,296	—
NBIMC S&P/TSX Completion Index Fund	79,282	79,282	—
NBIMC Canadian Equity Active Long Strategy Fund	128,455	128,455	—
NBIMC External International Equity Fund	79,102	79,102	—
NBIMC EAFE Equity Index Fund	512,159	512,159	—
NBIMC Low Volatility International Equity Fund	84,947	84,947	—
NBIMC U.S. Equity Index Fund	439,365	439,365	—
NBIMC Low Volatility U.S. Equity Fund	83,906	83,906	—
	2,006,383	2,006,383	—
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	384,574	384,574	—
NBIMC Canadian Real Estate Fund	141,434	—	141,434
NBIMC International Real Estate Fund	172,657	172,657	—
NBIMC Infrastructure Fund	23,344	—	23,344
	722,009	557,231	164,778
Alternative Investments:			
NBIMC North American Market Neutral Fund	66,277	66,277	—
NBIMC Quantitative Strategies Fund	78,630	78,630	—
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	7,893	—	7,893
NBIMC Private Equity Fund	115,279	—	115,279
	268,079	144,907	123,172
Contributions receivable	5,037	5,037	—
Accounts payable and accrued liabilities	(2,060)	(2,060)	—
Total	\$ 4,159,408	\$ 3,861,802	\$ 297,606

4. Fair Value of Financial Instruments (continued)

Judges' <i>(\$ thousands)</i>	Fair Value March 31, 2014	Level 2	Level 3
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 5,932	\$ 5,932	\$ —
NBIMC Corporate Bond Fund	2,707	2,707	—
NBIMC New Brunswick Fixed Income Opportunity Fund	52	—	52
NBIMC Money Market Fund	701	701	—
NBIMC Student Investment Fund	11	11	—
	9,403	9,351	52
Equities:			
NBIMC Canadian Equity Index Fund	3,951	3,951	—
NBIMC Low Volatility Canadian Equity Fund	790	790	—
NBIMC External Canadian Equity Fund	1,494	1,494	—
NBIMC S&P/TSX Completion Index Fund	735	735	—
NBIMC Canadian Equity Active Long Strategy Fund	838	838	—
NBIMC External International Equity Fund	923	923	—
NBIMC EAFE Equity Index Fund	4,464	4,464	—
NBIMC Low Volatility International Equity Fund	1,119	1,119	—
NBIMC U.S. Equity Index Fund	3,804	3,804	—
NBIMC Low Volatility U.S. Equity Fund	1,203	1,203	—
	19,321	19,321	—
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	3,267	3,267	—
NBIMC Canadian Real Estate Fund	657	—	657
NBIMC Canadian Real Estate Investment Trust Fund	734	734	—
NBIMC International Real Estate Fund	822	822	—
NBIMC Infrastructure Fund	329	—	329
	5,809	4,823	986
Alternative Investments:			
NBIMC North American Market Neutral Fund	538	538	—
NBIMC Quantitative Strategies Fund	769	769	—
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	100	—	100
NBIMC Private Equity Fund	1,275	—	1,275
	2,682	1,307	1,375
Contributions receivable	177	177	—
Other receivables	1	1	—
Accounts payable and accrued liabilities	(45)	(45)	—
Total	\$ 37,348	\$ 34,935	\$ 2,413

4. Fair Value of Financial Instruments (continued)

Judges' <i>(\$ thousands)</i>	Fair Value March 31, 2013	Level 2	Level 3
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 5,559	\$ 5,559	\$ —
NBIMC Corporate Bond Fund	2,298	2,298	—
NBIMC New Brunswick Fixed Income Opportunity Fund	56	—	56
NBIMC Money Market Fund	229	229	—
NBIMC Student Investment Fund	10	10	—
	8,152	8,096	56
Equities:			
NBIMC Canadian Equity Index Fund	3,712	3,712	—
NBIMC Low Volatility Canadian Equity Fund	668	668	—
NBIMC External Canadian Equity Fund	1,251	1,251	—
NBIMC S&P/TSX Completion Index Fund	618	618	—
NBIMC Canadian Equity Active Long Strategy Fund	707	707	—
NBIMC External International Equity Fund	683	683	—
NBIMC EAFE Equity Index Fund	4,128	4,128	—
NBIMC Low Volatility International Equity Fund	1,063	1,063	—
NBIMC U.S. Equity Index Fund	3,731	3,731	—
NBIMC Low Volatility U.S. Equity Fund	1,056	1,056	—
	17,617	17,617	—
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	3,050	3,050	—
NBIMC Canadian Real Estate Fund	1,361	—	1,361
NBIMC International Real Estate Fund	738	738	—
NBIMC Infrastructure Fund	246	—	246
	5,395	3,788	1,607
Alternative Investments:			
NBIMC North American Market Neutral Fund	481	481	—
NBIMC Quantitative Strategies Fund	688	688	—
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	93	—	93
NBIMC Private Equity Fund	1,007	—	1,007
	2,269	1,169	1,100
Contributions receivable	25	25	—
Other receivables	1	1	—
Accounts payable and accrued liabilities	(26)	(26)	—
Total	\$ 33,433	\$ 30,670	\$ 2,763

4. Fair Value of Financial Instruments (continued)

Judges' <i>(\$ thousands)</i>	Fair Value April 1, 2012	Level 2	Level 3
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 7,129	\$ 7,129	\$ —
NBIMC Corporate Bond Fund	847	847	—
NBIMC New Brunswick Fixed Income Opportunity Fund	72	—	72
NBIMC Money Market Fund	463	463	—
NBIMC Student Investment Fund	11	11	—
	8,522	8,450	72
Equities:			
NBIMC Canadian Equity Index Fund	3,624	3,624	—
NBIMC External Canadian Equity Fund	1,168	1,168	—
NBIMC S&P/TSX Completion Index Fund	593	593	—
NBIMC Canadian Equity Active Long Strategy Fund	961	961	—
NBIMC External International Equity Fund	591	591	—
NBIMC EAFE Equity Index Fund	4,003	4,003	—
NBIMC Low Volatility International Equity Fund	636	636	—
NBIMC U.S. Equity Index Fund	3,401	3,401	—
NBIMC Low Volatility U.S. Equity Fund	628	628	—
	15,605	15,605	—
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	2,721	2,721	—
NBIMC Canadian Real Estate Fund	1,059	—	1,059
NBIMC International Real Estate Fund	986	986	—
NBIMC Infrastructure Fund	169	—	169
	4,935	3,707	1,228
Alternative Investments:			
NBIMC North American Market Neutral Fund	496	496	—
NBIMC Quantitative Strategies Fund	588	588	—
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	59	—	59
NBIMC Private Equity Fund	886	—	886
	2,029	1,084	945
Contributions receivable	36	36	—
Accounts payable and accrued liabilities	(12)	(12)	—
Total	\$ 31,115	\$ 28,870	\$ 2,245

