

**NEW BRUNSWICK INVESTMENT
MANAGEMENT CORPORATION**
Financial Statements

March 31, 2009

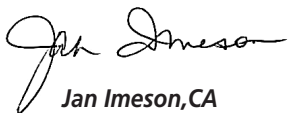
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of New Brunswick Investment Management Corporation are the responsibility of management. They have been approved by the Board of Directors.

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

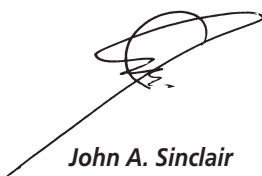
The New Brunswick Investment Management Corporation maintains books of account, systems of information and systems of financial and management control which provide reasonable assurance that accurate financial information is available, that assets are protected and that resources are managed efficiently.

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.



Jan Imeson, CA

Chief Financial Officer



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, 2009 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, 2009 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, Canada
May 8, 2009

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION
Financial Statements**

March 31, 2009

	Page
Statement of Financial Position	26
Statement of Operations and Changes in Net Assets	27
Notes to Financial Statements	28

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Statement of Financial Position

As at March 31

(in thousands of Canadian dollars)

	2009 \$	2008 \$
Assets:		
Current:		
Cash	13	11
Accounts receivable - Pension Funds	2,172	3,328
Other receivables	16	9
Prepaid expenses	279	239
Total current assets	2,480	3,587
Capital assets (note 3)	219	255
Total Assets	2,699	3,842
Liabilities, Deferred Contributions and Net Assets:		
Current:		
Accounts payable and accrued liabilities	1,896	3,077
HST payable	105	45
Current portion of supplemental pension (note 5)	22	24
Total current liabilities	2,023	3,146
Supplemental pension (note 5)	214	230
Employee future benefits (note 6)	243	211
Deferred contributions related to capital assets (note 7)	219	255
Commitments (note 4)		
Total liabilities and deferred contributions	2,699	3,842
Net assets	-	-

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
As at March 31

(in thousands of Canadian dollars)

	2009 \$	2008 \$
Revenue:		
Fees:		
Public Service Superannuation Fund	6,198	6,756
Teachers' Pension Fund	5,144	5,679
Judges' Superannuation Fund	37	41
Amortization of deferred contributions related to capital assets	101	113
Other	2	1
Total revenue	11,482	12,590
Expenses:		
Salaries and benefits	4,925	5,390
External management fees	3,006	3,757
Information systems	1,214	1,166
Securities custody	978	1,019
Office and business	529	490
Professional services	446	376
Office rent	283	279
Amortization	101	113
Total expenses	11,482	12,590
Change in net assets	–	–

See accompanying notes to financial statements.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements

Year ended March 31

(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 Public Service Superannuation Fund, 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;
- 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.

At March 31, 2009, the estimated market value of assets managed by NBIMC was \$7.0 billion (March 31, 2008 - \$8.7 billion). These assets are held in separate pooled funds 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 generally accepted accounting principles.

(a) Revenue recognition

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

(b) Capital assets

Capital assets are recorded at cost less accumulated amortization. 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	- 12.5 years
Leasehold improvements	- over the remaining lease term

Assets under capital lease are amortized over the estimated useful life of the assets.

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2009

(in thousands of Canadian dollars)

2. Significant Accounting Policies (cont'd)

(c) 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.

(d) Financial Instruments

Financial assets and liabilities are initially recorded at fair value and are subsequently accounted for based on the classification of these financial instruments. Financial instruments classified as "held-for-trading" are subsequently measured at fair value with changes recognized in the statement of operations.

Cash, accounts receivable – Pension Funds, other receivables, accounts payable and accrued liabilities, and HST payable have been classified as "held-for-trading".

3. Capital assets

	Cost \$	Accumulated amortization \$	2009 Net book value \$	2008 Net book value \$
Computer equipment	553	451	102	93
Furniture and equipment	387	308	79	107
Leasehold improvements	318	280	38	55
	1,258	1,039	219	255

At March 31, 2009 capital assets include \$14 (2008 - \$19) in net book value of assets under capital lease. Amortization for the year was \$5 (2008 - \$4).

4. Commitments

NBIMC leases premises and equipment under various operating leases which expire at dates between 2010 and 2012. Future minimum payments aggregate \$696, and by year are as follows: 2010 - \$246; 2011 - \$246; 2012 - \$204.

5. Supplemental Pension

NBIMC has an estimated liability of \$236 (2008 - \$254) 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.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2009

(in thousands of Canadian dollars)

6. Employee Future Benefits

(a) Pension

Full-time employees of NBIMC 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 NBIMC and the employees. For the year ended March 31, 2009, NBIMC expensed contributions of \$321 under the terms of the Plan (2008 - \$306). NBIMC has no direct liability or entitlement to any unfunded liability or surplus in the plan related to its current or former employees.

(b) Retirement allowance

Full-time employees of NBIMC are entitled to be paid a retirement allowance upon their retirement based upon years of service. Over the service life of its employees, NBIMC 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.

The significant assumptions are as follows:

	Assumptions	
	2009	2008
Annual discount rate	7.75%	5.75%
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:

	2009 \$	2008 \$
Accrued benefit plan obligation		
Balance, beginning of year	299	280
Current service cost	24	33
Benefit payments	(13)	(5)
Interest cost	18	15
Actuarial loss (gain)	67	(24)
Balance, end of year (unfunded)	395	299
Unamortized net actuarial gain	(71)	(2)
Unamortized transitional obligation	(81)	(86)
Accrued benefit liability	243	211

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2009

(in thousands of Canadian dollars)

6. Employee Future Benefits (cont'd)

Benefit cost recognized in the year is as follows:

	2009 \$	2008 \$
Current service cost	24	33
Interest cost	18	15
Amortization:		
Actuarial gains	(3)	-
Transitional liability	6	6
Pension expense	45	54

7. Deferred contributions related to capital assets

	2009 \$	2008 \$
Balance, beginning of year	255	218
Additional contributions received, net	65	150
Less amounts amortized to revenue	(101)	(113)
Balance, end of year	219	255

8. Related Party Transactions

NBIMC is related to all Province of New Brunswick departments, agencies and crown corporations by virtue of common ownership. NBIMC obtains certain services from related parties during its normal course of operations which are recorded at the exchange amount agreed to by the parties.

Related party transactions are included in accounts payable and accrued liabilities in the amount of \$16 (2008 - \$10). NBIMC obtains certain of its telecommunications services from a department of the Province of New Brunswick. Included in operating expenses are fees in the amount of \$653 (2008 - \$628).

