

Financial Statements of

**NEW BRUNSWICK INVESTMENT
MANAGEMENT CORPORATION**

Year ended March 31, 2007

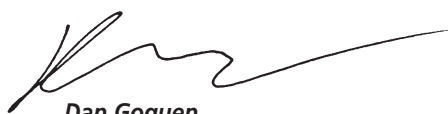
MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The Financial Statements of the New Brunswick Investment Management Corporation are the responsibility of the management of the Corporation. They have been approved by its Board of Directors.

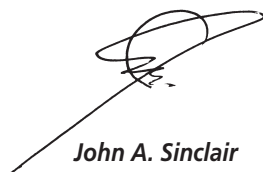
Management prepared the financial statements in accordance with generally accepted accounting principles.

The New Brunswick Investment Management Corporation maintains books of account, systems of information and systems of financial and management control which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

The Board of Directors oversees financial reporting through its Audit Committee. The committee reviews matters related to accounting, auditing, internal control systems, the financial statements and report of the external auditors.



Dan Goguen
Vice-President, Finance and Administration



John A. Sinclair
President and Chief Executive Officer

AUDITORS' REPORT

To the Directors of New Brunswick Investment Management Corporation

We have audited the statement of financial position of New Brunswick Investment Management Corporation as at March 31, 2007 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2007 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



KPMG LLP
Chartered Accountants

Fredericton, NB, Canada
May 11, 2007

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION
Financial Statements**

Year ended March 31, 2007

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NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Financial Position

March 31, 2007, with comparative figures for 2006

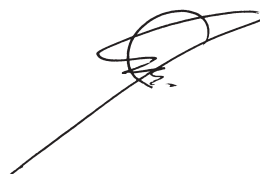
	2007	2006
Assets:		
Current assets:		
Cash	\$ 26,203	\$ 5,122
Accounts receivable, Pension Funds	2,900,042	2,384,481
Other receivables	7,224	4,106
Prepaid expenses	243,945	266,581
	3,177,414	2,660,290
Capital assets (note 3)	218,373	229,199
	\$ 3,395,787	\$ 2,889,489
Liabilities, Deferred Contributions and Net Assets:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,608,725	\$ 2,211,472
Harmonized sales tax	134,343	38,453
Current portion of pension liability (note 5)	23,717	23,114
	2,766,785	2,273,039
Pension liability (note 5)	254,224	277,968
Employee future benefit liability (note 6)	156,405	109,283
Deferred contributions related to capital assets (note 7)	218,373	229,199
Net assets	-	-
Commitment (note 4)		
	\$ 3,395,787	\$ 2,889,489

See accompanying notes to financial statements.

Approved on behalf of the Board:



Vice Chairman of the Board



President and Chief Executive Officer

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Operations and Changes in Net Assets

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Fees:		
Public Service Superannuation Fund	\$ 6,000,522	\$ 4,735,099
Teachers' Pension Fund	5,131,260	4,115,250
Judges' Superannuation Fund	37,435	30,601
Amortization of deferred contributions related to capital assets	113,959	117,476
Other income	1,162	50,793
	<u>11,284,338</u>	<u>9,049,219</u>
Expenses:		
Salaries and benefits	4,353,615	3,799,508
Other services (note 8)	6,746,459	5,066,056
Materials and supplies	70,305	66,179
Amortization of capital assets	113,959	117,476
	<u>11,284,338</u>	<u>9,049,219</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2007

New Brunswick Investment Management Corporation (the "Corporation") was established pursuant to the New Brunswick Investment Management Corporation Act which was proclaimed on March 11, 1996. The Corporation is exempt from income taxes.

Its legislated mandate is to:

- act as trustee for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund ("the Funds");
- provide investment counselling services and other services for certain trust funds;
- promote the development of the financial services industry and capital markets in the Province;
- have regard to investment opportunities in the Province 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.

1. Significant accounting policies:

(a) Accounting entity:

The Corporation is an entity separate from the pension funds for which it is trustee. Expenses of the Corporation are fully funded by the Funds.

