

This document can be made available in other accessible formats as soon as practicable and upon request

**STAFF REPORT: Finance & IT Services**



**REPORT TO:** Committee of the Whole  
**MEETING DATE:** March 17, 2014  
**REPORT NO.:** FIT.14.07  
**SUBJECT:** 2013 Investment Performance  
**PREPARED BY:** Ruth Prince  
 Manager of Revenue

**A. Recommendations**

THAT Council receive Staff Report FIT.14.07 “2013 Investment Performance” for information purposes.

**B. Background**

The Town’s financial investments are governed by the Council approved “Investment Policy” FS.08.11, as amended. The purpose of the policy is to invest all available funds in a prudent manner so as to maximize the rate of return while minimizing the degree of risk to the principal and ensuring an adequate level of liquidity within the legislated guidelines.

In accordance with the Town’s Investment Policy Section V, Part (a), Council shall be updated on the status of the investments on an annual basis or upon request.

In general, fixed income investments experienced another flat year of returns in 2013. In this investment environment, returns greater than 2% have not been experienced since 2008 and the return on the Town’s portfolio is reflective of this again in 2013. There a number of reasons that contributed to this:

- Low interest rates,
- Recovering North American economy,
- Type and quality of investments available in 2013.

The Town’s attention to risk management and the preservation of invested capital limit the investment instruments available to the Town. Typically, the Town invests in fixed income type securities over shorter terms. The Town has been able to achieve relative decent returns, given the low interest environment by diligently working with professionals in the field.

It should also be noted that the Town amended its Investment Policy in 2012 to provide for investments within the ONE Fund portfolios offered through AMO. These funds provide the Town with some exposure to the equity markets. To date, the Town has not invested funds with ONE Funds.

The Town’s Reserve Funds are invested in a number of investment vehicles. At year-end 2013, approximately \$9.93 million was held in the Town’s TD Bank Accounts. The average interest in 2013 was 1.25%

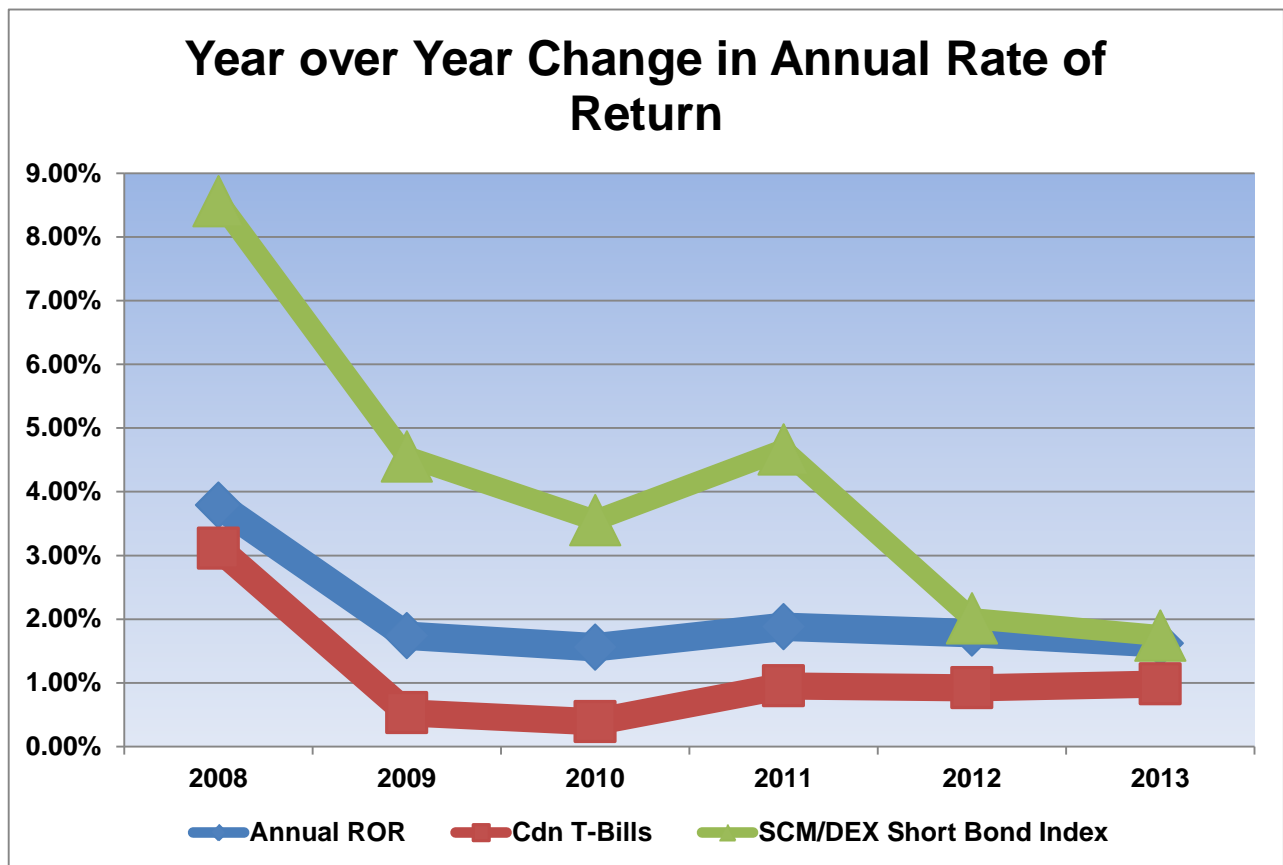
There was approximately \$2.197 million on account with BMO Nesbitt Burns at the end of 2013. This account generally earns interest at a better rate than our primary bank and invests in a more diversified range of fixed income securities in accordance with the Town's Investment Policy. This account earned approximately \$41,500 in 2013 with an average rate of return on the portfolio of 1.62%. This is down from 2012's 1.78%.