4. Fair Value of Financial Instruments (continued)

The reconciliations for investments in Level 3 of the fair value hierarchy for the years ended March 31 are as follows:

Teachers' <i>(\$ thousands)</i>	Fair Value March 31, 2013	Gains / (losses) in net investment income	Purchases	Settlements	Transfers out of Level 3	Fair Value March 31, 2014
NBIMC New Brunswick Fixed Income Opportunity Fund	\$ 7,351	\$ 75	\$ 4	\$ 627	\$ —	\$ 6,803
NBIMC Canadian Real Estate Fund	180,957	7,432	11,658	114,456	—	85,591
NBIMC Infrastructure Fund	33,516	1,577	11,206	2,342	—	43,957
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	12,404	1,074	1,086	1,606	—	12,958
NBIMC Private Equity Fund	129,098	34,499	21,521	27,020	—	158,098

Teachers' <i>(\$ thousands)</i>	Fair Value April 1, 2012	Gains / (losses) in net investment income	Purchases	Settlements	Transfers out of Level 3	Fair Value March 31, 2013
NBIMC New Brunswick Fixed Income Opportunity Fund	\$ 9,656	\$ 378	\$ 91	\$ 2,774	\$ —	\$ 7,351
NBIMC Canadian Real Estate Fund	141,434	17,748	33,028	11,253	—	180,957
NBIMC Infrastructure Fund	23,344	1,734	9,852	1,414	—	33,516
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	7,893	3,577	2,230	1,296	—	12,404
NBIMC Private Equity Fund	115,279	11,960	16,135	14,276	—	129,098

4. Fair Value of Financial Instruments (continued)

Judges' <i>(\$ thousands)</i>	Fair Value March 31, 2013	Gains / (losses) in net investment income	Purchases	Settlements	Transfers out of Level 3	Fair Value March 31, 2014
NBIMC New Brunswick Fixed Income Opportunity Fund	\$ 56	\$ —	\$ 1	\$ 5	\$ —	\$ 52
NBIMC Canadian Real Estate Fund	1,361	56	107	867	—	657
NBIMC Infrastructure Fund	246	12	87	16	—	329
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	93	8	10	11	—	100
NBIMC Private Equity Fund	1,007	273	193	198	—	1,275

Judges' <i>(\$ thousands)</i>	Fair Value April 1, 2012	Gains / (losses) in net investment income	Purchases	Settlements	Transfers out of Level 3	Fair Value March 31, 2013
NBIMC New Brunswick Fixed Income Opportunity Fund	\$ 72	\$ 4	\$ —	\$ 20	\$ —	\$ 56
NBIMC Canadian Real Estate Fund	1,059	132	255	85	—	1,361
NBIMC Infrastructure Fund	169	13	74	10	—	246
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	59	27	17	10	—	93
NBIMC Private Equity Fund	886	92	141	112	—	1,007

5. Financial Instrument Risk Management

Financial instruments are exposed to risks such as market, interest rate, credit and liquidity risk.

Under its terms of reference, the NBIMC Board of Directors has overall responsibility for understanding the principal risks facing the Funds and the systems that management has put in place to mitigate and manage those risks. Accordingly, the NBIMC Board of Directors is responsible for the establishment of a Statement of Investment Policies (“SIP”) for each of the Funds. Day-to-day investment activities and monitoring of risk controls are delegated to management, which acts in accordance with the SIP. Management produces quarterly reporting of investment performance, policy compliance, and trends and changes in investment risks for the Board.

Management, using information from independent actuarial valuations as well as expectations concerning financial markets, is responsible for the development of a recommended investment asset mix that seeks to deliver the long-term investment return required in the actuarial valuation of each pension plan. This process has the intent of constructing the most efficient investment portfolio to meet the actuarial requirements in a risk controlled fashion. This recommended strategic asset allocation is prepared on at least a triennial basis for consideration by the Board. Once approved, management is responsible for the implementation of the asset mix decision.

An Investment Risk Management Committee, consisting of a cross-functional team of investment, finance and administrative staff, review all proposed and modified investment strategies before implementation to ensure procedures are designed to measure and monitor expected risk exposures. Following implementation, the Compliance, Risk and Performance Measurement department provides independent regular oversight of all securities trading practices against management’s approved investment procedures.

As part of the risk management function, and supplemental to the SIP, NBIMC also uses a statistical modeling technique known as Value at Risk (VaR) to estimate the probability of loss on investment portfolios. Using return, volatility, and correlation figures, VaR models attempt to aggregate the risks involved in separate investments into one cohesive measure. This aggregation involves certain simplifying assumptions, most notably with respect to the shape of the return distribution for the assets being modeled, which can limit the ability of a VaR system to forecast risk in all market environments. Despite these modeling challenges, well constructed VaR systems provide a valuable way to aggregate separate investment risks into one cohesive measure, and therefore monitor and analyze these risks over time.

(a) Market Risk: Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. Market risk includes foreign currency risk, interest rate risk and pricing risk among others. The principal level for managing market risk is to invest in widely diversified countries, sectors and issuers. The Funds hold investments in unit trust funds that invest in active and passive investment strategies and are diversified among domestic and international markets. For further information concerning the risk of the underlying investments, the reader is referred to the financial statements of the NBIMC unit trust funds available at www.nbimc.com.

Investment strategies used by the unit trust funds may involve the use of financial derivatives such as forward foreign exchange contracts or total return swaps. Investment strategies also include “market neutral” strategies whereby an investment in a long position in one stock is matched with a short position in another stock, typically within the same industry sector. With the limited exception of prudent financing for investments in real property, the SIP for each Fund precludes the use of leverage in the investment portfolio. Accordingly, to the extent that there is market exposure from derivative investments and short positions, the Funds will hold cash underlay equal to the amount of market exposure. Market neutral strategies mitigate market risk through adherence to maximum investment limits and stop loss constraints, and have a lower correlation to broad market indices.

5. Financial Instrument Risk Management (continued)

NBIMC conducts certain of its investment activities in the unit trust funds on behalf of the Funds by trading through broker channels on regulated exchanges and in the over-the-counter market. Brokers typically require that collateral be pledged against potential market fluctuations when trading in derivative financial instruments or when shorting security positions. As at March 31, 2014 the fair value of securities that have been deposited or pledged with various financial institutions as collateral or margin (*see also note 5(c)*) are as follows:

(\$ thousands)	March 31, 2014	March 31, 2013	April 1, 2012
Teachers'	\$ 82,391	\$ 103,458	\$ 120,873
Judges'	\$ 634	\$ 778	\$ 906

Foreign currency risk arises from holding investments denominated in currencies other than the Canadian dollar. All of the Funds' investments are in Canadian dollar denominated unit trust funds managed by NBIMC, however certain of the unit trust funds invest in assets denominated in foreign currencies or domiciled in foreign jurisdictions. The SIP for each Fund permits hedging of foreign currency exposure at the portfolio manager's discretion.