(b) Basis of accounting:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(c) Capital assets:

Capital assets are recorded at cost and amortization is calculated on a straight-line basis using annual rates shown in note 3.

(d) Revenue recognition:

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

The Corporation follows the deferral method of accounting for contributions. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis at rates corresponding with amortization rates for the related capital assets.

2. Statement of Cash Flows:

A statement of cash flows has not been prepared as the required cash flow information is readily apparent from the other financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2007

3. Capital assets:

				2007	2006
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	33 1/3%	\$ 460,204	\$ 381,802	\$ 78,402	\$ 84,956
Furniture and equipment	8%	357,719	249,019	108,700	105,257
Leasehold improvements	Straight-line over remaining lease term	282,318	251,047	31,271	38,986
		\$ 1,100,241	\$ 881,868	\$ 218,373	\$ 229,199

4. Commitments:

The Corporation leases premises and equipment under various operating and capital leases which expire at various dates between 2008 and 2012.

Future minimum payments, by year and in aggregate, are as follows:

2008	\$ 250,951
2009	250,951
2010	250,951
2011	250,951
2012	210,001
	\$ 1,213,805

5. Pension liability:

The Corporation has an estimated liability of approximately \$278,000 (2006 - \$301,000) 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 the Corporation 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 Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund.

6. Employee future benefits:

(a) Pension:

Full-time employees of the Corporation are covered by the Public Service Superannuation Plan (the "Plan") of the Province of New Brunswick. The Plan is a defined benefit multi-employer plan under which contributions are made by both the Corporation and the employees. For the year ended March 31, 2007, the Corporation expensed contributions of \$237,220 under the terms of the Plan (2006 - \$214,275). The Corporation has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2007

6. Employee future benefits (continued):

(b) Retirement allowance:

Full-time employees of the Corporation are entitled to be paid a retirement allowance upon their retirement based upon years of service. Over the service life of its employees, the Corporation accrues the estimated future liability based upon actuarial estimates and assumptions. The accrued liability is reduced by actual payments made. This is an unfunded program with no specific assets segregated to meet the obligations when they come due.

Based upon an actuarial valuation dated March 31, 2005, the Corporation's accrued transitional obligation as of April 1, 2003, was \$118,300. This amount is being amortized on a straight-line basis over the estimated average remaining service life (19 years) of active employees.

The significant assumptions are as follows:

	Assumptions	
	2007	2006
Annual discount rate	5.00%	5.00%
Annual salary increases	3.00%	3.00%
Mortality	None	None
Termination of employment	Public Service Superannuation Plan experience	
Retirement age	15% at Age 57 60% at Age 60 25% at Age 63	
Actuarial cost method	Projected Unit Credit pro-rated on service	

Information on the retirement allowance obligation is as follows:

	2007	2006
Accrued benefit plan obligation		
Balance, beginning of year	\$ 239,404	\$ 203,300
Current service cost	27,896	25,304
Interest cost	12,700	10,800
Balance, end of year	280,000	239,404
Unamortized net actuarial gain	(30,200)	(30,500)
Unamortized transitional obligation	(93,395)	(99,621)
Accrued benefit liability	\$ 156,405	\$ 109,283

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION
Notes to Financial Statements (continued)

Year ended March 31, 2007

6. Employee future benefits (continued):

(b) Retirement allowance (continued):

Benefit cost recognized in the year is as follows:

	2007	2006
Current service cost	\$ 27,896	\$ 25,304
Interest cost	12,700	10,800
Amortization:		
Transitional liability	6,226	6,226
Net actuarial loss	300	600
Pension expense	\$ 47,122	\$ 42,930

7. Deferred contributions related to capital assets:

	2007	2006
Balance, beginning of year	\$ 229,199	\$ 241,030
Additional contributions received, net	103,133	105,645
Less amounts amortized to revenue	(113,959)	(117,476)
Balance, end of year	\$ 218,373	\$ 229,199

8. Other services:

	2007	2006
External management fees and expenses	\$ 4,183,691	\$ 2,806,472
Custodial services	368,880	297,996
Travel	215,434	212,034
Office rent	264,674	258,616
Professional services	388,954	274,872
Information systems	1,084,761	1,029,092
Other	240,065	186,974
	\$ 6,746,459	\$ 5,066,056

9. Fair value of financial assets and financial liabilities:

The fair value of the Corporation's cash, accounts receivable - Pension Funds, other receivables, accounts payable and accrued liabilities and pension liability approximate their carrying amounts.