Additionally, there is about \$5.3 million in GIC's and accounts with Meridian Credit Union at the end of 2013. The GIC's mature December 2014 and 2015 with \$2.2 million available on demand at a current rate of 1.35% as of December.

An Annualized Rate of Return for comparison purposes is .98% for the ONE Fund Money Market Portfolio offered through AMO. The AMO ONE Fund Bond Portfolio recorded a net 1-year return .73%.

As a comparison, the Canadian T-bill rate of return was 0.98% for the same period. DEX Short Bond Index return was 1.74%. The S&P/TSX Composite Index was up 12.99%.

A graphical illustration follows.



The 2014 outlook on interest revenue from investments is very similar to 2013. After much discussion with professionals in the field, Staff does not expect interest rates to change much over the year. However, Staff will continue to research opportunities to maximize the portfolio's returns.

### **C. The Blue Mountains' Strategic Plan**

Ensuring long-term financial sustainability

### **D. Environmental Impacts**

N/A

### **E. Financial Impact**

The 2014 Budget reflects the lower than historic rates of return. Finance continues to monitor the Town's investment portfolio maximizing returns at an acceptable level of risk in accordance with the Town's Investment Policy.

Finance staff will research further opportunities with AMO's ONE fund program in 2014 to determine if there is a good fit for the Town investments.

### **F. In Consultation With**

Robert Cummings, Director of Finance  
Debbie Brown, Financial Analyst

### **G. Attached**

1. BMO Nesbitt Burns Performance Report for 2013

Respectfully submitted,

**Ruth Prince**

Ruth Prince, Manager of Revenue

**Rob Cummings**

Robert Cummings, CMA  
Director of Finance & IT Services

For more information, please contact:

Ruth Prince  
rprince@thebluemountains.ca  
519-599-3131 x228

# Your performance report

as of December 31, 2013

## Overview of your portfolio in Canadian \$

Account	Name	Type	Your account performance start date	Value on Dec 31, 2013	Income Earned for 12 months
370-17184	TOWN OF THE BLUE MOUNTAINS,	Corporate	Feb 1, 2001	2,178,574	41,563
Accrued interest				\$18,169	
<b>Total value of your portfolio in Canadian \$</b>				<b>\$2,196,742</b>	

## Questions?

### Doug McGregor & Associates

DOUGLAS MCGREGOR  
(416) 359-6131  
douglas.mcgregor@nbpcd.com

CHERYL JOAQUIM  
(416) 359-6111  
cheryl.joaquim@nbpcd.com

ROSE MINASI  
(416) 359-6592  
rose.minasi@nbpcd.com

Fax: (416) 359-5379

## Your portfolio activity summary

Total value of your portfolio on Dec 31, 2012	\$2,459,464
Net deposits and withdrawals	-\$300,000
Investment growth / loss	\$37,278
<b>Total value on Dec 31, 2013</b>	<b>\$2,196,742</b>

## Rates of return of your portfolio

Year-to-date	1.62%
3 months	0.40%
12 months	1.62%
3 years	1.76%
5 years	1.72%
10 years	2.63%
Since inception	2.96%

TOWN OF THE BLUE MOUNTAINS  
ATTN ROBERT CUMMINGS  
DIRECTOR OF FINANCE  
P.O. BOX 310  
32 MILL STREET  
THORNBURY ON N0H 2P0