Approximately 35% of the Teachers' and 36% of the Judges' underlying investments are denominated in currencies other than the Canadian dollar (March 31, 2013 – 37% and 37% respectively; April 1, 2012 – 36% and 36% respectively), with the largest foreign currency exposure being to the U.S. dollar (Teachers': 20% at each of March 31, 2014, March 31, 2013 and April 1, 2012; Judges': March 31, 2014 -19%; March 31, 2013 – 20% and April 1, 2012 – 19%).

A 1% increase or decrease in the value of the Canadian dollar against all currencies would result in an approximate decrease or increase in the value of the net investment assets at March 31, 2014 of the Teachers' of \$17,315 (March 31, 2013 - \$16,256 and April 1, 2012 - \$14,880) and Judges' of \$133 (March 31, 2013 - \$122 and April 1, 2012 - \$111).

Interest rate risk refers to the effect on the market value of investments due to fluctuation of interest rates. The Funds invest in certain unit trust funds that invest in fixed income securities whose fair values are sensitive to interest rates. The SIP requires NBIMC to adhere to guidelines on duration and yield curve, which are designed to mitigate the risk of interest rate volatility.

If interest rates increased by 1%, and all other variables are held constant, the potential loss in fair value as for the year ended March 31, 2014 to the Teachers would be approximately \$154,332 (March 31, 2013 - \$143,324 and April 1, 2012 - \$139,908) and Judges' of \$1,148 (March 31, 2013 - \$1,040 and April 1, 2012 - \$1,016).

Pricing risk is the risk that equity investments will change in value due to future fluctuations in market prices caused by factors specific to an individual equity investment or other factors affecting all equities traded in the market. The Funds' are exposed to price risk associated with the underlying equity investments held in pools managed by NBIMC. If equity market price indices declined by 1%, and all other variables are held constant, the potential loss for the year ended March 31, 2014 to the Teachers' would be approximately \$27,161 (March 31, 2013 - \$24,751 and April 1, 2012 - \$22,389) and Judges' of \$1,895 (March 31, 2013 - \$1,727 and April 1, 2012 - \$1,562).

5. Financial Instrument Risk Management (continued)

(b) **Credit Risk:** The Funds are exposed to credit-related risk in the event that a unit trust investment in a derivative or debt security counterparty defaults or becomes insolvent. NBIMC has established investment criteria which are designed to manage credit risk by establishing limits by issuer type and credit rating for fixed income and derivative credit exposure. NBIMC monitors these exposures monthly. Such derivative and short and long-term debt securities are restricted to those having investment grade ratings, as provided by a third party rating agency. In addition, each counterparty exposure is restricted to no more than 5% of total assets. Investment grade ratings are BBB and above for longer term debt securities and R-1 for short-term debt. Any credit downgrade below investment grade is subject to review by the NBIMC Board of Directors.

The maximum credit exposure for each of the Funds is as follows:

(\$ thousands)	March 31, 2014	Teachers' March 31, 2013	April 1, 2012
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 770,557	\$ 754,088	\$ 954,381
NBIMC Corporate Bond Fund	350,282	274,768	104,138
NBIMC New Brunswick Fixed Income Opportunity Fund	6,803	7,352	9,634
NBIMC Money Market Fund	90,976	30,376	61,765
NBIMC Student Investment Fund	681	617	581
	1,219,299	1,067,201	1,130,499
Equities:			
NBIMC Canadian Equity Index Fund	398,618	438,827	412,507
NBIMC Low Volatility Canadian Equity Fund	368	301	—
NBIMC External Canadian Equity Fund	144	138	152
NBIMC S&P/TSX Completion Index Fund	237	215	191
NBIMC Canadian Equity Active Long Strategy Fund	52,213	5,504	474
NBIMC EAFE Equity Index Fund	3,171	2,894	2,927
NBIMC Low Volatility International Equity Fund	768	819	254
NBIMC U.S. Equity Index Fund	915	952	668
NBIMC Low Volatility U.S. Equity Fund	238	368	152
	456,672	450,018	417,325
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	443,822	425,761	380,005
NBIMC Canadian Real Estate Fund	—	421	3,920
NBIMC Canadian Real Estate Investment Trust Fund	377	—	—
NBIMC International Real Estate Fund	432	340	359
NBIMC Infrastructure Fund	4,533	4,564	4,354
	449,164	431,086	388,638
Alternative Investments:			
NBIMC North American Market Neutral Fund	114	255	167
NBIMC Quantitative Strategies Fund	1,558	155	304
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	231	990	2,153
	1,903	1,400	2,624
Contributions receivable	5,327	4,890	5,037
Other receivables	93	171	—
Total	\$ 2,132,458	\$ 1,954,766	\$ 1,944,123

5. Financial Instrument Risk Management (continued)

<i>(\$ thousands)</i>	March 31, 2014	Judges' March 31, 2013	April 1, 2012
Fixed Income:			
NBIMC Nominal Bond Fund	\$ 5,743	\$ 5,346	\$ 6,987
NBIMC Corporate Bond Fund	2,693	2,227	779
NBIMC New Brunswick Fixed Income Opportunity Fund	53	55	72
NBIMC Money Market Fund	701	229	463
NBIMC Student Investment Fund	5	5	4
	9,195	7,862	8,305
Equities:			
NBIMC Canadian Equity Index Fund	3,376	3,612	3,375
NBIMC Low Volatility Canadian Equity Fund	3	2	—
NBIMC External Canadian Equity Fund	1	1	1
NBIMC S&P/TSX Completion Index Fund	2	2	1
NBIMC Canadian Equity Active Long Strategy Fund	408	42	4
NBIMC EAFE Equity Index Fund	25	23	23
NBIMC Low Volatility International Equity Fund	6	6	2
NBIMC U.S. Equity Index Fund	7	7	5
NBIMC Low Volatility U.S. Equity Fund	2	3	1
	3,830	3,698	3,412
Inflation Linked Assets:			
NBIMC Inflation Linked Securities Fund	3,230	3,035	2,689
NBIMC Canadian Real Estate Fund	—	3	29
NBIMC Canadian Real Estate Investment Trust Fund	3	—	—
NBIMC International Real Estate Fund	2	2	2
NBIMC Infrastructure Fund	34	34	31
	3,269	3,074	2,751
Alternative Investments			
NBIMC North American Market Neutral Fund	1	2	1
NBIMC Quantitative Strategies Fund	12	1	2
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	2	8	16
	15	11	19
Contributions receivable	177	25	36
Other receivables	1	1	—
Total	\$ 16,487	\$ 14,671	\$ 14,523