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION**
Financial Statements

Year ended March 31, 2007

- Public Service Superannuation Fund
- Teachers' Pension Fund
- Judges' Superannuation Fund

MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

The Financial Statements of the New Brunswick Investment Management Corporation are the responsibility of the management of the Corporation. They have been approved by its Board of Directors.

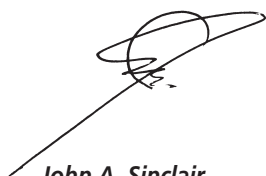
Management prepared the financial statements in accordance with generally accepted accounting principles.

The New Brunswick Investment Management Corporation maintains books of account, systems of information and systems of financial and management control which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

The Board of Directors oversees financial reporting through its Audit Committee. The committee reviews matters related to accounting, auditing, internal control systems, the financial statements and report of the external auditors.



Dan Goguen
Vice-President, Finance and Administration



John A. Sinclair
President and Chief Executive Officer

AUDITORS' REPORT

To the Directors of New Brunswick Investment Management Corporation.

We have audited the statements of net assets held in trust by the New Brunswick Investment Management Corporation for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund as at March 31, 2007 and the statements of changes in net assets held in trust for the year then ended. These financial statements have been prepared to comply with section 27(1) of the New Brunswick Investment Management Corporation Act. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets held in trust by the New Brunswick Investment Management Corporation for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund as at March 31, 2007 and the changes in net assets held in trust for the year then ended in accordance with the basis of accounting as disclosed in note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of New Brunswick Investment Management Corporation for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund and the Minister of Finance for the Province of New Brunswick for complying with section 27(1) of the New Brunswick Investment Management Corporation Act. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose



KPMG LLP

Chartered Accountants
Fredericton, NB, Canada
May 11, 2007

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION**
Net Assets Held in Trust
Financial Statements

Year ended March 31, 2007

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NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Public Service Superannuation Fund
Statement of Net Assets Held in Trust
(in thousands of dollars)**

March 31, 2007, with comparative figures for 2006

	2007	2006
Assets:		
Investments (note 3)	\$ 4,701,559	\$ 4,333,416
Contributions receivable	8,441	7,758
Other receivable	133	-
	4,710,133	4,341,174
Liabilities:		
Accounts payable and accrued liabilities (note 5)	2,060	1,647
Net assets	\$ 4,708,073	\$ 4,339,527

**Public Service Superannuation Fund
Statement of Changes in Net Assets Held in Trust
(in thousands of dollars)**

Year ended March 31, 2007, with comparative figures for 2006

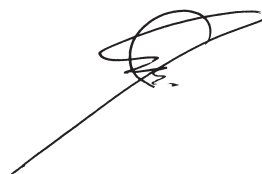
	2007	2006
Increase in net assets:		
Investment income (note 4)	\$ 378,679	\$ 599,178
Pension contributions from sponsor	136,584	126,196
Employer amortization contributions	53,941	51,817
	569,204	777,191
Decrease in net assets:		
Payments to sponsor for benefits	191,703	181,463
Payments to sponsor for expenses	2,373	2,411
Fees paid to NBIMC	6,582	5,339
	200,658	189,213
Net increase	368,546	587,978
Net assets held in trust, beginning of year	4,339,527	3,751,549
Net assets held in trust, end of year	\$ 4,708,073	\$ 4,339,527

See accompanying notes to financial statements.