9. Fair Value of Financial Assets and Financial Liabilities

The fair value of NBIMC's cash, accounts receivable – Pension Funds, other receivables, accounts payable and accrued liabilities approximate their carrying amounts.

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION**

Financial Statements of

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

Year ended March 31, 2009

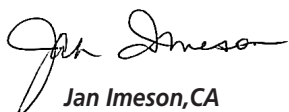
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of each of the Public Service Superannuation Fund, Teachers' Pension Fund and Judges' Superannuation Fund are the responsibility of management of New Brunswick Investment Management Corporation, as trustee. They have been approved by the Board of Directors.

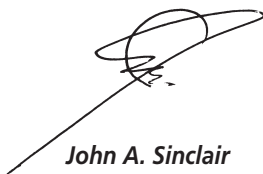
Management prepared the financial statements in accordance with section 27(1) of the New Brunswick Investment Management Act. These financial statements are special purposes financial statements and reflect the net assets held in trust and changes in net assets held in trust in accordance with the basis of accounting as disclosed in note 1 to the financial statements.

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.



Jan Imeson, CA
Chief Financial Officer



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, 2009 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, 2009 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, Canada
May 8, 2009

**NEW BRUNSWICK
INVESTMENT MANAGEMENT CORPORATION**

**Net Assets Held in Trust
Financial Statements**

Year ended March 31, 2009

	Page
Public Service Superannuation Fund	
Statement of Net Assets Held in Trust	36
Statement of Changes in Net Assets Held in Trust	36
Teachers' Pension Fund	
Statement of Net Assets Held in Trust	37
Statement of Changes in Net Assets Held in Trust	37
Judges' Superannuation Fund	
Statement of Net Assets Held in Trust	38
Statement of Changes in Net Assets Held in Trust	38
Notes to Financial Statements	39

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Public Service Superannuation Fund Statement of Net Assets Held in Trust

(in thousands of dollars)

As at March 31

	2009 \$	2008 \$
Assets:		
Investments (note 4)	3,839,286	4,720,465
Contributions receivable	12,855	11,518
Other receivable	141	234
	3,852,282	4,732,217
Liabilities:		
Accounts payable and accrued liabilities (note 8)	1,892	2,210
Net assets	3,850,390	4,730,007

See accompanying notes to financial statements.

Public Service Superannuation Fund Statement of Changes in Net Assets Held in Trust

(in thousands of dollars)

Year ended March 31

	2009 \$	2008 \$
Net assets held in trust, beginning of year as previously reported	4,730,007	4,708,073
Impact of adoption of new financial instruments standards (note 2)	-	(952)
Net assets held in trust, beginning of year	4,730,007	4,707,121
Increase in net assets:		
Investment income (loss) (note 7)	(870,751)	32,428
Pension contributions from sponsor	155,619	146,275
Employer amortization contributions	58,510	56,367
	(656,622)	235,070
Decrease in net assets:		
Payments to sponsor for benefits	213,617	202,323
Payments to sponsor for expenses	2,451	2,450
Fees paid to NBIMC	6,927	7,411
	222,995	212,184
Net increase (decrease) for the year	(879,617)	22,886
Net assets held in trust, end of year	3,850,390	4,730,007

See accompanying notes to financial statements.

Commitments (note 9)

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)

As at March 31

	2009 \$	2008 \$
Assets:		
Investments (note 4)	3,153,379	3,938,173
Contributions receivable	3,690	3,088
Other receivable	116	112
	3,157,185	3,941,373
Liabilities:		
Accounts payable and accrued liabilities (note 8)	1,410	1,801
Net assets	3,155,775	3,939,572

See accompanying notes to financial statements.

Teachers' Pension Fund

Statement of Changes in Net Assets Held in Trust

(in thousands of dollars)

Year ended March 31

	2009 \$	2008 \$
Net assets held in trust, beginning of year as previously reported	3,939,572	3,980,935
Impact of adoption of new financial instruments standards (note 2)	-	(790)
Net assets held in trust, beginning of year	3,939,572	3,980,145
Increase in net assets:		
Investment income (loss) (note 7)	(713,838)	30,478
Pension contributions from sponsor	84,983	78,281
Employer amortization contributions	85,047	81,934
	(543,808)	190,693
Decrease in net assets:		
Payments to sponsor for benefits	232,843	223,679
Payments to sponsor for expenses	1,399	1,357
Fees paid to NBIMC	5,747	6,230
	239,989	231,266
Net decrease for the year	(783,797)	(40,573)
Net assets held in trust, end of year	3,155,775	3,939,572

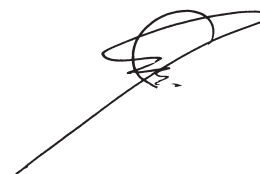
See accompanying notes to financial statements.

Commitments (note 9)

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)

As at March 31

	2009 \$	2008 \$
Assets:		
Investments (note 4)	23,364	28,654
Contributions receivable	8	7
	23,372	28,661
Liabilities:		
Accounts payable and accrued liabilities (note 8)	36	28
Net assets	23,336	28,633

See accompanying notes to financial statements.

Judges' Superannuation Fund Statement of Changes in Net Assets Held in Trust

(in thousands of dollars)

Year ended March 31

	2009 \$	2008 \$
Net assets held in trust, beginning of year as previously reported	28,633	29,030
Impact of adoption of new financial instruments standards (note 2)	-	(6)
Net assets held in trust, beginning of year	28,633	29,024
Increase in net assets:		
Investment income (loss) (note 7)	(5,213)	205
Pension contributions from sponsor	1,308	601
	(3,905)	806
Decrease in net assets:		
Payments to sponsor for benefits	1,308	1,092
Payments to sponsor for expenses	40	58
Fees paid to NBIMC	44	47
	1,392	1,197
Net decrease for the year	(5,297)	(391)
Net assets held in trust, end of year	23,336	28,633

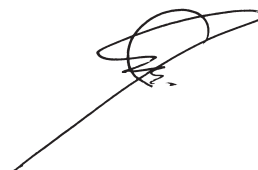
See accompanying notes to financial statements.

Commitments (note 9)

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, 2009

The assets of the Public Service Superannuation Fund ("PSSF"), Teachers' Pension Fund ("TPF") and Judges' Superannuation Fund ("JSF"), (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 22 unit trusts in place at year-end, each pool with a specific investment mandate. Each of the Funds holds units of the unit trusts in accordance with the investment policy of the Fund.