5. Financial Instrument Risk Management (continued)

The quality of the maximum credit exposure is as follows:

<i>(\$ thousands)</i>	March 31, 2014	Teachers' March 31, 2013	April 1, 2012
AAA	\$ 723,248	\$ 720,786	\$ 815,494
AA	617,279	564,111	622,132
A	504,336	480,955	361,021
BBB	95,908	61,736	22,835
R-1	186,932	120,071	110,631
Other	4,755	7,107	12,010
	\$ 2,132,458	\$ 1,954,766	\$ 1,944,123

<i>(\$ thousands)</i>	March 31, 2014	Judges' March 31, 2013	April 1, 2012
AAA	\$ 5,331	\$ 5,140	\$ 5,900
AA	4,871	4,392	4,811
A	4,005	3,630	2,689
BBB	737	498	170
R-1	1,507	956	865
Other	36	55	88
	\$ 16,487	\$ 14,671	\$ 14,523

The highest concentration of credit risk at each year end is with Government of Canada bonds.

(c) **Liquidity Risk:** Liquidity risk is the risk of not having sufficient funds available to meet cash demands. Sources of liquidity include pension contributions collected from the employers and employees, cash and readily marketable assets such as government bonds and publicly traded securities. Uses of liquidity include payments to the plan beneficiaries, purchases of securities and settlement of prior commitments for private equity, real estate and infrastructure investments.

The Funds' asset mix is specifically designed to ensure that sufficient liquid assets are available to meet pension benefit obligations as they are required. Other than cash including treasury bills and bankers' acceptances, government bonds are considered the most liquid asset class whereas privately-held debt, equity, real estate and infrastructure investments are considered highly illiquid due to the lack of a readily available market and the longer term to maturity for these investments.

Net liquid assets are defined to include the fair value of all assets excluding private equity, private real estate and infrastructure, New Brunswick regional investments, the fair value of collateral pledged with brokers and counterparties and any unfunded investment commitments. The following tables show the determination of net liquid assets:

5. Financial Instrument Risk Management (continued)

<i>(\$ thousands)</i>	March 31, 2014	Teachers' March 31, 2013	April 1, 2012
Net assets available for benefits	\$ 4,843,443	\$ 4,450,853	\$ 4,159,408
Less: investment in NBIMC New Brunswick Fixed Income Opportunity Fund <i>(note 3)</i>	(6,803)	(7,351)	(9,656)
Less: non-publicly traded assets in NBIMC Canadian Real Estate Fund <i>(note 3)</i>	(85,591)	(87,074)	(57,935)
Less: investment in NBIMC Infrastructure Fund <i>(note 3)</i>	(43,957)	(33,516)	(23,344)
Less: investment in NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund <i>(note 3)</i>	(12,958)	(12,404)	(7,893)
Less: investment in NBIMC Private Equity Fund <i>(note 3)</i>	(158,098)	(129,098)	(115,279)
Less: collateral pledged <i>(note 5(a))</i>	(82,391)	(103,458)	(120,873)
Less: investment commitments <i>(note 9)</i>	(147,221)	(108,179)	(92,934)
Net liquid assets	\$ 4,306,424	\$ 3,969,773	\$ 3,731,494

<i>(\$ thousands)</i>	March 31, 2014	Judges' March 31, 2013	April 1, 2012
Net assets available for benefits	\$ 37,348	\$ 33,433	\$ 31,115
Less: investment in NBIMC New Brunswick Fixed Income Opportunity Fund <i>(note 3)</i>	(52)	(56)	(72)
Less: non-publicly traded assets in NBIMC Canadian Real Estate Fund <i>(note 3)</i>	(657)	(655)	(434)
Less: investment in NBIMC Infrastructure Fund <i>(note 3)</i>	(329)	(246)	(169)
Less: investment in NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund <i>(note 3)</i>	(100)	(93)	(59)
Less: investment in NBIMC Private Equity Fund <i>(note 3)</i>	(1,275)	(1,007)	(886)
Less: collateral pledged <i>(note 5(a))</i>	(634)	(778)	(906)
Less: investment commitments <i>(note 9)</i>	(1,179)	(841)	(712)
Net liquid assets	\$ 33,122	\$ 29,757	\$ 27,877

(d) Securities Lending: The Funds' SIP permits NBIMC to enter into a securities lending arrangement, externally with their securities custodian or internally among the unit trust funds that NBIMC manages, with the objective of enhancing portfolio returns.

Under the external program, the securities custodian, who is an independent third party, may loan securities owned by the unit trust funds to other approved borrowers in exchange for collateral in the form of readily marketable government-backed securities equal to at least 105% of the value of securities on loan and a borrowing fee. NBIMC has restricted the approved borrowers under the external securities lending program to manage exposure to counterparty credit risk. As at March 31, 2014, underlying securities in the amount of \$583,518 (March 31, 2013 - \$488,629; April 1, 2012 - \$486,812) have been loaned on behalf of the Teachers' and \$4,392 (March 31, 2013 - \$3,609; April 1, 2012 - \$3,612) have been loaned on behalf of the Judges'.

Under the internal securities lending program, certain unit trust funds may loan securities to a borrowing unit trust fund subject to an intra-fund collateral management agreement and a borrowing fee. As at March 31, 2014, underlying securities in the amount of \$19,854 (March 31 2013 - \$30,467; April 1, 2012 - \$7,991) were loaned on behalf of the Teachers' and \$20,648 (March 31, 2013 - \$30,844; April 1, 2012 - \$8,153) were borrowed. As at March 31, 2014, underlying securities in the amount of \$160 (March 31, 2013 - \$233; April 1, 2012 - \$62) were loaned on behalf of the Judges' and \$158 (March 31, 2013 - \$232; April 1, 2012 - \$61) were borrowed.