Approved on behalf of the Board:



Vice Chairman of the Board



President and Chief Executive Officer

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Teachers' Pension Fund
Statement of Net Assets Held in Trust
(in thousands of dollars)**

March 31, 2007, with comparative figures for 2006

	2007	2006
Assets:		
Investments (note 3)	\$ 3,978,534	\$ 3,728,569
Contributions receivable	3,890	5,047
Other receivables	113	-
	<u>3,982,537</u>	<u>3,733,616</u>
Liabilities:		
Accounts payable and accrued liabilities (note 5)	1,602	1,346
Net assets	<u>\$ 3,980,935</u>	<u>\$ 3,732,270</u>

**Teachers' Pension Fund
Statement of Changes in Net Assets Held in Trust
(in thousands of dollars)**

Year ended March 31, 2007, with comparative figures for 2006

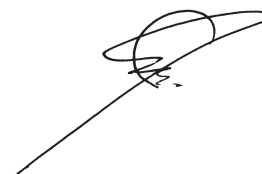
	2007	2006
Increase in net assets:		
Investment income (note 4)	\$ 316,853	\$ 509,549
Pension contributions from sponsor	73,888	74,565
Employer amortization contributions	78,406	75,318
	<u>469,147</u>	<u>659,432</u>
Decrease in net assets:		
Payments to sponsor for benefits	213,485	201,047
Payments to sponsor for expenses	1,337	1,328
Fees paid to NBIMC	5,660	4,643
	<u>220,482</u>	<u>207,018</u>
Net increase	<u>248,665</u>	<u>452,414</u>
Net assets held in trust, beginning of year	<u>3,732,270</u>	<u>3,279,856</u>
Net assets held in trust, end of year	<u>\$ 3,980,935</u>	<u>\$ 3,732,270</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Vice Chairman of the Board



President and Chief Executive Officer

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Judges' Superannuation Fund Statement of Net Assets Held in Trust (in thousands of dollars)

March 31, 2007, with comparative figures for 2006

	2007	2006
Assets:		
Investments (note 3)	\$ 29,037	\$ 27,526
Contributions receivable	5	9
	29,042	27,535
Liabilities:		
Accounts payable and accrued liabilities (note 5)	12	11
Net assets	\$ 29,030	\$ 27,524

Judges' Superannuation Fund Statement of Changes in Net Assets Held in Trust (in thousands of dollars)

Year ended March 31, 2007, with comparative figures for 2006

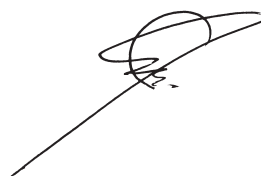
	2007	2006
Increase in net assets:		
Investment income (note 4)	\$ 2,348	\$ 4,015
Pension contributions from sponsor	573	252
	2,921	4,267
Decrease in net assets:		
Payments to sponsor for benefits	1,359	1,275
Payments to sponsor for expenses	12	14
Fees paid to NBIMC	44	36
	1,415	1,325
Net increase	1,506	2,942
Net assets held in trust, beginning of year	27,524	24,582
Net assets held in trust, end of year	\$ 29,030	\$ 27,524

See accompanying notes to financial statements.

Approved on behalf of the Board:



Vice Chairman of the Board



President and Chief Executive Officer

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

The assets of the Public Service Superannuation Fund, Teachers' Pension Fund and Judges' Superannuation Fund, ("the Funds") are held in trust by the New Brunswick Investment Management Corporation ("NBIMC"). NBIMC was appointed as trustee on March 11, 1996, by an Act of the New Brunswick Legislature which bears the Corporation's name (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 17 unit trust funds in place at year-end, each pool with a specific investment mandate. Each of the Funds holds units of the unit trust funds in accordance with the investment policy of the Funds.

1. Basis of accounting:

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of New Brunswick Investment Management Corporation for the Public Service Superannuation Fund, the Teachers' Pension Fund and the Judges' Superannuation Fund and the Minister of Finance for the Province of New Brunswick for complying with section 27(1) of the New Brunswick Investment Management Corporation Act. The basis of accounting used in these financial statements differs materially from Canadian generally accepted accounting principles because it excludes the actuarial liabilities of the plans. Consequently, these financial statements do not purport to show the adequacy of the plans' assets to meet its pension obligations.

