

Financial Statements of

**NEW BRUNSWICK INVESTMENT
MANAGEMENT CORPORATION**

Year ended March 31, 2006

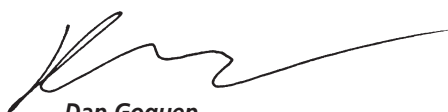
MANAGEMENT RESPONSIBILITIES FOR FINANCIAL REPORTING

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.

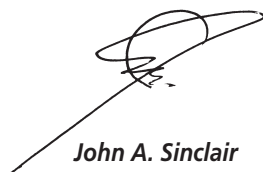
Management prepared the financial statements in accordance with generally accepted accounting principles.

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, 2006 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, 2006 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 5, 2006

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION
Financial Statements**

Year ended March 31, 2006

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NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Financial Position

March 31, 2006, with comparative figures for 2005

	2006	2005
Assets:		
Current assets:		
Cash	\$ 5,122	\$ 60,930
Accounts receivable, Pension Funds	2,384,481	2,080,572
Other receivables	4,106	18,360
Prepaid expenses	266,581	263,233
	2,660,290	2,423,095
Capital assets (note 3)	229,199	241,030
	\$ 2,889,489	\$ 2,664,125
Liabilities, Deferred Contributions and Net Assets:		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,211,472	\$ 1,936,940
Harmonized Sales Tax	38,453	96,073
Current portion of pension liability (note 5)	23,114	22,530
	2,273,039	2,055,543
Pension liability (note 5)	277,968	301,199
Employee future benefit liability (note 6)	109,283	66,353
Deferred contributions related to capital assets (note 7)	229,199	241,030
Net assets	-	-
Commitment (note 4)		
	\$ 2,889,489	\$ 2,664,125

See accompanying notes to financial statements.

Approved on behalf of the Board:



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, 2006, with comparative figures for 2005

	2006	2005
Revenue:		
Fees:		
Public Service Superannuation Fund	\$ 4,735,099	\$ 4,603,007
Teachers' Pension Fund	4,115,250	4,066,064
Judges' Superannuation Fund	30,601	35,437
Amortization of deferred contributions related to capital assets	117,476	143,759
Other income	50,793	906
	<u>9,049,219</u>	<u>8,849,173</u>
Expenses:		
Salaries and benefits	3,799,508	3,658,806
Other services (note 8)	5,066,056	4,988,264
Materials and supplies	66,179	58,344
Amortization of capital assets	117,476	143,759
	<u>9,049,219</u>	<u>8,849,173</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, 2006

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, 2006

3. Capital assets:

				2006	2005
	Rate	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	33 1/3%	\$ 432,412	\$ 347,456	\$ 84,956	\$ 69,738
Furniture and equipment	8%	332,650	227,393	105,257	123,388
Leasehold improvements	Straight-line over remaining lease term	282,318	243,332	38,986	47,904
		\$ 1,047,380	\$ 818,181	\$ 229,199	\$ 241,030

4. Commitments:

The Corporation leases premises and equipment under various operating leases which expire at various dates between 2006 and 2012.

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

2007	\$ 245,700
2008	245,700
2009	245,700
2010	245,700
2011	245,700
Later years through 2012	204,750
	<hr/>
	\$ 1,433,250

5. Pension liability:

The Corporation has an estimated liability of \$301,000 (2005 - \$324,000) and salary and benefit expense of nil (2005 - nil) 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, 2006, the Corporation expensed contributions of \$214,275 under the terms of the Plan (2005 - \$178,895). 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, 2006

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:

	2006	Assumptions	2005
Annual discount rate	5.00%		5.50%
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:

	2006	2005
Accrued benefit plan obligation		
Balance, beginning of year	\$ 203,300	\$ 144,200
Current service cost	25,304	19,500
Interest cost	10,800	8,500
Actuarial loss	-	31,100
Balance, end of year (unfunded)	239,404	203,300
Unamortized net actuarial gain	(30,500)	(31,100)
Unamortized transitional obligation	(99,621)	(105,847)
Accrued benefit liability	\$ 109,283	\$ 66,353

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

Year ended March 31, 2006

6. Employee future benefits (continued):**b) Retirement allowance (continued):**

Benefit cost recognized in the year is as follows:

	2006	2005
Current service cost	\$ 25,304	\$ 19,500
Interest cost	10,800	8,500
Amortization:		
Transitional liability	6,226	6,226
Net actuarial loss	600	-
Pension expense	\$ 42,930	\$ 34,226

7. Deferred contributions related to capital assets:

	2006	2005
Balance, beginning of year	\$ 241,030	\$ 286,828
Additional contributions received, net	105,645	97,961
Less amounts amortized to revenue	(117,476)	(143,759)
Balance, end of year	\$ 229,199	\$ 241,030

8. Other services:

	2006	2005
External management fees and expenses	\$ 2,806,472	\$ 2,954,067
Custodial services	297,996	185,932
Travel	212,034	193,566
Office rent	258,616	241,965
Professional services	274,872	281,923
Information systems	1,029,092	970,970
Other	186,974	159,841
	\$ 5,066,056	\$ 4,988,264

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, 2006

- 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.