6. Net Investment Income

Net investment income (loss) by unit trust fund for the year ended March 31, after allocating net gains (losses) on investments, is as follows:

(\$ thousands)	Teachers'		Judges'	
	2014	2013	2014	2013
Fixed Income:				
NBIMC Nominal Bond Fund	\$ 5,521	\$ 35,911	\$ 43	\$ 258
NBIMC Corporate Bond Fund	7,550	11,767	59	93
NBIMC New Brunswick Fixed Income Opportunity Fund	74	378	1	3
NBIMC Money Market Fund	517	452	4	3
NBIMC Student Investment Fund	124	72	1	—
	13,786	48,580	108	357
Equities:				
NBIMC Canadian Equity Index Fund	72,753	35,309	609	286
NBIMC Low Volatility Canadian Equity Fund	15,902	1,869	121	14
NBIMC External Canadian Equity Fund	31,332	10,471	238	78
NBIMC S&P/TSX Completion Index Fund	14,615	3,123	112	23
NBIMC Canadian Equity Active Long Strategy Fund	15,186	8,504	118	66
NBIMC External International Equity Fund	31,025	11,948	235	89
NBIMC EAFE Equity Index Fund	134,984	69,540	1,072	541
NBIMC Low Volatility International Equity Fund	26,696	18,626	203	139
NBIMC U.S. Equity Index Fund	134,964	69,502	1,061	537
NBIMC Low Volatility U.S. Equity Fund	34,792	21,454	265	160
	512,249	250,346	4,034	1,933
Inflation Linked Assets:				
NBIMC Inflation Linked Securities Fund	(23,165)	9,613	(164)	68
NBIMC Canadian Real Estate Fund	7,432	17,747	57	133
NBIMC Canadian Real Estate Investment Trust Fund	1,239	—	10	—
NBIMC International Real Estate Fund	20,243	23,670	108	129
NBIMC Infrastructure Fund	1,578	1,734	12	13
	7,327	52,764	23	343
Alternative Investments:				
NBIMC North American Market Neutral Fund	4,012	365	30	3
NBIMC Quantitative Strategies Fund	6,174	4,327	47	33
NBIMC New Brunswick and Atlantic Canada Equity Opportunity Fund	1,073	3,577	8	27
NBIMC Private Equity Fund	34,499	11,961	274	92
	45,758	20,230	359	155
Net investment income	\$ 579,120	\$ 371,920	\$ 4,524	\$ 2,788

7. Capital and Annualized Long-Term Returns

The definition of capital, as it pertains to each of the Funds, is the net assets available for benefits. For purposes of preparing these special purpose financial statements, net assets available for benefits do not include the pension liabilities and consequently, these financial statements do not purport to show the adequacy of net assets available for benefits to meet the pension obligations.

As required for a defined benefit pension plan, each Fund's objective is to achieve annualized long-term returns that will meet or exceed the investment return assumptions contained in the actuarial valuation for each of the pension plans. The commentary in Note 3 – *Investments*, Note 4 – *Fair Value of Financial Instruments* and Note 5 – *Financial Instrument Risk Management* provide qualitative descriptions of the investment management process and quality of investments.

The most recent actuarial valuation received for the Teachers' is April 1, 2012 and for the Judges' is April 1, 2010. These valuations provide the long-term nominal and inflation adjusted return assumptions. The target long-term nominal investment return assumptions contained therein and a summary of the four year and ten year annualized long-term nominal returns for each Fund is as follows:

	2014			2013		
	Annualized Nominal Returns Actuarial Requirement	4 Year	10 Year	Annualized Nominal Returns Actuarial Requirement	4 Year	10 Year
Teachers'	6.60%	9.47%	6.83%	6.60%	11.04%	7.87%
Judges'	6.60%	9.47%	6.93%	6.60%	10.93%	8.13%

8. Related Party Transactions

The Minister of Finance is the Plan Governor for the TPA and each of the PCA and JPA and therefore the Funds are related to the Province of New Brunswick. The Plan Governor is the Plan Sponsor and is responsible for the administration of collections from and payments to the pension plan members and beneficiaries as shown in the Statement of Changes in Net Assets Available for Benefits.

NBIMC, as a Crown Corporation of the Province of New Brunswick and as the Trustee of the Funds, is also a related party to each of the Funds. The Plan Sponsor and NBIMC charge fees for services rendered to the respective Funds on a cost recovery basis in amounts as shown in the Statements of Changes in Net Assets Available for Benefits.

All of the Funds' investments included in the Statement of Net Assets Available for Benefits are in unit trust funds that are managed by NBIMC. The Funds have an undivided interest in the underlying assets of the unit trust funds (*see note 3*). In addition, the NBIMC Canadian Real Estate Fund has made certain of its direct and indirect real estate investments using wholly-owned subsidiary company structures.

Included in the Statement of Net Assets Available for Benefits are investments in New Brunswick provincial and municipal bonds that are recorded at their fair values as follows:

(\$ thousands)	March 31, 2014	March 31, 2013	April 1, 2012
Teachers'	\$ 33,399	\$ 30,454	\$ 41,911
Judges'	\$ 249	\$ 216	\$ 307

Contributions receivable from employers and employees as at March 31, 2014, March 31, 2013 and April 1, 2012 are as shown in the Statement of Net Assets Available for Benefits.

8. Related Party Transactions (continued)

Accounts payable and accrued liabilities as shown in the Statement of Net Assets Available for Benefits include the following amounts due to related parties:

Teachers' (\$ thousands)	March 31, 2014	March 31, 2013	April 1, 2012
Fees payable to NBIMC	\$ 1,101	\$ 1,161	\$ 809
Fees payable to the Province of New Brunswick	1,086	970	728

Judges' (\$ thousands)	March 31, 2014	March 31, 2013	April 1, 2012
Fees payable to NBIMC	\$ 9	\$ 11	\$ 8
Fees payable to the Province of New Brunswick	28	12	1

9. Commitments

The NBIMC Canadian Real Estate Fund and the NBIMC Private Equity Fund have committed to enter into investments which may be funded over the next several years in accordance with the terms and conditions agreed to in various partnership agreements. The Funds' share of unfunded commitments are:

Teachers' (\$ thousands)	March 31, 2014	March 31, 2013	April 1, 2012
NBIMC Canadian Real Estate Fund	\$ 20,990	\$ 6,975	\$ 15,906
NBIMC Private Equity Fund	126,231	101,204	77,028
	\$ 147,221	\$ 108,179	\$ 92,934

Judges' (\$ thousands)	March 31, 2014	March 31, 2013	April 1, 2012
NBIMC Canadian Real Estate Fund	\$ 161	\$ 52	\$ 119
NBIMC Private Equity Fund	1,018	789	593
	\$ 1,179	\$ 841	\$ 712

10. Transition to Section 4600 and IFRS

The effect of the Funds' transition to Section 4600 and IFRS is summarized in this note as follows:

Impact of changes in accounting policies due to transition to Section 4600 and IFRS

Coincident with the Funds' adoption of Section 4600 and IFRS, the NBIMC unit trust funds also adopted IFRS. In applying IFRS 13, the NBIMC unit trust funds changed their accounting policy for fair value measurement from using bid/ask prices for financial reporting purposes as required under previous Canadian Generally Accepted Accounting Principles ("GAAP") to using market close prices as permitted under IFRS 13. As allowed under IFRS 13, if an asset or a liability measured at fair value has a bid and an ask price, the price within the bid-ask spread that is the most representative of fair value in the circumstances shall be used to measure fair value. The NBIMC unit trust funds use closing market price as a practical expedient for fair value measurement.

10. Transition to Section 4600 and IFRS (continued)

The Funds use the reported NBIMC unit trust funds' net asset values for recording the fair value of their unit holdings for financial reporting purposes. Consequently, the Funds have retroactively reflected these revised net asset values in these financial statements on a consistent basis in accordance with Section 4600 and IFRS.