2. Significant accounting policies:

(a) Accounting entity:

These financial statements include information only about assets of the Funds under the management of NBIMC. The amounts of contributions to and payments from the Funds are determined by their Sponsor, the Province of New Brunswick. The Sponsor is responsible for the administration of collections from and payments to members.

(b) Investments:

All investments of the Funds are represented by holdings of units of each of the unit trust funds. The total value is based on the calculated net asset value multiplied by the number of units held. Investments in the unit trust funds are valued at their fair value as of the date of the financial statements. For securities listed on an exchange, fair value is the closing price listed for the exchange. If no closing price is available, the average of the latest bid and ask price is used. Securities not listed on an exchange are valued based on a quotation service from a recognized dealer. Fair value for private equity and Canadian real estate investments are estimated using a combination of methodologies, including discounted cash flows, multiples of earning measures, third party valuation and comparable recent transactions. Investments in money market instruments are reported at cost which approximates fair value.

(c) Contributions:

Contributions from sponsors and employers are recorded in the period that payroll deductions are made.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

2. Significant accounting policies (continued):

(d) Investment Income:

Investment income includes realized and unrealized gains and losses in the value of the units held in each of the unit trusts.

(e) Foreign currency translation:

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 held in trust. 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.

(f) Measurement uncertainty:

The preparation of financial statements in conformity with the disclosed basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Valuation of investments at fair value is the most significant item where estimates are used. Actual results could differ from those estimates.

(g) Derivative financial instruments:

The Funds through their investments in the unit trust funds are party to certain derivative financial instruments, principally interest rate swaps, forward foreign exchange contracts, volatility swaps, cross currency swaps, total return equity quanto swaps, and total return swaps.

The instruments are utilized to assist with risk management and to gain exposure to certain asset classes. They are measured at their fair value with changes in fair value recognized in changes in net assets for the year.

Total return and quanto swaps are valued at the difference between the floating leg accrual and the difference between the index value at year end and the last reset date multiplied by the notional amount with a quanto adjustment for the quanto swap.

Forward foreign exchange contracts are valued based on quoted exchange rates. Interest rate and cross currency swaps are valued using quoted market information from Bloomberg.

(h) Income taxes

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

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

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 existence during the year ended March 31, 2007:

Nominal Bond:

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 return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

New Brunswick Fixed Income Opportunity:

Invests primarily in fixed income issues to finance economic activity in New Brunswick. The return objective is to add 20 basis points to its benchmark, the Scotia Capital All Government Index, over a four-year moving average.

Inflation Linked Securities:

Invests primarily in fixed income instruments that are adjusted for inflation of G-7 countries. The return objective is to add 10 basis points to its benchmark, the Scotia Capital Real Return Bond Index, over a four-year moving average.

Money Market:

Invests primarily in fixed income securities having a maturity of less than one year. The return objective is to add 20 basis points to its benchmark. The benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

Canadian Equity:

This fund uses derivative products such as swaps and futures 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 exceed or match the return of the various segments which the fund attempts to replicate.

External Canadian Equity:

This fund is managed by external managers and invests in publicly traded Canadian equities. The return objective is to add 100 basis points to its benchmark, the S&P/TSX Composite Index, over a four-year moving average.

TSE Small-Cap:

Managed by an external manager, this fund invests primarily in the companies of the S&P/TSX Completion Index. The return objective is to exceed the performance of its benchmark, the S&P/TSX Completion Index, by 100 basis points.

Allocation Equity International:

This fund is used to implement asset allocation decisions and diversify equity investments by participating in the equity markets of the U.S., Japan and developed European countries. It gains exposure to these markets by investing in equities, derivative products such as futures, options and swaps, as well as investing in pooled funds of index products managed by an external manager. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. This fund is also used to implement quantitative strategies on the U.S. equity markets. The benchmark is a weighting of the respective country or regional indices.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

3. Investments (continued):

European Equity Index:

This fund invests in publicly-traded securities that are included in the MSCI Europe (Developed Markets) Index. The objective is to achieve a rate of return equivalent to or exceeding that of the index. Initial investment activity for this fund occurred on February 9, 2007.