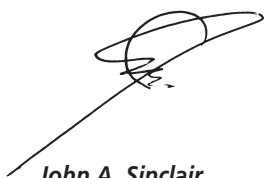
Management prepared the financial statements in accordance with generally accepted accounting principles.

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, 2006 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, 2006 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 5, 2006

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

Year ended March 31, 2006

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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, 2006, with comparative figures for 2005

	2006	2005
Assets:		
Investments (note 3)	\$ 4,333,416	\$ 3,745,383
Contributions receivable	7,758	7,436
Other receivable	-	686
	4,341,174	3,753,505
Liabilities:		
Accounts payable and accrued liabilities (note 5)	1,647	1,956
Net assets	\$ 4,339,527	\$ 3,751,549

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

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Increase in net assets:		
Investment income (note 4)	\$ 599,178	\$ 293,477
Pension contributions from sponsor	126,196	123,019
Employer amortization contributions	51,817	49,968
	777,191	466,464
Decrease in net assets:		
Payments to sponsor for benefits	181,463	170,837
Payments to sponsor for expenses	2,411	2,342
Fees paid to NBIMC	5,339	4,669
	189,213	177,848
Net increase	587,978	288,616
Net assets held in trust, beginning of year	3,751,549	3,462,933
Net assets held in trust, end of year	\$ 4,339,527	\$ 3,751,549

See accompanying notes to financial statements.

Approved on behalf of the Board:



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, 2006, with comparative figures for 2005

	2006	2005
Assets:		
Investments (note 3)	\$ 3,728,569	\$ 3,276,129
Contributions receivable	5,047	4,570
Other receivables	-	470
	3,733,616	3,281,169
Liabilities:		
Accounts payable and accrued liabilities (note 5)	1,346	1,313
Net assets	\$ 3,732,270	\$ 3,279,856

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

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Increase in net assets:		
Investment income (note 4)	\$ 509,549	\$ 256,748
Pension contributions from sponsor	74,565	68,487
Employer amortization contributions	75,318	72,630
	659,432	397,865
Decrease in net assets:		
Payments to sponsor for benefits	201,047	191,174
Payments to sponsor for expenses	1,328	1,277
Fees paid to NBIMC	4,643	4,261
	207,018	196,712
Net increase	452,414	201,153
Net assets held in trust, beginning of year	3,279,856	3,078,703
Net assets held in trust, end of year	\$ 3,732,270	\$ 3,279,856

See accompanying notes to financial statements.

Approved on behalf of the Board:



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, 2006, with comparative figures for 2005

	2006	2005
Assets:		
Investments (note 3)	\$ 27,526	\$ 24,588
Contributions receivable	9	8
	27,535	24,596
Liabilities:		
Accounts payable and accrued liabilities (note 5)	11	14
Net assets	\$ 27,524	\$ 24,582

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

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
Increase in net assets:		
Investment income (note 4)	\$ 4,015	\$ 2,033
Pension contributions from sponsor	252	252
	4,267	2,285
Decrease in net assets:		
Payments to sponsor for benefits	1,275	1,225
Payments to sponsor for expenses	14	29
Fees paid to NBIMC	36	41
	1,325	1,295
Net increase	2,942	990
Net assets held in trust, beginning of year	24,582	23,592
Net assets held in trust, end of year	\$ 27,524	\$ 24,582

See accompanying notes to financial statements.

Approved on behalf of the Board:



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, 2006

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 16 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 plan. Consequently, these financial statements do not purport to show the adequacy of the plan's 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 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, market 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 methodology including future earnings expected, third party valuation and comparable recent transactions. Investments in money market instruments are reported at cost which approximates market value.

(c) 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. Revenue 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.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

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

Year ended March 31, 2006

2. Significant accounting policies (continued):

(d) 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 market value is the most significant item where estimates are used. Actual results could differ from those estimates.

(e) 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.