The following tables show the adjustment made from previously reported results under Canadian GAAP to the results reported under Section 4600 and IFRS.

Teachers'	Previously reported as at March 31, 2013	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS March 31, 2013
ASSETS			
Investments	\$ 4,446,152	\$ 2,334	\$ 4,448,486
Contributions receivable from employers	4,087	—	4,087
Contributions receivable from employees	803	—	803
Other receivable	171	—	171
	4,451,213	2,334	4,453,547
LIABILITIES			
Accounts payable and accrued liabilities	2,694	—	2,694
Net assets available for benefits	\$ 4,448,519	\$ 2,334	\$ 4,450,853

Teachers'	Previously reported as at March 31, 2013	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS March 31, 2013
INCREASE IN NET ASSETS			
Net investment income	\$ 371,486	\$ 434	\$ 371,920
Employee pension contributions	47,877	—	47,877
Employer pension contributions	46,139	—	46,139
Employer special contributions	98,627	—	98,627
	564,129	434	564,563
DECREASE IN NET ASSETS			
Payments to sponsor for benefits	265,565	—	265,565
Payments to sponsor for expenses	1,561	—	1,561
Fees paid to third party suppliers	1,627	—	1,627
Fees paid to NBIMC	4,164	—	4,164
Harmonized sales tax, net of rebates	201	—	201
	273,118	—	273,118
Net increase for the year	291,011	434	291,445
Net assets available for benefits, beginning of year	4,157,508	1,900	4,159,408
Net assets available for benefits, end of year	\$ 4,448,519	\$ 2,334	\$ 4,450,853

10. Transition to Section 4600 and IFRS (continued)

Teachers'	Previously reported as at March 31, 2012	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS April 1, 2012
ASSETS			
Investments	\$ 4,154,531	\$ 1,900	\$ 4,156,431
Contributions receivable from employers	4,234	—	4,234
Contributions receivable from employees	803	—	803
Other receivable	—	—	—
	4,159,568	1,900	4,161,468
LIABILITIES			
Accounts payable and accrued liabilities	2,060	—	2,060
Net assets available for benefits	\$ 4,157,508	\$ 1,900	\$ 4,159,408

Teachers'	Previously reported as at March 31, 2012	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS April 1, 2012
INCREASE IN NET ASSETS			
Net investment income	\$ 206,093	\$ 1,900	\$ 207,993
Employee pension contributions	47,847	—	47,847
Employer pension contributions	46,367	—	46,367
Employer special contributions	94,380	—	94,380
	394,687	1,900	396,587
DECREASE IN NET ASSETS			
Payments to sponsor for benefits	255,075	—	255,075
Payments to sponsor for expenses	1,550	—	1,550
Fees paid to third party suppliers	1,837	—	1,837
Fees paid to NBIMC	3,929	—	3,929
Harmonized sales tax, net of rebates	365	—	365
	262,756	—	262,756
Net increase for the year	131,931	1,900	133,831
Net assets available for benefits, beginning of year	4,025,577	—	4,025,577
Net assets available for benefits, end of year	\$ 4,157,508	\$ 1,900	\$ 4,159,408

10. Transition to Section 4600 and IFRS (continued)

Judges'	Previously reported as at March 31, 2013	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS March 31, 2013
ASSETS			
Investments	\$ 33,415	\$ 18	\$ 33,433
Contributions receivable from employer	25	—	25
Other receivable	1	—	1
	33,441	18	33,459
LIABILITIES			
Accounts payable and accrued liabilities	26	—	26
Net assets available for benefits	\$ 33,415	\$ 18	\$ 33,433

Judges'	Previously reported as at March 31, 2013	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS March 31, 2013
INCREASE IN NET ASSETS			
Net investment income	\$ 2,785	\$ 3	\$ 2,788
Employee pension contributions	398	—	398
Employer pension contributions	326	—	326
Employer special contributions	153	—	153
	3,662	3	3,665
DECREASE IN NET ASSETS			
Payments to sponsor for benefits	1,278	—	1,278
Payments to sponsor for expenses	27	—	27
Fees paid to third party suppliers	11	—	11
Fees paid to NBIMC	30	—	30
Harmonized sales tax, net of rebates	1	—	1
	1,347	—	1,347
Net increase for the year	2,315	3	2,318
Net assets available for benefits, beginning of year	31,100	15	31,115
Net assets available for benefits, end of year	\$ 33,415	\$ 18	\$ 33,433

10. Transition to Section 4600 and IFRS (continued)

Judges'	Previously reported as at March 31, 2012	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS April 1, 2012
ASSETS			
Investments	\$ 31,076	\$ 15	\$ 31,091
Contributions receivable from employer	36	—	36
Other receivable	—	—	—
	31,112	15	31,127
LIABILITIES			
Accounts payable and accrued liabilities	12	—	12
Net assets available for benefits	\$ 31,100	\$ 15	\$ 31,115

Judges'	Previously reported as at March 31, 2012	Adjustment from bid/ask to market close pricing	Revised to Section 4600 and IFRS April 1, 2012
INCREASE IN NET ASSETS			
Net investment income	\$ 1,427	\$ 15	\$ 1,442
Employee pension contributions	471	—	471
Employer pension contributions	696	—	696
Employer special contributions	305	—	305
	2,899	15	2,914
DECREASE IN NET ASSETS			
Payments to sponsor for benefits	1,167	—	1,167
Payments to sponsor for expenses	32	—	32
Fees paid to third party suppliers	12	—	12
Fees paid to NBIMC	29	—	29
Harmonized sales tax, net of rebates	2	—	2
	1,242	—	1,242
Net increase for the year	1,657	15	1,672
Net assets available for benefits, beginning of year	29,443	—	29,443
Net assets available for benefits, end of year	\$ 31,100	\$ 15	\$ 31,115

11. Subsequent events

In May 2014, The *Teachers' Pension Act* was repealed and replaced with the *Teachers' Pension Plan Act*. The pension plan under the *Teachers' Pension Act* will be converted on July 1, 2014.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION
FINANCIAL STATEMENTS
March 31, 2014

INDEPENDENT AUDITORS' REPORT

To the Directors of New Brunswick Investment Management Corporation

We have audited the accompanying financial statements of New Brunswick Investment Management Corporation, which comprise the statement of financial position as at March 31, 2014, the statements of operations and changes in accumulated deficit, changes in net debt and its cash flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of New Brunswick Investment Management Corporation as at March 31, 2014, and its results of operations and changes in accumulated deficit, changes in net debt and cash flow for the year then ended in accordance with Canadian public sector accounting standards.