Public Equity:

This fund is managed by external managers and invests in publicly traded equities in markets in Europe and the United States. The return objective is to exceed the performance of the benchmark, which is a weighting of the respective country or regional indices, by 200 basis points over a four-year moving average.

North American Market Neutral:

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 return 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 Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

New Brunswick and Atlantic Canada Equity Opportunity:

This fund invests in public and private equities or instruments convertible into equities of New Brunswick and Atlantic Canada companies. The return objective is to add 80 basis points to its benchmark, the S&P/TSX Composite Index, over a four-year moving average.

Private Equity:

This fund is managed by external managers that invest primarily in non-publicly traded securities of U.S. and European companies. The return objective is to exceed the performance of its benchmark, a blend of the S&P 500 and the MSCI Europe Net total return indices.

Canadian Real Estate:

This fund is managed by an external manager and invests in Canadian real estate investments 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 four percent.

Quantitative Market Neutral:

This fund implements equal dollar amount of long and short U.S. equity positions while maintaining market and sector neutrality. The stock selection is based on a quantitative multivariate factor model. The portfolio is supported by a cash underlay and its return objective is to add 500 basis points annually over a four-year moving average to its benchmark. The benchmark is calculated as 93% of the Scotia Capital 91-Day Treasury Bill Index and 7% of the Call Loan Rate. All units of this trust fund were redeemed during fiscal 2006.

U.S. Real Estate:

This fund is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The return objective is to add 150 basis points to the NAREIT®, Equity Index.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

3. Investments (continued):

Commodity:

This fund is used to implement asset allocation decisions and diversify client investment portfolios by participating in the commodity markets. It gains exposure to the commodity markets by using derivative products such as futures and swaps. Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. The benchmark is the Goldman Sachs Commodity Total Return Index (US\$). The return objective is to match the benchmark index.

Student Investment:

This fund is managed by students at the University of New Brunswick who are registered in the Student Investment Fund Program. Its initial base was \$1 million and is to be invested using the same philosophy as that used by NBIMC. The overall benchmark for this fund is composed of 50% S&P/TSX 60, 45% Scotia Capital All Government Index and 5% Scotia Capital 91-Day Treasury Bill Index. The activities of this fund are closely monitored by NBIMC staff who execute and process all transactions on behalf of the students.

Risk Management:

Investments are subject to many risk factors. Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to foreign currency fluctuations, interest rate volatility, market and credit risk. NBIMC has set formal policies and procedures that establish an asset mix among equity and fixed income investments, that require diversification of investments within categories, and set limits on the size of exposure to individual investments and counterparties. In addition, derivative financial instruments are used, where appropriate, to assist in the management of these risks.

Foreign Currency Risk:

Foreign currency exposure arises from a unit trust fund holding investments denominated in currencies other than the Canadian Dollar. Fluctuations in the relative value of the Canadian Dollar against these foreign currencies can result in a positive or a negative effect on the fair value of investments. NBIMC mitigates this risk through the use of foreign exchange forward contracts.

Interest Rate Risk:

Interest rate risk refers to the effect on the market value of the unit trust fund's investments due to fluctuation of interest rates. The fixed income portfolio has guidelines on duration and distribution, which are designed to mitigate the risk of interest rate volatility.

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. NBIMC's policy is to invest in a diversified portfolio of investments, based on criteria established in their Investment Policies and Investment Procedures Manual, and to utilize derivative contracts that are designed to mitigate the impact of market risk.