1. Significant accounting policies

(a) Accounting entity and basis of presentation

These financial statements provide information on the net assets of the Funds managed by NBIMC. They do not include the pension liabilities of the Public Service Superannuation Plan, the Teachers' Pension Plan or the Judges' Superannuation Plan (collectively "the Plans") as financial statements for these pension plans are separately reported. Consequently, these financial statements are not prepared in accordance with generally accepted Canadian accounting principles because they do not purport to show the adequacy of the Funds' assets to meet the Plans' pension obligations. They are not prepared in accordance with generally accepted Canadian accounting principles because they are prepared solely for the information and use of the Directors of NBIMC and the Minister of Finance for the Province of New Brunswick for complying with section 27(1) of the NBIMC Act.

The amounts of contributions to and payments from the Funds are determined by the Plan Sponsor, the Province of New Brunswick. The Sponsor is responsible for the administration of collections from and payments to members. NBIMC charges fees to the respective Funds on a cost recovery basis.

(b) Valuation of investments

All investments of the Funds are represented by holdings of units of each of the unit trust funds and are designated as held for trading upon initial recognition. The value of each investment in unit trust funds is based on the calculated net asset value per unit multiplied by the number of units held. Investments held in the unit trusts are valued at their fair value as of the date of the financial statements. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Fair value is determined as follows:

- (i) For publicly-traded fixed income securities such as bonds and floating rate notes, fair value is the most recent quote available from the bond quotation service, DEX.
- (ii) For publicly-traded equities, fair value is the latest quoted bid price for long positions and the latest quoted ask price for short positions.
- (iii) For externally-managed fund investments, fair value is based on the net asset value as reported by the external managers of the funds. External managers use public market prices in calculating the applicable net asset values.
- (iv) For unlisted securities or securities traded in "over-the-counter", fair value is based on a quotation service from a recognized dealer. Residual bonds are valued using a quoted market price for a similarly-termed government bond and adjusted for changes in credit risk spreads based on dealer feedback.
- (v) For private investments, such as non-traded pooled or closed funds, limited partnership interests, private placement bonds or equity investments, fair value is a subjective process. Private investment

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

1. Significant accounting policies (cont'd)

(b) Valuation of investments (cont'd)

fund valuations are initially provided by the external fund managers. Fair values for private investments are estimated using one or more methodologies, including discounted cash flows, multiples of earning measures, third party valuation and comparable recent transactions. An internal Valuation Committee, consisting of NBIMC's Chief Executive Officer/Chief Investment Officer, the Chief Financial Officer and the Vice President, Private Markets, review the external valuations quarterly. The Valuation Committee also meets annually to consider the need to adjust the valuation estimates.

- (vi) Investments in money market instruments are reported at cost which, together with accrued interest, approximates fair value.
- (vii) Derivatives are measured at their fair value with changes in fair value recognized in changes in net assets for the year. Total return equity swaps are valued based on quoted market index rates. 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.

(c) Contributions

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

(d) Investment income

Investment transactions are recognized by the underlying unit trusts as of their trade date. Investment income includes realized and unrealized gains and losses in the value of the units held in each of the unit trusts. Interest income is recognized on an accrual basis. Dividend income is recognized on the ex-dividend date. Transaction costs are expensed as incurred.

(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. 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 could differ from those estimates.

(g) 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, 2009

2. Changes in Accounting Policy

Financial Instruments - Disclosure and Presentation

Effective April 1, 2008, the Funds adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. These sections replaced the previous Section 3861, *Financial Instruments – Disclosure and Presentation*. Presentation standards have been carried forward unchanged. Disclosure standards have been enhanced and expanded to complement the changes in accounting policy adopted in accordance with Section 3855, *Financial Instruments – Recognition and Measurement*.

Financial Instruments - Recognition and Measurement

Effective April 1, 2007, the Funds adopted, retrospectively without restatement of comparative periods, the CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*. This standard involves changes to the way certain investments were valued for accounting purposes by requiring that fair value of quoted listed securities be determined using the latest bid prices for long positions and latest ask prices for short positions. In addition, the standard requires that all transaction costs be expensed as incurred, rather than included in the acquisition cost of the investment.

All investments of the Funds are represented by holdings of units of each of the unit trust funds. Each of the unit trust funds has also adopted, without restatement, CICA Handbook Section 3855 for accounting purposes. Investments in the unit trust funds are valued at their accounting fair value (GAAP NAV) as of the date of the financial statements. Purchases and redemptions of units of each unit trust are valued at the transaction date based on the calculated net asset value (daily NAV) multiplied by the number of units. Daily NAV uses closing market prices for quoted listed securities.

All financial instrument investments have been classified as held for trading, whereby changes in fair values are reflected as unrealized gains or losses immediately in the income statement. Transaction costs, including acquisition and sale costs, are shown as a separate item in the income statement.

The impact of adopting the standard, which resulted in a decrease in the opening value of investments and a corresponding decrease in net assets on the balance sheet, was: PSSF - \$952, TPF - \$790 and JSF - \$6.

3. Future Accounting Requirements

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that January 1, 2011 will be the date that International Financial Reporting Standards (IFRS) will replace current Canadian standards and become Canadian generally accepted accounting principles (GAAP) for publicly accountable entities. The Funds are in the process of assessing the impact of adopting IFRS for their financial reporting for the fiscal year ending March 31, 2012.

4. 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, 2009:

Nominal Bond 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 DEX All Government Bond Index, over a four-year moving average.

New Brunswick Fixed Income Opportunity 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 DEX All Government 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, 2009

4. Investments (cont'd)

Money Market 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 DEX 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

Foreign Exchange Hedging Funds

In the preceding year, NBIMC managed foreign currency exposure within each individual unit trust. On April 1, 2008, each of the Funds settled a separate grantor trust (the "Hedging Trust"), with NBIMC appointed as trustee under each Trust Declaration. The Hedging Trusts are designed to facilitate hedging policy decisions with respect to exposure to foreign currencies. Foreign currency contracts transferred on April 1, 2008 into the Hedging Trusts were as follows:

	March 31, 2008 Notional Value \$	PSSF Foreign Exchange Hedging Fund \$	TPF Foreign Exchange Hedging Fund \$	JSF Foreign Exchange Hedging Fund \$
Allocation Equity International Fund	687,075	381,618	303,141	2,317
Commodity Fund	179,293	97,424	81,277	591
External International Equity Fund	136,384	74,108	61,826	450
EAFE Equity Index Fund	672,814	370,790	299,773	2,251
Inflation-Linked Securities Fund	11,307	5,994	5,278	36
Private Equity Fund	152,492	82,861	69,128	503
U.S. Real Estate Fund	385,743	188,065	196,537	1,142

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.