Chartered Accountants
June 30, 2014
Fredericton, Canada

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Statement of Financial Position**

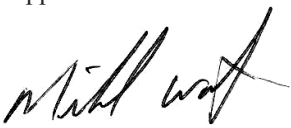
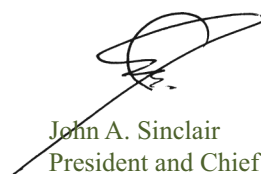
As at March 31, 2014

(in thousands of Canadian dollars)

	2014	2013
FINANCIAL ASSETS		
Cash	\$ 82	\$ 89
Accounts receivable	2,487	2,522
Other receivables	122	5
Total financial assets	2,691	2,616
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities	2,987	2,191
Supplemental pension <i>(note 5)</i>	368	374
Employee future benefits <i>(note 6)</i>	59	730
Total financial liabilities	3,414	3,295
NET DEBT	(723)	(679)
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(note 3)</i>	347	271
Prepaid expenses	282	237
Total non-financial assets	629	508
ACCUMULATED DEFICIT	\$ (94)	\$ (171)

Contractual obligations and contingencies *(note 4)*Indemnifications *(note 9)**See accompanying notes to financial statements*

Approved on behalf of the Board:


Michael W. Walton
Chairman of the Board

John A. Sinclair
President and Chief Executive Officer

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Operations and Changes in Accumulated Deficit

For the year ended March 31, 2014

(in thousands of Canadian dollars)

	Budget 2014 (note 8)	Actual 2014	Actual 2013
REVENUE			
Investment management fees	\$ 10,380	\$ 10,257	\$ 8,879
Other	—	2	2
Total revenue	10,380	10,259	8,881
EXPENSES			
Salaries and benefits	7,183	7,422	6,415
Information systems	1,543	1,491	1,409
Office and business	578	377	351
Professional services	553	478	301
Office rent	323	307	309
Amortization of tangible capital assets	135	107	140
Total expenses	10,315	10,182	8,925
ANNUAL SURPLUS / (DEFICIT)	\$ 65	\$ 77	\$ (44)
ACCUMULATED DEFICIT, beginning of year	\$ (171)	\$ (171)	\$ (127)
Annual surplus / (deficit)	65	77	(44)
ACCUMULATED DEFICIT, end of year	\$ (106)	\$ (94)	\$ (171)

See accompanying notes to financial statements

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Changes in Net Debt

For the year ended March 31, 2014

(in thousands of Canadian dollars)

	Budget 2014 (note 8)	Actual 2014	Actual 2013
NET DEBT, BEGINNING OF YEAR	\$ (679)	\$ (679)	\$ (742)
CHANGES IN YEAR			
Annual surplus / (deficit)	65	77	(44)
Purchases of tangible capital assets	(200)	(183)	(96)
Amortization of tangible capital assets	135	107	140
Net change in prepaid expenses	—	(45)	63
DECREASE (INCREASE) IN NET DEBT	—	(44)	63
NET DEBT, END OF YEAR	\$ (679)	\$ (723)	\$ (679)

See accompanying notes to financial statements

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Cash Flow

For the year ended March 31, 2014

(in thousands of Canadian dollars)

	2014	2013
OPERATING ACTIVITIES		
Annual surplus / (deficit)	\$ 77	\$ (44)
Non cash items:		
Amortization of tangible capital assets	107	140
Decrease (increase) in accounts receivable	35	(777)
(Increase) decrease in other receivables	(117)	3
Increase in accounts payable and accrued liabilities	796	662
(Decrease) increase in supplemental pension	18	17
(Decrease) increase in employee future benefits	171	88
Decrease (increase) in prepaid expenses	(45)	63
Net cash from operating activities	1,042	152
CAPITAL ACTIVITIES		
Purchases of tangible capital assets	(183)	(96)
Net cash used in capital activities	(183)	(96)
FINANCING ACTIVITIES		
Payment of supplemental pension	(24)	(22)
Payment of retirement allowance	(842)	—
Net cash used in financing activities	(866)	(22)
(DECREASE) INCREASE IN CASH DURING YEAR	(7)	34
Cash, beginning of year	89	55
CASH, END OF YEAR	\$ 82	\$ 89

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

Years ended March 31, 2014

(in thousands of Canadian dollars)

1. Nature of Operations

New Brunswick Investment Management Corporation (“NBIMC”) was established pursuant to the *New Brunswick Investment Management Corporation Act* which was proclaimed on March 11, 1996.

NBIMC is a non-share capital corporation. NBIMC recovers all operating expenses and capital expenditures on a cost recovery basis. As a crown corporation, NBIMC is exempt from federal and provincial income taxes.

NBIMC’s legislated mandate is to:

- Act as trustee for the Teachers’ Pension Fund and the Judges’ Superannuation Fund (“the Funds”);
- Provide investment counseling services and other services for certain trust funds;
- Promote the development of the financial services industry and capital markets in the Province of New Brunswick;
- Have regard to investment opportunities in the Province of New Brunswick in developing its investment policies; and
- Carry out such other activities or duties as may be authorized or required by the Act or as the Lieutenant-Governor in Council may direct.

At March 31, 2014, the estimated market value of assets managed by NBIMC was \$11.6 billion (2013 - \$10.1 billion). These assets are substantially held in separate pooled fund unit trust entities, managed by NBIMC. NBIMC does not consolidate the financial results of the Funds or the pooled funds with these corporate financial statements.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards for other government organizations. The significant accounting policies used in the preparation of these financial statements are as follows:

(a) Revenue recognition

Fees for services are recognized in revenue as services are performed and collection is probable.

(b) Tangible capital assets

Tangible capital assets are recorded at acquisition cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives, calculated on a straight-line basis, using the following rates:

Computer equipment	- 3 years
Furniture and equipment	- 5 to 12.5 years
Leasehold improvements	- over the remaining lease term

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that their value of future economic benefits is less than their carrying amount. Useful lives are assessed annually and revisions to the useful life are made as required.

2. Significant Accounting Policies (cont'd)

(c) *Employee future benefits*

(i) Pension benefits:

Full-time employees of NBIMC were covered by the *Public Service Superannuation Act* (the “PSSA”) of the Province of New Brunswick. The PSSA was a defined benefit multi-employer plan under which contributions were made by both NBIMC and the employees. Effective January 1, 2014, the PSSA was converted to the Public Service Shared Risk Plan (“PSSRP”). Contributions continue to be made by both NBIMC and the employees. NBIMC has no direct liability or entitlement to any unfunded liability or surplus in either plan.

(ii) Sick leave benefits:

NBIMC provides a sick leave benefit for eligible employees that accumulate but do not vest. The benefits accrue over the estimated service life of the employees and are expensed according to actuarial estimates and assumptions.