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, 2006:

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.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

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

Year ended March 31, 2006

3. Investments (continued):

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. Prior to November 9, 2004, the benchmark was calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate and effective November 9, 2004 it 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 Equity Index (S&P/TSX Composite prior to December 19, 2005). Leverage on derivative products is avoided by ensuring each derivative product is supported by an appropriate value of short-term investments. Exposure is primarily to the S&P/TSX Equity 60 (S&P/TSX Large-Cap Index prior to December 19, 2005) and the S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap Index prior to December 19, 2005) and to a lesser extent, to the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). 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 Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), 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 Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005). The return objective is to exceed the performance of its benchmark, the S&P/TSX Equity Small-Cap (S&P/TSX Small-Cap Index prior to December 19, 2005), 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.

Public Equity:

This fund is managed by external managers and invests in publicly traded equities in developed European and United States markets. 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.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

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

Year ended March 31, 2006

3. Investments (continued):

North American Market Neutral:

This fund focuses on adding value through security selection within its universe of the S&P/TSX Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005) and S&P/TSX Equity Mid-Cap (S&P/TSX Mid-Cap prior to December 19, 2005) stocks 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. Prior to November 9, 2004, the benchmark was calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, 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 Equity Index (S&P/TSX Total Return Composite prior to December 19, 2005), 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. Prior to November 9, 2004, the benchmark was calculated as 80% of the Scotia Capital 91-Day Treasury Bill Index and 20% of the Call Loan Rate. Effective November 9, 2004, 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.

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.

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. Initial investment activity for this fund occurred on December 14, 2004.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

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

Year ended March 31, 2006

3. Investments (continued):

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 Equity 60 (S&P/TSX60 prior to December 19, 2005), 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.

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 requires 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, 2006

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)	2006	2005
Fixed income:				
Nominal Bond	807,869	\$ 1,554	\$ 1,255,628	\$ 1,081,061
New Brunswick Fixed Income Opportunity	10,943	1,790	19,588	20,015
Inflation Linked Securities	226,531	2,197	497,621	434,799
Money Market	140,927	1,304	183,710	239,587
			1,956,547	1,775,462
Equities:				
Canadian Equity	334,097	1,859	620,923	565,483
External Canadian Equity	102,793	2,086	214,470	164,100
TSE Small-Cap	29,161	1,947	56,767	52,261
Allocation Equity International	622,761	1,425	887,508	754,866
Public Equity	100,580	1,332	133,940	78,779
			1,913,608	1,615,489
Alternative investments:				
North American Market Neutral	152,818	1,123	171,685	168,006
New Brunswick and Atlantic Canada Equity Opportunity	12,270	864	10,606	8,943
Private Equity	45,009	911	40,991	36,004
Canadian Real Estate	21,427	1,330	28,490	9,665
Quantitative Market Neutral	-	-	-	38,240
U.S. Real Estate	49,314	2,919	143,960	77,319
Commodity	53,981	1,234	66,599	15,459
			462,331	353,636
Balanced:				
Student Investment	485	1,916	930	796
			\$ 4,333,416	\$ 3,745,383

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

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

Year ended March 31, 2006

3. Investments *(continued)*:

(b) Teachers' Pension Fund:

	Units	Unit Value (rounded in dollars)	2006	2005
Fixed income:				
Nominal Bond	719,086	\$ 1,554	\$ 1,117,636	\$ 978,289
New Brunswick Fixed Income Opportunity	9,415	1,790	16,854	17,506
Inflation Linked Securities	211,877	2,197	465,431	413,250
Money Market	121,094	1,304	157,856	209,385
			1,757,777	1,618,430
Equities:				
Canadian Equity	267,413	1,859	496,990	461,869
External Canadian Equity	88,445	2,086	184,535	143,530
TSE Small-Cap	25,090	1,947	48,844	45,710
Allocation Equity International	509,688	1,425	726,366	627,511
Public Equity	86,541	1,332	115,245	68,904
			1,571,980	1,347,524
Alternative investments:				
North American Market Neutral	131,488	1,123	147,722	146,948
New Brunswick and Atlantic Canada Equity Opportunity	10,558	864	9,126	7,822
Private Equity	38,726	911	35,270	31,491
Canadian Real Estate	18,436	1,330	24,513	8,453
Quantitative Market Neutral	-	-	-	33,447
U.S. Real Estate	42,431	2,919	123,866	67,627
Commodity	46,446	1,234	57,303	13,521
			397,800	309,309
Balanced:				
Student Investment	528	1,916	1,012	866
			\$ 3,728,569	\$ 3,276,129

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust

Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2006

3. Investments (continued):

(c) Judges' Superannuation Fund:

