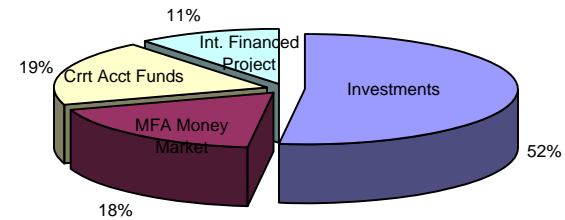


City of Kelowna Investment Portfolio
Compliance and Benchmark Report
As at December 31 , 2006

(1) Current Investment Portfolio

Investments	101,497,289	52.0%
MFA Money Market	34,987,755	17.9%
Current Account Funds	37,554,772	19.3%
	174,039,816	89.2%
Internally Financed Projects	21,000,256	10.8%
Total	195,040,072	100.0%



(2) Final Maturity Time Frames

	0 - 1 Yr	1 - 5 Yrs	5 -10 Yrs	Total
	86,231,965	58,840,517	28,967,334	174,039,816
(Includes MFA Money Market and Current Bank Balance)	49.5%	33.8%	16.6%	100.0%
Average Term to Maturity	2 1/2 years		Policy Maximum	< 3 Years
Average Quality Rating	AAA		Policy Maximum	min. of AA

(3) Issuer Class

	Canadas	Provincials	Municipals	Corporates	Total
	38,801,537	48,842,825	495,850	13,357,077	101,497,289
(Exclusive of MFA Money Market and Current Bank Balance)	38.2%	48.1%	0.5%	13.2%	100.0%
Policy Requirements	40%-60%	40%-60%	0%-10%	0%-10%	
Over / (Under)	Under	Pass	Pass	Over	

City of Kelowna Investment Portfolio
Compliance and Benchmark Report
As at December 31 , 2006

(4) Individual Issuers

	Balance	Percentage	Policy Max.*	Variance
Province of British Columbia	10,946,946	10.8%	20.0%	(9.2%)
Province of Alberta	9,362,708	9.2%	20.0%	(10.8%)
Province of Saskatchewan	6,799,701	6.7%	20.0%	(13.3%)
Province of Manitoba	3,897,210	3.8%	20.0%	(16.2%)
Province of Ontario	14,813,347	14.6%	20.0%	(5.4%)
Province of Quebec	1,493,073	1.5%	20.0%	(18.5%)
Province of New Brunswick	1,013,259	1.0%	20.0%	(19.0%)
Province of Nova Scotia	516,581	0.5%	5.0%	(4.5%)
Total Provincials	48,842,825	48.1%	40%-60%	Pass
 Government of Canada	 38,801,537	 38.2%	 40%-60%	 Under
 Municipal	 495,850	 0.5%	 0%-10%	 Pass
 CIBC	 507,317	 0.5%	 5.0%	 (4.5%)
Bank of Montreal	4,910,613	4.8%	5.0%	(0.2%)
Bank of Nova Scotia	5,939,395	5.9%	5.0%	0.9%
Royal Bank	1,999,753	2.0%	5.0%	(3.0%)
Total Corporates	13,357,077	13.2%	0%-10%	Over

* Holdings of Individual Provincial Issuer **not** to exceed 20% of Total Portfolio, exclusive of MFA Money Market and Current Account funds.
Holdings of Individual Corporate Issuer **not** to exceed 5% of Total Portfolio, exclusive of MFA Money Market and Current Account funds.

(5) Internally Financed Projects

	Balance	Percentage	Policy Max.*	Variance	Financing Term
Airport	9,614,832	4.9%	15.0%	(10.1%)	Work is on-going, no term to complete yet
Capital News Centre	9,330,032	4.8%	15.0%	(10.2%)	Term to 2020
Water Metering	1,604,171	0.8%	15.0%	(14.2%)	Term to 2011
Cemetery	451,221	0.2%	15.0%	(14.8%)	Term to 2010
Total	21,000,256	10.8%	30.0%	(19.2%)	

* Individual Internally Financed Projects **not** to exceed 15% of Total Portfolio, **including** of MFA Money Market and Current Account funds.
Total of **all** Internally Financed Projects **not** to exceed 30% of Total Portfolio, **including** of MFA Money Market and Current Account funds.

City of Kelowna Investment Portfolio
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As at December 31 , 2006

(6) Annualized BenchMark Comparisons

	<u>1/1/2006</u>	<u>12/31/2006</u>	<u>Alloc. %</u>	<u>Rate of Return</u>	<u>Wtg Avg RR</u>
Investments	105,550,520	101,497,289	52.04%	5.24%	2.50%
MFA Money Market	48,486,805	34,987,755	17.94%	3.89%	0.86%
Current Account Funds *	44,864,231	37,554,772	19.25%	4.25%	0.93%
Internally Financed Projects	19,733,209	21,000,256	10.77%	5.87%	0.52%
Total Investment Portfolio	218,634,765	195,040,072	100.00%	4.81%	4.81%

* Current Account - Tiered Rates / Entire Balance as of December 31, 2006

Balance Tiers: Rate on Entire Balance: Average Royal Bank Prime Rate (RBP) = 6.000

1. 0.00 - 0.00		0.000
2. 0.00 - 10,499,999.99	RBP - 1.900	4.100
3. 10,500,000.00 and Over	RBP - 1.750	4.250

December 31, 2006	Annualized BenchMark	Factor	Objective	Variance
Comparison to CPI	2.00%	1.50%	3.50%	1.31%
Comparison to Scotia Capital 91 Day T-Bill	4.00%	1.50%	5.50%	(0.69%)
Comparison to Money Market Universe	4.00%	1.50%	5.50%	(0.69%)
Comparison to MFA Intermediate Fund	3.88%	0.00%	3.88%	0.93%
Comparison to MFA Money Market Fund	3.94%	0.00%	3.94%	0.87%