Credit Risk:

The Funds are exposed to credit-related risk in the event a security counterparty defaults or becomes insolvent. NBIMC has established investment criteria which are designed to manage credit risk by establishing limits to credit exposure from individual corporate entities.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

3. Investments (continued):

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

(a) Public Service Superannuation Fund:

	Units	Unit Value (rounded in dollars)	2007	2006
Fixed income:				
Nominal Bond	829,998	\$ 1,643	\$ 1,363,543	\$ 1,255,628
New Brunswick Fixed Income Opportunity	10,041	1,900	19,078	19,588
Inflation Linked Securities	246,524	2,199	542,154	497,621
Money Market	97,710	1,359	132,823	183,710
			2,057,598	1,956,547
Equities:				
Canadian Equity	304,774	2,121	646,462	620,923
External Canadian Equity	103,591	2,350	243,432	214,470
TSE Small-Cap	37,301	2,224	82,971	56,767
Allocation Equity International	463,805	1,569	727,846	887,508
European Equity Index	268,382	995	267,014	-
Public Equity	86,398	1,537	132,802	133,940
			2,100,527	1,913,608
Alternative investments:				
North American Market Neutral	154,416	1,215	187,571	171,685
New Brunswick and Atlantic Canada Equity Opportunity	7,485	853	6,388	10,606
Private Equity	54,561	1,042	56,861	40,991
Canadian Real Estate	12,405	2,013	24,967	28,490
U.S. Real Estate	48,043	3,578	171,912	143,960
Commodity	85,769	1,104	94,719	66,599
			542,418	462,331
Balanced:				
Student Investment	485	2,094	1,016	930
			\$ 4,701,559	\$ 4,333,416

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust
Notes to Financial Statements
(in thousands of dollars)

Year ended March 31, 2007

3. Investments *(continued)*:

(b) Teachers' Pension Fund:

	Units	Unit Value (rounded in dollars)	2007	2006
Fixed income:				
Nominal Bond	726,574	\$ 1,643	\$ 1,193,637	\$ 1,117,636
New Brunswick Fixed Income Opportunity	8,497	1,900	16,145	16,854
Inflation Linked Securities	226,704	2,199	498,563	465,431
Money Market	82,502	1,359	112,155	157,856
			1,820,500	1,757,777
Equities:				
Canadian Equity	239,148	2,121	507,265	496,990
External Canadian Equity	87,660	2,350	205,995	184,535
TSE Small-Cap	31,564	2,224	70,210	48,844
Allocation Equity International	367,127	1,569	576,129	726,366
European Equity Index	227,109	995	225,950	-
Public Equity	73,112	1,537	112,377	115,245
			1,697,926	1,571,980
Alternative investments:				
North American Market Neutral	130,669	1,215	158,725	147,722
New Brunswick and Atlantic Canada Equity Opportunity	6,334	853	5,405	9,126
Private Equity	46,171	1,042	48,116	35,270
Canadian Real Estate	10,497	2,013	21,128	24,513
U.S. Real Estate	40,654	3,578	145,476	123,866
Commodity	72,578	1,104	80,152	57,303
			459,002	397,800
Balanced:				
Student Investment	528	2,094	1,106	1,012
			\$ 3,978,534	\$ 3,728,569

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust

Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2007

3. Investments (continued):

(c) Judges' Superannuation Fund:

	Units	Unit Value (rounded in dollars)	2007	2006
Fixed income:				
Nominal Bond	5,126	\$ 1,643	\$ 8,422	\$ 7,975
New Brunswick Fixed Income Opportunity	62	1,900	118	124
Inflation Linked Securities	1,523	2,199	3,348	3,161
Money Market	603	1,359	819	1,166
			12,707	12,426
Equities:				
Canadian Equity	1,882	2,121	3,993	3,944
External Canadian Equity	640	2,350	1,503	1,362
TSE Small-Cap	230	2,224	512	361
Allocation Equity International	2,865	1,569	4,496	5,639
European Equity Index	1,658	995	1,649	-
Public Equity	534	1,537	820	851
			12,973	12,157
Alternative investments:				
North American Market Neutral	954	1,215	1,158	1,091
New Brunswick and Atlantic Canada Equity Opportunity	46	853	39	67
Private Equity	337	1,042	351	260
Canadian Real Estate	77	2,013	154	181
U.S. Real Estate	297	3,578	1,062	914
Commodity	530	1,104	585	423
			3,349	2,936
Balanced:				
Student Investment	4	2,094	8	7
			\$ 29,037	\$ 27,526