	Units	Unit Value (rounded in dollars)	2006	2005
Fixed income:				
Nominal Bond	5,132	\$ 1,554	\$ 7,975	\$ 5,747
New Brunswick Fixed Income Opportunity	70	1,790	124	131
Inflation Linked Securities	1,439	2,197	3,161	2,978
Money Market	894	1,304	1,166	1,572
			12,426	10,428
Equities:				
Canadian Equity	2,122	1,859	3,944	4,326
External Canadian Equity	653	2,086	1,362	1,077
TSE Small-Cap	185	1,947	361	343
Allocation Equity International	3,956	1,425	5,639	5,571
Public Equity	639	1,332	851	517
			12,157	11,834
Alternative investments:				
North American Market Neutral	971	1,123	1,091	1,102
New Brunswick and Atlantic Canada Equity Opportunity	78	864	67	59
Private Equity	286	911	260	236
Canadian Real Estate	136	1,330	181	63
Quantitative Market Neutral	-	-	-	251
U.S. Real Estate	313	2,919	914	508
Commodity	343	1,234	423	101
			2,936	2,320
Balanced:				
Student Investment	4	1,916	7	6
			\$ 27,526	\$ 24,588

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

Year ended March 31, 2006

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

	2006	2005
Fixed income:		
Nominal Bond	\$ 54,629	\$ 52,481
New Brunswick Fixed Income Opportunity	1,362	1,379
Inflation Linked Securities	50,341	44,178
Money Market	5,241	5,160
	<hr/> 111,573	<hr/> 103,198
Equities:		
Canadian Equity	160,611	77,077
External Canadian Equity	48,843	20,286
TSE Small-Cap	9,421	2,002
Allocation Equity International	184,024	58,678
Public Equity	31,684	13,426
	<hr/> 434,583	<hr/> 171,469
Alternative investments:		
North American Market Neutral	2,982	6,872
New Brunswick and Atlantic Canada Equity Opportunity	(1,264)	(408)
Private Equity	5,882	2,958
Canadian Real Estate	5,803	557
Quantitative Market Neutral	419	(1,305)
U.S. Real Estate	39,400	7,622
Commodity	(334)	2,443
	<hr/> 52,888	<hr/> 18,739
Balanced:		
Student Investment	134	71
	<hr/> 599,178	<hr/> \$ 293,477

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

Year ended March 31, 2006

4. Investment income (loss) (continued):**(b) Teachers' Pension Fund:**

	2006	2005
Fixed income:		
Nominal Bond	\$ 49,418	\$ 47,864
New Brunswick Fixed Income Opportunity	1,189	1,215
Inflation Linked Securities	47,750	42,397
Money Market	4,438	4,537
	<u>102,795</u>	<u>96,013</u>
Equities:		
Canadian Equity	130,487	63,445
External Canadian Equity	42,502	17,848
TSE Small-Cap	8,176	1,876
Allocation Equity International	152,062	49,148
Public Equity	27,544	11,855
	<u>360,771</u>	<u>144,172</u>
Alternative investments:		
North American Market Neutral	2,563	6,071
New Brunswick and Atlantic Canada Equity Opportunity	(1,083)	(363)
Private Equity	5,086	2,613
Canadian Real Estate	5,020	490
Quantitative Market Neutral	294	(1,165)
U.S. Real Estate	34,264	6,705
Commodity	(307)	2,135
	<u>45,837</u>	<u>16,486</u>
Balanced:		
Student Investment	146	77
	<u>\$ 509,549</u>	<u>\$ 256,748</u>

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

Year ended March 31, 2006

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

	2006	2005
Fixed income:		
Nominal Bond	\$ 291	\$ 283
New Brunswick Fixed Income Opportunity	9	9
Inflation Linked Securities	340	309
Money Market	33	34
	<hr/> 673	<hr/> 635
Equities:		
Canadian Equity	1,139	598
External Canadian Equity	315	134
TSE Small-Cap	60	10
Allocation Equity International	1,280	441
Public Equity	205	89
	<hr/> 2,999	<hr/> 1,272
Alternative investments:		
North American Market Neutral	19	46
New Brunswick and Atlantic Canada Equity Opportunity	(8)	(3)
Private Equity	39	20
Canadian Real Estate	37	4
Quantitative Market Neutral	3	(9)
U.S. Real Estate	254	51
Commodity	(2)	16
	<hr/> 342	<hr/> 125
Balanced:		
Student Investment	1	1
	<hr/> \$ 4,015	<hr/> \$ 2,033

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities of the three combined trust funds, is \$2,431 (2005- \$2,081) due to NBIMC.