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.

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).

Allocation Equity International Fund (discontinued March 31, 2008)

This fund was 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 gained 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 was

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

4. Investments (cont'd)

avoided by ensuring each derivative product was supported by an appropriate value of short-term investments. This fund was also used to implement quantitative strategies on the U.S. equity markets. The benchmark was a weighting of the respective country or regional indices. On March 31, 2008, this fund was terminated.

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.

Canadian Equity - Active Long Strategy

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.

EAFE Equity Index Fund (formerly *European Equity Fund*)

Prior to April 1, 2008, this fund invested in publicly-traded securities that were included in the MSCI Europe (Developed Markets) Index as measured in local currency. The objective was to achieve a rate of return equivalent to or exceeding that of the index.

On April 1, 2008, the investment mandate for this fund was changed to include 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.

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\$).

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 DEX 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

Inflation Linked Securities 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 DEX Real Return Bond Index, over a four-year moving average.

Canadian Real Estate Fund

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 4%.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

4. Investments (cont'd)

U.S. Real Estate Fund

This fund is managed by an external manager that invests primarily in publicly traded securities of U.S. Real Estate Investment Trusts. The performance objective is to add 150 basis points to the FTSE-NAREIT®, Equity Index (CAD\$), net of fees, over the long-term.

Commodity Fund

This fund is used to implement investment policy decisions 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 S&P Goldman Sachs Commodity Index – Total Return (CAD\$). The performance objective is to match the benchmark index.

North American Market Neutral Fund

This fund focuses on adding value through security selection within its universe of the S&P/TSX Composite Index, S&P 500 Index, Russell 3000 and NASDAQ 100 Index. 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 DEX 91-Day Treasury Bill Index and 7% of the Call Loan Rate.

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.

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\$).

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 base was \$1 million and is to be 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% DEX All Government Bond Index, 4.65% DEX 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.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

4. Investments (cont'd)

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

Public Service Superannuation Fund

	# Units	Unit Value (rounded in dollars)	Fair Value 2009 \$	Fair Value 2008 \$
Fixed income:				
Nominal Bond	484,145	1,848	894,912	1,256,546
New Brunswick Fixed Income Opportunity	8,077	2,223	17,954	18,538
Money Market	79,166	1,462	115,703	154,677
PSSF Foreign Exchange Hedging	478,539	259	124,090	—
			1,152,659	1,429,761
Equities:				
Canadian Equity Index	333,324	1,524	508,079	571,825
External Canadian Equity	71,546	1,718	122,935	255,551
S&P/TSX Completion Index	37,811	1,346	50,907	81,004
Allocation Equity International	—	—	—	591,915
External International Equity	87,966	861	75,771	74,072
Canadian Equity Active Long Strategy	158,368	658	104,227	70,271
EAFE Equity Index	699,091	666	465,268	610,294
U.S. Equity Index	519,159	754	391,626	—
Quantitative Strategies	91,328	995	90,897	—
			1,809,710	2,254,932
Inflation Linked Assets:				
Inflation Linked Securities	152,509	2,298	350,536	424,777
Canadian Real Estate	22,612	2,179	49,261	43,410
U.S. Real Estate	89,241	1,596	142,450	186,697
Commodity	96,091	778	74,768	100,806
			617,015	755,690
Alternative Investments:				
North American Market Neutral	115,211	1,317	151,711	187,540
New Brunswick and Atlantic Canada Equity Opportunity	10,573	1,071	11,324	7,212
Private Equity	74,045	1,295	95,908	84,248
Student Investment	485	1,976	959	1,082
			259,902	280,082
			3,839,286	4,720,465

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

4. Investments (cont'd)

Teachers' Pension Fund

	# Units	Unit Value (rounded in dollars)	Fair Value 2009 \$	Fair Value 2008 \$
Fixed income:				
Nominal Bond	405,529	1,848	749,596	1,068,000
New Brunswick Fixed Income Opportunity	6,633	2,223	14,745	15,466
Money Market	64,841	1,462	94,766	128,767
TPF Foreign Exchange Hedging	552,896	187	103,298	—
			962,405	1,212,233
Equities:				
Canadian Equity Index	252,845	1,524	385,406	437,702
External Canadian Equity	58,758	1,718	100,962	213,198
S&P/TSX Completion Index	31,053	1,346	41,809	67,578
Allocation Equity International	—	—	—	470,192
External International Equity	72,244	861	62,228	61,796
Canadian Equity Active Long Strategy	130,063	658	85,599	58,624
EAFE Equity Index	544,579	666	362,435	493,405
U.S. Equity Index	408,752	754	308,340	—
Quantitative Strategies	75,004	995	74,651	—
			1,421,430	1,802,495
Inflation Linked Assets:				
Inflation Linked Securities	132,137	2,298	303,712	374,083
Canadian Real Estate	18,360	2,179	39,998	36,215
U.S. Real Estate	93,375	1,596	149,048	195,108
Commodity	78,917	778	61,404	84,100
			554,162	689,506
Alternative Investments:				
North American Market Neutral	94,619	1,317	124,595	156,458
New Brunswick and Atlantic Canada				
Equity Opportunity	8,984	1,071	9,622	6,017
Private Equity	61,857	1,295	80,121	70,285
Student Investment	528	1,976	1,044	1,179
			215,382	233,939
			3,153,379	3,938,173

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

4. Investments (cont'd)

Judges' Superannuation Fund

	# Units	Unit Value (rounded in dollars)	Fair Value 2009 \$	Fair Value 2008 \$
Fixed income:				
Nominal Bond	2,955	1,848	5,463	7,628
New Brunswick Fixed Income Opportunity	49	2,223	109	113
Money Market	481	1,462	703	937
JSF Foreign Exchange Hedging	4,891	150	733	—
			7,008	8,676
Equities:				
Canadian Equity Index	2,028	1,524	3,093	3,471
External Canadian Equity	436	1,718	748	1,551
S&P/TSX Completion Index	230	1,346	310	492
Allocation Equity International	—	—	—	3,594
External International Equity	535	861	461	450
Canadian Equity Active Long Strategy	964	658	634	427
EAFE Equity Index	4,246	666	2,826	3,705
U.S. Equity Index	3,153	754	2,378	—
Quantitative Strategies	556	995	553	—
			11,003	13,690
Inflation Linked Assets:				
Inflation Linked Securities	928	2,298	2,134	2,578
Canadian Real Estate	139	2,179	303	264
U.S. Real Estate	541	1,596	864	1,133
Commodity	585	778	455	612
			3,756	4,587
Alternative Investments:				
North American Market Neutral	701	1,317	924	1,138
New Brunswick and Atlantic Canada Equity Opportunity	65	1,071	70	44
Private Equity	460	1,295	596	511
Student Investment	4	1,976	7	8
			1,597	1,701
			23,364	28,654

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management

Financial instruments are exposed to risks such as market, credit and liquidity risk. Under its terms of reference, the 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 Board of Directors is responsible for the establishment of a Statement of Investment Policy 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 Statements of Investment Policy. 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.