(d) *Financial instruments*

Financial instruments are contracts that establish rights and obligations to receive or deliver economic benefits. Financial assets consist of cash and accounts and other receivables. Financial liabilities include accounts payable and accrued liabilities. The determination of fair value is dependent upon the use of measurement inputs with varying degrees of subjectivity. The level of subjectivity can be classified and is referred to as the fair value hierarchy. Cash is recorded at fair value and is grouped into Level 1 fair value hierarchy. Accounts and other receivables are measured at the lower of amortized cost and net recoverable amount. Accounts payable and accrued liabilities are measured at amortized cost.

(e) *Measurement uncertainty*

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized or disclosed in financial statements. Such uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Examples of such uncertainty include the determination of the estimated useful life and selection of rates of amortization of tangible capital assets (*note 3*), the estimated actuarial liability for supplemental pension (*note 5*) and the actuarial estimates and assumptions used for the valuation of employee future benefits (*note 6*).

3. Tangible Capital Assets

	Computer equipment	Furniture and equipment	Leasehold Improvements	March 31, 2014 Total
Cost				
Opening balance	\$ 932	\$ 398	\$ 407	\$ 1,737
Purchases	152	24	7	183
Closing balance	1,084	422	414	1,920
Accumulated amortization				
Opening accumulated amortization	793	340	333	1,466
Amortization expense	86	12	9	107
Closing accumulated amortization	879	352	342	1,573
Net book value	\$ 205	\$ 70	\$ 72	\$ 347

	Computer equipment	Furniture and equipment	Leasehold Improvements	March 31, 2013 Total
Cost				
Opening balance	\$ 851	\$ 383	\$ 407	\$ 1,641
Purchases	81	15	—	96
Closing balance	932	398	407	1,737
Accumulated amortization				
Opening accumulated amortization	672	329	325	1,326
Amortization expense	121	11	8	140
Closing accumulated amortization	793	340	333	1,466
Net book value	\$ 139	\$ 58	\$ 74	\$ 271

4. Contractual Obligations and Contingencies

NBIMC leases its premises under a ten year operating lease which expires on January 31, 2022. The future minimum lease payments are \$256 per annum. Upon signing, NBIMC received a lease inducement in the amount of \$25 which is being amortized to office rent expense in the Statement of Operations on a straight-line basis over the term of the lease. A first charge on the leasehold improvements, furniture and equipment has been pledged to the landlord as collateral for the lease inducement.

The lease contains two possible early termination clauses which would result in a retroactive increase to the minimum lease payments made to reflect the shorter lease term. Early termination would also trigger repayment of the unamortized balance of the lease inducement.

5. Supplemental Pension

NBIMC has an estimated liability of \$368 (2013 - \$374) for special supplemental pension relating to past service awarded during 2003-2004. This amount is equivalent to the commuted value of the expected payments. The ultimate cost to NBIMC will vary based on the rise in the consumer price index and demographic factors. Changes in the expected liability are recorded in the period the change occurs. Payments to date and future payments will be received from an increase in the fees charged to the Funds. NBIMC expects to make payments in the amount of \$24 within the next twelve months.

NOTES TO FINANCIAL STATEMENTS

6. Employee Future Benefits

a) Pension

For the year ended March 31, 2014, NBIMC expensed contributions of \$439 under the terms of the PSSA and PSSRP pension plans (2013 - \$362).

b) Retirement allowance

Full-time employees of NBIMC hired prior to September 1, 2011 were entitled to be paid a retirement allowance upon their retirement based upon years of service. Over the service life of its employees, NBIMC accrued the estimated future liability based upon actuarial estimates and assumptions. The accrued liability was reduced by actual payments made. This was an unfunded program with no specific assets segregated to meet the obligations when they come due. In 2013, the accrued benefit liability was \$675.

On April 30, 2013, the Board of Directors approved a discontinuance of the retirement allowance benefit for all eligible employees effective April 30, 2013. Current benefit entitlements of approximately \$842 were fully paid out during the year.

c) Sick leave

Full-time employees are provided a sick leave benefit that accumulates at a rate of 1.25 days per month to a maximum of 240 days. An employee can take a sick leave with pay for an amount of time equal to the accumulated sick leave or can be granted up to a maximum of 15 working days of pay if the employee does not have enough sick leave and is expected to be able to return to work within a short time. This is an unfunded program with no specific assets segregated to meet the obligations when they come due.

The significant assumptions used for the valuation of the sick leave benefit for the year ended March 31, 2014 were:

	2014	2013
Annual discount rate	3.85%	3.39%
Annual salary increases	2.75%	3.0%
Mortality	None	None
Retirement age	62	60
Actuarial cost method	Projected Unit Credit pro-rated on service	

For purposes of the actuarial valuation, the assumption for the net excess (over 15 days) utilization rate of sick leave is 0 – 2 days depending upon the individual's age.

6. Employee Future Benefits (cont'd)

Information on the sick leave liability included in employee future benefits in the Statement of Financial Position is as follows:

	2014	2013
Accrued sick leave obligation		
Balance, beginning of year	\$ 72	\$ 65
Current service cost	11	10
Benefit payments	(10)	(6)
Interest cost	2	2
Actuarial loss	(2)	1
Balance, end of year (unfunded)	73	72
Unamortized net actuarial gain	(14)	(17)
Accrued sick leave liability	\$ 59	\$ 55

7. Related Party Transactions

NBIMC is related to all Province of New Brunswick departments, agencies and Crown corporations by virtue of common ownership. In addition to its participation in the pension and supplementary pension plans, NBIMC obtains certain office services from related parties during its normal course of operations which are recorded at the exchange amount agreed to by the parties.

Amounts payable to a related party are included in accounts payable and accrued liabilities in the amount of \$nil (2013 - \$42). Included in office and business expenses are fees in the amount of \$33 (2013 - \$26).

NBIMC is economically dependent upon the revenue received from its clients by virtue of the cost recovery business model under which it operates.

8. Budget

The budget amounts included in these financial statements are the amounts consolidated into the Main Estimates for the Province of New Brunswick. Management prepares the budget using best estimates that reflect past experience as well as expected future plans. The budget was reviewed and approved on November 25, 2013 by NBIMC's Board of Directors and submitted to the Minister of Finance in December.

9. Indemnifications

NBIMC provides indemnifications to its officers and directors pursuant to certain corporate by-laws. NBIMC may be required to compensate these individuals in the event of a claim being made against them. The contingent nature of these indemnification obligations prevents NBIMC from making a reasonable estimate of the maximum potential payments that NBIMC would be required to make. To date, NBIMC has not received any claims nor made any payments pursuant to such indemnifications.

10. Financial Instrument Risk Management

The Corporation has exposure to credit risk. Credit risk arises from the potential that a counterparty will fail to perform its obligations. NBIMC is exposed to the carrying value of its accounts and other receivables, all of which have been collected subsequent to the date of the financial statements.