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Net Assets Held in Trust
Notes to Financial Statements
(in thousands of dollars)**

Year ended March 31, 2007

4. Investment income:**(a) Public Service Superannuation Fund:**

	2007	2006
Fixed income:		
Nominal Bond	\$ 72,097	\$ 54,629
New Brunswick Fixed Income Opportunity	1,150	1,362
Inflation Linked Securities	1,494	50,341
Money Market	5,976	5,241
	<u>80,717</u>	<u>111,573</u>
Equities:		
Canadian Equity	89,976	160,611
External Canadian Equity	27,188	48,843
TSE Small-Cap	9,539	9,421
Allocation Equity International	93,321	184,024
European Equity Index	2,066	-
Public Equity	20,423	31,684
	<u>242,513</u>	<u>434,583</u>
Alternative investments:		
North American Market Neutral	14,100	2,982
New Brunswick and Atlantic Canada Equity Opportunity	(86)	(1,264)
Private Equity	7,111	5,882
Canadian Real Estate	10,930	5,803
Quantitative Market Neutral	-	419
U.S. Real Estate	30,683	39,400
Commodity	(7,376)	(334)
	<u>55,362</u>	<u>52,888</u>
Balanced:		
Student Investment	87	134
	<u>\$ 378,679</u>	<u>\$ 599,178</u>

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements (in thousands of dollars)

Year ended March 31, 2007

4. Investment income (continued):

(b) Teachers' Pension Fund:

	2007	2006
Fixed income:		
Nominal Bond	\$ 63,800	\$ 49,418
New Brunswick Fixed Income Opportunity	984	1,189
Inflation Linked Securities	1,336	47,750
Money Market	5,233	4,438
	<u>71,353</u>	<u>102,795</u>
Equities:		
Canadian Equity	71,593	130,487
External Canadian Equity	23,208	42,502
TSE Small-Cap	8,124	8,176
Allocation Equity International	75,945	152,062
European Equity Index	1,757	-
Public Equity	17,467	27,544
	<u>198,094</u>	<u>360,771</u>
Alternative investments:		
North American Market Neutral	12,043	2,563
New Brunswick and Atlantic Canada Equity Opportunity	(72)	(1,083)
Private Equity	6,054	5,086
Canadian Real Estate	9,339	5,020
Quantitative Market Neutral	-	294
U.S. Real Estate	26,281	34,264
Commodity	(6,332)	(307)
	<u>47,313</u>	<u>45,837</u>
Balanced:		
Student Investment	93	146
	<u>\$ 316,853</u>	<u>\$ 509,549</u>

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION**Net Assets Held in Trust**
Notes to Financial Statements
(in thousands of dollars)

Year ended March 31, 2007

4. Investment income (continued):**(c) Judges' Superannuation Fund:**

	2007	2006
Fixed income:		
Nominal Bond	\$ 449	\$ 291
New Brunswick Fixed Income Opportunity	7	9
Inflation Linked Securities	9	340
Money Market	38	33
	503	673
Equities:		
Canadian Equity	555	1,139
External Canadian Equity	167	315
TSE Small-Cap	59	60
Allocation Equity International	576	1,280
European Equity Index	13	-
Public Equity	128	205
	1,498	2,999
Alternative investments:		
North American Market Neutral	88	19
New Brunswick and Atlantic Canada Equity Opportunity	-	(8)
Private Equity	45	39
Canadian Real Estate	68	37
Quantitative Market Neutral	-	3
U.S. Real Estate	191	254
Commodity	(46)	(2)
	346	342
Balanced:		
Student Investment	1	1
	\$ 2,348	\$ 4,015

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities of the three combined trust funds, is \$2,900 (2006- \$2,431) due to NBIMC.