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 Statement of Investment Policy, 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. In addition to exposure to foreign currency risk, interest rate risk, credit risk and pricing risk as discussed below, the Funds are exposed to other market risks.

NBIMC conducts certain of its investment activities on behalf of the Funds by trading through broker channels on regulated exchanges and in the over-the-counter market. Investment strategies 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. The Statement of Investment Policy for each Fund precludes the use of leverage in the investment portfolio. Accordingly, to the extent that there is market exposure from derivative investments, 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 are also supported by cash underlay.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31

5. Financial Instrument Risk Management (cont'd)

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, 2009 the fair value of securities that have been deposited or pledged with various financial institutions as collateral or margin are as follows:

	2009 \$	2008 \$
Public Service Superannuation Fund	137,505	200,294
Teachers' Pension Fund	118,817	175,750
Judges' Superannuation Fund	837	1,215
	257,159	377,289

(b) **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 (see also note 6).

In the past, the Statement of Investment Policy for each Fund required foreign currency exposure to be hedged to Canadian dollars as fully as possible. On August 26, 2008, the Board approved a change in that policy to require hedging of 50% of core (U.S. Dollar, Euro, Great Britain Pound Sterling and Japanese yen) currency exposures.

The net underlying unhedged currency exposures, expressed in Canadian dollar equivalents, as at March 31 are as follows:

Public Service Superannuation Fund

Currency	2009 Fair Value by Currency			
	Total Exposure \$	Hedging \$	Net Exposure \$	Total %
Canadian Dollar	2,626,806	604,560	3,231,366	84.17
United States Dollar	699,945	(368,285)	331,660	8.64
Euro	190,780	(111,712)	79,067	2.06
Japanese Yen	116,846	(70,090)	46,756	1.22
British Pound Sterling	97,564	(54,472)	43,091	1.12
Swiss Frank	39,298	—	39,298	1.02
Danish Kroner	4,148	—	4,148	0.11
Norwegian Kroner	3,496	—	3,496	0.09
Swedish Kroner	10,382	—	10,382	0.27
Other	50,022	—	50,022	1.30
Investments	3,839,286	—	3,839,286	100.00

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

Public Service Superannuation Fund

Currency	2008 Fair Value by Currency			
	Total Exposure \$	Hedging \$	Net Exposure \$	Total %
Canadian Dollar	3,573,565	1,023,546	4,597,110	97.39
United States Dollar	735,021	(737,378)	(2,358)	(0.05)
Euro	248,163	(275,823)	(27,660)	(0.59)
Japanese Yen	(21,200)	144,415	123,215	2.61
British Pound Sterling	126,337	(141,820)	(15,483)	(0.33)
Swiss Frank	41,501	(46,049)	(4,548)	(0.10)
Danish Kroner	6,940	(9,322)	(2,382)	(0.05)
Norwegian Kroner	7,077	(8,598)	(1,521)	(0.03)
Swedish Kroner	14,681	(18,257)	(3,576)	(0.08)
Other	(11,618)	69,287	57,669	1.22
Investments	4,720,465	—	4,720,465	100.00

Teachers' Pension Fund

Currency	2009 Fair Value by Currency			
	Total Exposure \$	Hedging \$	Net Exposure \$	Total %
Canadian Dollar	2,158,065	504,976	2,663,041	84.45
United States Dollar	594,037	(315,455)	278,582	8.83
Euro	150,636	(89,831)	60,804	1.93
Japanese Yen	91,021	(55,286)	35,735	1.13
British Pound Sterling	76,000	(44,403)	31,597	1.00
Swiss Frank	30,612	—	30,612	0.97
Danish Kroner	3,231	—	3,231	0.10
Norwegian Kroner	2,723	—	2,723	0.09
Swedish Kroner	8,087	—	8,087	0.26
Other	38,966	—	38,966	1.24
Investments	3,153,379	—	3,153,379	100.00

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

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)**Teachers' Pension Fund**

Currency	2008 Fair Value by Currency			
	Total Exposure \$	Hedging \$	Net Exposure \$	Total %
Canadian Dollar	2,966,261	874,840	3,841,101	97.54
United States Dollar	637,929	(640,546)	(2,617)	(0.07)
Euro	201,561	(224,911)	(23,352)	(0.59)
Japanese Yen	(17,060)	116,755	99,695	2.53
British Pound Sterling	102,123	(115,286)	(13,162)	(0.33)
Swiss Frank	33,552	(37,396)	(3,844)	(0.10)
Danish Kroner	5,610	(7,601)	(1,991)	(0.05)
Norwegian Kroner	5,721	(7,003)	(1,282)	(0.03)
Swedish Kroner	11,869	(14,868)	(2,999)	(0.08)
Other	(9,393)	56,016	46,623	1.18
Investments	3,938,173	—	3,938,173	100.00

Judges' Superannuation Fund

Currency	2009 Fair Value by Currency			
	Total Exposure \$	Hedging \$	Net Exposure \$	Total %
Canadian Dollar	15,987	3,705	19,692	84.29
United States Dollar	4,259	(2,299)	1,959	8.39
Euro	1,164	(667)	496	2.12
Japanese Yen	710	(407)	302	1.29
British Pound Sterling	593	(331)	261	1.12
Swiss Frank	239	—	239	1.02
Danish Kroner	25	—	25	0.11
Norwegian Kroner	21	—	21	0.09
Swedish Kroner	63	—	63	0.27
Other	304	—	304	1.30
Investments	23,364	—	23,364	100.00

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

Judges' Superannuation Fund

Currency	2008 Fair Value by Currency			
	Total Exposure \$	Hedging \$	Net Exposure \$	Total %
Canadian Dollar	21,692	6,213	27,905	97.39
United States Dollar	4,462	(4,476)	(14)	(0.05)
Euro	1,506	(1,674)	(168)	(0.59)
Japanese Yen	(129)	877	748	2.61
British Pound Sterling	767	(861)	(94)	(0.33)
Swiss Frank	252	(280)	(28)	(0.10)
Danish Kroner	42	(57)	(14)	(0.05)
Norwegian Kroner	43	(52)	(9)	(0.03)
Swedish Kroner	89	(111)	(22)	(0.08)
Other	(71)	421	350	1.22
Investments	28,654	—	28,654	100.00

A 1% increase or decrease in the value of the Canadian dollar against all currencies would result in an approximate increase or decrease in the value of the Funds' net investment assets of: PSSF - \$6,079, TPF - \$4,903 and JSF - \$37 (2008 - PSSF - \$1,234, TPF - \$971 and JSF - \$7).

- (c) **Interest Rate Risk:** Interest rate risk refers to the effect on the market value of investments due to fluctuation of interest rates. The fixed income, inflation linked and alternative asset classes have guidelines on duration and yield curve distribution, which are designed to mitigate the risk of interest rate volatility for their fixed income securities. Duration is the present value, expressed in years, of the yield, coupon, final maturity and call features of fixed income instruments.

At March 31, the duration for the fixed income securities, by unit trust fund, and the sensitivity to an increase or decrease of 0.25% in interest rates, are as follows:

Public Service Superannuation Fund

	2009			2008		
	Fixed Income Instruments Fair Value \$	Duration (years)	Sensitivity to 0.25% change in rates \$	Fixed Income Instruments Fair Value \$	Duration (years)	Sensitivity to 0.25% change in rates \$
Nominal Bond Fund	843,501	7.0	160	1,251,687	7.3	215
New Brunswick Fixed Income Opportunity Fund	17,954	5.1	2	18,538	5.4	2
Money Market Fund	—	—	—	18,557	0.5	—
Foreign Exchange Hedging	132,032	7.0	—	—	—	—
Inflation Linked Bonds	339,197	16.6	125	424,239	16.1	153
Student Investment Fund	432	6.3	—	547	6.9	—
	1,333,116			1,713,568		

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

Teachers' Pension Fund

	2009			2008		
	Fixed Income Instruments Fair Value \$	Duration (years)	Sensitivity to 0.25% change in rates \$	Fixed Income Instruments Fair Value \$	Duration (years)	Sensitivity to 0.25% change in rates \$
Nominal Bond Fund	707,497	7.0	135	1,063,871	7.3	183
New Brunswick Fixed Income Opportunity Fund	14,745	5.1	2	15,466	5.4	2
Money Market Fund	—	—	—	15,448	0.5	—
Foreign Exchange Hedging	109,628	7.0	—	—	—	—
Inflation Linked Bonds	293,887	16.6	108	373,610	16.1	135
Student Investment Fund	470	6.3	—	596	6.9	—
	1,126,227			1,468,991		

Judges' Superannuation Fund

	2009			2008		
	Fixed Income Instruments Fair Value \$	Duration (years)	Sensitivity to 0.25% change in rates \$	Fixed Income Instruments Fair Value \$	Duration (years)	Sensitivity to 0.25% change in rates \$
Nominal Bond Fund	5,167	7.0	1	7,598	7.3	1
New Brunswick Fixed Income Opportunity Fund	109	5.1	—	113	5.4	—
Money Market Fund	—	—	—	112	0.5	—
Foreign Exchange Hedging	788	7.0	—	—	—	—
Inflation Linked Bonds	2,065	16.6	1	2,575	16.1	1
Student Investment Fund	3	6.3	—	4	6.9	—
	8,132			10,402		

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

The terms to maturity of the financial instruments in the fixed income, inflation linked and alternative asset classes, as at March 31, are as follows:

Public Service Superannuation Fund

	2009					Average Effective Yield %	2008	
	Within 1 Year \$	1-5 Years \$	6-10 Years \$	Over 10 Years \$	Total \$		Total \$	Average Effective Yield %
Canadian								
Government of Canada bonds	12,302	208,902	35,230	359,522	615,956	3.2	838,184	3.4
Provincial bonds	1,811	112,865	81,821	231,658	428,155	5.1	520,324	4.9
Municipal bonds	—	13,096	68,009	—	81,105	5.0	80,242	4.9
Corporate bonds	—	41,104	10,523	38,786	90,413	5.2	109,747	5.4
Other	2,531	25,151	5,477	77,099	110,258	5.9	113,656	5.0
Foreign								
Treasury bonds	—	—	—	7,229	7,229	2.3	51,416	3.6
	16,643	401,119	201,060	714,293	1,333,116		1,713,568	

Teachers' Pension Fund

	2009					Average Effective Yield %	2008	
	Within 1 Year \$	1-5 Years \$	6-10 Years \$	Over 10 Years \$	Total \$		Total \$	Average Effective Yield %
Canadian								
Government of Canada bonds	10,311	175,012	29,522	310,154	525,000	3.2	724,571	3.4
Provincial bonds	1,517	94,545	68,543	194,061	358,666	5.1	442,240	4.9
Municipal bonds	—	10,970	56,967	—	67,937	5.0	68,204	4.9
Corporate bonds	—	34,430	8,814	32,491	75,735	5.2	93,285	5.4
Other	2,078	20,975	4,588	64,986	92,627	5.9	96,788	5.0
Foreign								
Treasury bonds	—	—	—	6,263	6,263	2.3	43,902	3.6
	13,906	335,932	168,434	607,955	1,126,227		1,468,990	

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

Judges' Superannuation Fund

	2009					2008		
	Within 1 Year \$	1-5 Years \$	6-10 Years \$	Term to Maturity Over 10 Years \$	Total \$	Average Effective Yield %	Total \$	Average Effective Yield %
Canadian								
Government of Canada bonds	75	1,275	215	2,189	3,754	3.2	5,088	3.4
Provincial bonds	11	689	500	1,414	2,614	5.1	3,159	4.9
Municipal bonds	—	80	415	—	495	5.0	487	4.9
Corporate bonds	—	251	64	237	552	5.2	666	5.4
Other	15	153	33	470	671	5.9	690	5.0
Foreign								
Treasury bonds	—	—	—	44	44	2.3	312	3.6
	102	2,449	1,227	4,355	8,132		10,402	

(d) **Credit Risk:** The Funds are exposed to credit-related risk in the event that 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. Management 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. 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 NBIMC's Board of Directors.

The maximum credit exposure for each of the Funds as of March 31 is as follows:

	PSSF		TPF		JSF	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Investments	1,984,833	2,970,426	1,644,260	2,483,025	12,088	18,024
Contributions receivable	12,855	11,518	3,690	3,088	8	7
Other receivables	141	234	116	112	—	—
	1,997,829	2,982,178	1,648,066	2,486,225	12,096	18,031

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

The quality of the maximum credit exposure as at March 31 is as follows:

	PSSF		TPF		JSF	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
AAA	749,129	1,007,587	635,270	866,871	4,569	6,117
AA	606,475	1,023,716	482,241	835,721	3,615	6,146
A	293,306	304,899	246,672	260,303	1,790	1,851
R-1	305,704	597,326	247,450	481,605	1,858	3,622
Other	43,215	48,650	36,433	41,725	264	295
	1,997,829	2,982,178	1,648,066	2,486,225	12,096	18,031

As at March 31, 2009, the highest concentration of credit risk is with Government of Canada bonds.

- (e) **Other Pricing Risk:** Pricing risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices (other than those arising from foreign currency, interest rate or credit risks). Pricing risk can affect specific investments or broad market indices.

Each of the Funds holds a portion of its assets in unit trust funds that invest in active and passive equity strategies and commodities. Management's principal lever for managing equity and commodity pricing risk is to invest in widely diversified countries, sectors, issuers and types of commodities.

The Funds also employ absolute return strategies through investments in the North American Market Neutral Fund and the Quantitative Strategies Fund. These absolute return strategies have a low correlation to broad market indices and therefore are capable of generating positive returns regardless of market conditions.

- (f) **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 plan sponsor, cash and readily marketable assets such as government bonds and publicly traded securities. Uses of liquidity include payments to the plan sponsor for pension benefits, 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. The asset mix is a combination of fixed income, equities and alternative investments. Other than cash, government bonds are considered the most liquid asset class whereas private equity investments held in the Private Equity Fund, and the private real estate and infrastructure investments held in the Canadian Real Estate Fund are considered highly illiquid due to 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 and New Brunswick regional investments, the fair value of collateral pledged with brokers and counterparties and any unfunded investment commitments.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

5. Financial Instrument Risk Management (cont'd)

The following table shows the determination of net liquid assets at March 31:

	2009			2008		
	PSSF Total Assets \$	TPF Total Assets \$	JSF Total Assets \$	PSSF Total Assets \$	TPF Total Assets \$	JSF Total Assets \$
Net assets	3,850,390	3,155,775	23,336	4,730,007	3,939,572	28,633
Less: investment in Private Equity Fund (note 4)	(95,908)	(80,121)	(596)	(84,249)	(70,285)	(511)
Less: investment in Canadian Real Estate Fund (note 4)	(49,261)	(39,998)	(303)	(43,410)	(36,215)	(264)
Less: investment in New Brunswick Fixed Income Opportunity Fund (note 4)	(17,954)	(14,745)	(109)	(18,538)	(15,466)	(113)
Less: investment in New Brunswick and Atlantic Canada Equity Opportunity Fund (note 4)	(11,324)	(9,622)	(70)	(7,212)	(6,017)	(44)
Less: collateral pledged (note 5(a))	(137,505)	(118,817)	(837)	(200,294)	(175,750)	(1,216)
Less: investment commitments (note 9)	(120,709)	(100,567)	(749)	(114,830)	(95,799)	(697)
Net liquid assets	3,417,729	2,791,906	20,672	4,261,475	3,540,040	25,788

(g) Securities Lending: Certain of the unit trust funds in which the Funds have invested have entered into a securities lending arrangement with their securities custodian with the objective of enhancing portfolio returns. Under this program, the custodian 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 this program to minimize exposure to counterparty credit risk. Securities on loan remain recorded as investments on the Statement of Net Assets. As at March 31, 2009, the Funds had loaned securities with an estimated fair value as follows: PSSF - \$388,997 (2008 - \$314,917); TPF - \$321,006 (2008 - \$259,299) and JSF - \$2,370 (2008 - \$1,911).

6. Derivative Contracts

A derivative is a financial contract, the value of which is derived from the notional value of underlying assets, indices, interest rates or currency exchange rates. The Funds, through their investments in the unit trust funds, may be party to certain derivatives, including futures contracts, interest rate swaps, forward foreign exchange contracts, cross currency swaps and total return equity swaps. Futures contracts are agreements between two parties to buy or sell a security or financial interest at a specified date, quantity and price. Futures contracts are standardized and traded on recognized exchanges. Interest rate swaps are agreements to exchange cash flows periodically based on a notional principal amount. Forward currency contracts are agreements between two parties, traded over the counter and not on an organized exchange, to purchase or sell currency against another currency at a future date and price. Total return equity swaps, traded in the over-the-counter market, are contractual agreements between two counterparties to exchange financial returns with predetermined conditions based on notional amounts.

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

6. Derivative Contracts (cont'd)

Derivatives are used for various purposes, including: to invest in a particular stock market in an inexpensive and effective fashion (e.g. futures and swaps); to enhance returns (total return equity swaps); to convert a fixed interest rate payment into a floating interest rate payment (interest rate swaps); and to hedge against potential losses due to changes in foreign exchange rates or stock prices (forward foreign exchange contracts).

Derivative contracts create credit risk exposure should counterparties be unable to meet the terms of the contracts. NBIMC mitigates this risk exposure by only entering into derivatives with investment grade counterparties and restricting each counterparty exposure to no more than 5% of total assets. Derivative instruments are also subject to foreign currency, interest rate, pricing and liquidity risk (see notes 5(c), (d), (e) and (f)). Liquidity risk is the risk that the Funds would need to pay a premium to cancel or offset a derivative position prior to its maturity.

The Statements of Investment Policy do not permit leverage in the use of derivative instruments. Accordingly, short-term assets in an amount sufficient to cover potential derivative exposure are maintained as cash underlay.

The following tables summarize the derivative contracts of each Fund. Notional values represent the volume of outstanding positions of the derivative contracts. The notional value is the amount to which a rate or price is applied in the calculation of cash flows for swaps, foreign exchange contracts and futures. The fair values are unrealized gains or losses on derivative contracts and represent the cost of replacing these contracts under current market conditions.

Public Service Superannuation Fund

	Notional Value 2009	Fair Value 2009	Notional Value 2008	Fair Value 2008
	\$	\$	\$	\$
Asset management:				
Equity futures	(3,519)	1,467	134,014	22,276
Equity swaps	245,255	3,564	477,396	6,377
Interest rate swaps	5,133	(18)	5,099	758
Cross-currency swaps	17,339	(2,287)	17,271	(6,716)
Forward exchange contracts	5,318,485	(7,892)	1,200,859	(50,204)
Net fair value of derivative contracts		(5,166)		(27,509)

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

6. Derivative Contracts (cont'd)

Teachers' Pension Fund

	Notional Value 2009 \$	Fair Value 2009 \$	Notional Value 2008 \$	Fair Value 2008 \$
Asset management:				
Equity futures	(3,102)	1,142	106,110	17,854
Equity swaps	186,040	2,702	365,421	4,882
Interest rate swaps	4,300	(15)	4,334	644
Cross-currency swaps	13,152	(1,735)	13,220	(5,141)
Forward exchange contracts	4,190,087	(6,282)	1,016,960	(41,821)
Net fair value of derivative contracts		(4,188)		(23,582)

Judges' Superannuation Fund

	Notional Value 2009 \$	Fair Value 2009 \$	Notional Value 2008 \$	Fair Value 2008 \$
Asset management:				
Equity futures	(21)	8	813	134
Equity swaps	1,492	22	2,898	39
Interest rate swaps	31	—	31	5
Cross-currency swaps	106	(14)	105	(41)
Forward exchange contracts	30,879	(54)	7,289	(305)
Net fair value of derivative contracts		(38)		(168)

The term to maturity based on the notional value for the derivatives as at March 31 is as follows:

	PSSF		TPF		JSF	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Under 1 year	5,560,221	1,812,268	4,372,025	1,488,492	32,350	11,001
1 to 5 years	22,472	22,370	17,452	17,554	137	136
	5,582,693	1,834,639	4,390,477	1,506,046	32,487	11,137

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

7. Investment Income

(a) Investment Income (Loss)

Net investment income (loss) for the year ended March 31, before and after allocating net realized and unrealized gains (losses) on investments, is as follows:

	PSSF		TPF		JSF	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Interest income	74,038	110,372	61,772	92,202	444	675
Dividend income	65,965	41,017	54,707	34,336	398	251
Income from Money Market Pool	13,568	27,573	11,093	22,431	84	168
Income (loss) from derivative products	(256,776)	(48,610)	(205,265)	(36,429)	(1,547)	(293)
Securities lending income	1,031	720	824	594	6	4
Transaction costs	(8,453)	(7,541)	(6,920)	(6,250)	(53)	(46)
Other	(1,353)	(1,220)	(1,119)	(1,028)	(9)	(7)
	(111,980)	122,311	(84,908)	105,856	(677)	752
Realized gains (losses) on investments	(129,581)	69,047	(112,155)	57,755	(773)	423
Unrealized losses on investments	(629,190)	(158,930)	(516,775)	(133,133)	(3,764)	(970)
Total loss on investments	(758,771)	(89,883)	(628,930)	(75,378)	(4,536)	(547)
Investment income (loss)	(870,751)	32,428	(713,838)	30,478	(5,213)	205

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

7. Investment Income (cont'd)

(b) Investment Income (Loss) by Asset Class

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

	PSSF		TPF		JSF	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Fixed income:						
Nominal Bond	50,459	84,553	42,516	71,862	300	516
New Brunswick Fixed Income Opportunity	1,323	1,529	1,097	1,281	8	9
Money Market	1,686	4,724	1,446	3,872	11	29
Foreign Exchange Hedging	(103,572)	—	(88,468)	—	(633)	—
	(50,104)	90,804	(43,409)	77,016	(314)	554
Equities:						
Canadian Equity Index	(175,371)	43,604	(132,034)	34,606	(1,045)	269
External Canadian Equity	(64,651)	10,545	(53,724)	9,036	(388)	66
S&P/TSX Completion Index	(30,534)	(2,324)	(25,331)	(1,898)	(183)	(14)
Allocation Equity International	563	(98,371)	447	(78,142)	3	(599)
External International Equity	(40,747)	(16,756)	(33,783)	(13,963)	(244)	(102)
Canadian Equity – Active Long Strategy	(36,358)	(1,868)	(29,968)	(1,535)	(217)	(11)
EAFE Equity Index	(216,108)	(48,357)	(170,586)	(39,285)	(1,292)	(294)
U.S. Equity Index	(116,449)	—	(93,556)	—	(691)	—
Quantitative Strategies	(680)	—	(588)	—	(4)	—
	(680,335)	(113,527)	(539,123)	(91,181)	(4,061)	(685)
Inflation Linked Assets:						
Inflation Linked Securities	(7,241)	22,002	(6,429)	19,037	(45)	134
Canadian Real Estate	(685)	3,801	(535)	3,171	(4)	23
U.S. Real Estate	(89,027)	(30,182)	(88,416)	(27,611)	(528)	(185)
Commodity	(39,545)	26,238	(32,764)	22,013	(236)	161
	(136,498)	21,860	(128,144)	16,610	(813)	132
Alternative Investments:						
North American Market Neutral	(1,085)	15,522	(886)	13,087	(7)	95
New Brunswick and Atlantic Canada Equity Opportunity	1,260	700	1,075	587	8	4
Private Equity	(3,866)	17,002	(3,217)	14,286	(25)	104
Student Investment	(123)	67	(134)	73	(1)	1
	(3,814)	33,291	(3,162)	28,033	(25)	204
	(870,751)	32,428	(713,838)	30,478	(5,213)	205

NEW BRUNSWICK INVESTMENT MANAGEMENT CORPORATION

Net Assets Held in Trust Notes to Financial Statements

(in thousands of dollars)

Year ended March 31, 2009

8. Capital and Annualized Long-Term Returns

The definition of capital, as it pertains to each of the Funds, is the net assets of each Fund. 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. Note 4 *Investments*, Note 5 *Financial Instrument Risk Management*, and Note 6 *Derivatives* provide qualitative descriptions of the investment management process and quality of investments.

The most recent actuarial valuation for the PSSF is dated April 1, 2008, the TPF is April 1, 2006 and the JSF is April 1, 2004. 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:

	2009			2008		
	Actuarial Required Nominal Return %	4 Year Annualized Nominal Return %	10 Year Annualized Nominal Return %	Actuarial Required Nominal Return %	4 Year Annualized Nominal Return %	10 Year Annualized Nominal Return %
PSSF	6.60	0.92	4.49	7.12	8.39	6.56
TPF	7.12	0.87	4.46	7.12	8.26	6.54
JSF	7.12	1.05	4.52	7.12	8.63	6.50

9. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities of the three combined trust funds, is \$2,289 (2008 - \$3,277) due to NBIMC.

10. Commitments

The Private Equity Fund and the Canadian Real Estate 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. Unfunded commitments as at March 31 are:

	PSSF		TPF		JSF	
	2009 \$	2008 \$	2009 \$	2008 \$	2009 \$	2008 \$
Private Equity Fund	109,043	93,876	91,095	78,318	677	570
Canadian Real Estate Fund	11,666	20,954	9,472	17,481	72	127
	120,709	114,830	100,567	95,799	749	697