## Change in value of your portfolio

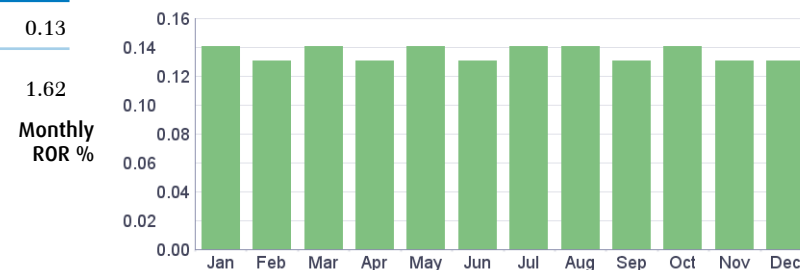
		A Net deposits and withdrawals	B Value	C Accrued interest	B + C Total value	D* Change in value	D - A Investment growth / loss
<b>Previous calendar years</b>							
Feb 1, 2001	<b>Initial value</b>	7,682,704	7,682,704		7,682,704		
Dec 31, 2001		1,012,000	9,051,068		9,051,068	1,368,364	356,364
Dec 31, 2002		-5,411,000	3,844,856		3,844,856	-5,206,211	204,789
Dec 31, 2003		656,665	4,673,713	15,202	4,688,915	844,059	187,394
Dec 31, 2004		1,000,000	5,801,971		5,801,971	1,113,055	113,055
Dec 31, 2005			5,971,807	26,571	5,998,378	196,407	196,407
Dec 31, 2006			6,227,978	8,725	6,236,703	238,325	238,325
Dec 31, 2007		-770,000	5,726,572		5,726,572	-510,131	259,869
Dec 31, 2008			5,919,090	24,499	5,943,589	217,017	217,017
Dec 31, 2009		-2,626,293	3,389,068	12,368	3,401,436	-2,542,153	84,140
Dec 31, 2010		-1,071,752	2,350,359	21,464	2,371,824	-1,029,612	42,140
Dec 31, 2011			2,392,455	24,075	2,416,530	44,706	44,706
Dec 31, 2012			2,437,011	22,453	2,459,464	42,934	42,934
<b>Current calendar year</b>							
Dec 31, 2012	<b>Opening value</b>		2,437,011	22,453	2,459,464		
Mar 31, 2013			2,443,409	26,132	2,469,541		
Jun 30, 2013		-300,000	2,171,765	7,516	2,179,282		
Sep 30, 2013			2,171,765	16,315	2,188,080		
Dec 31, 2013			2,178,574	18,169	2,196,742		
Dec 31, 2013	<b>Year-to-date totals</b>	<b>-\$300,000</b>	<b>\$2,178,574</b>	<b>\$18,169</b>	<b>\$2,196,742</b>	<b>-\$262,722</b>	<b>\$37,278</b>
	<b>Since inception</b>	<b>\$172,323</b>					<b>\$2,024,419</b>

\*Change in value signifies the difference in value from the previous year.

## Time-weighted rates of return as of December 31, 2013

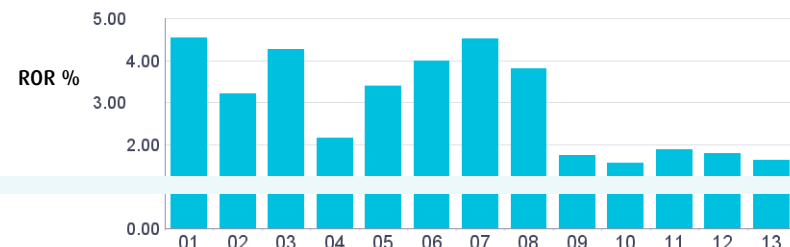
Period 2013	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Monthly rates of return (%)	0.14	0.13	0.14	0.13	0.14	0.13	0.14	0.14	0.13	0.14	0.13	0.13
Compound year-to-date rates of return (%)	0.14	0.27	0.41	0.54	0.68	0.82	0.95	1.09	1.22	1.36	1.49	1.62
2013 Quarters	1st	2nd	3rd	4th								
Quarterly rates of return (%)	0.41	0.40	0.40	0.40								
Cumulative rates of return (%)	0.41	0.82	1.22	1.62								

### YEAR-TO-DATE PERFORMANCE



Calendar years	2013	2012	2011	2010	2009	2008	2007	2006
Rates of return (%)	1.62	1.78	1.88	1.56	1.74	3.79	4.49	3.97
	2005	2004	2003	2002	2001			
	3.39	2.15	4.26	3.19	4.53*			

### CALENDAR YEARS PERFORMANCE



Calendar years	Net deposits and withdrawals	Total value of your portfolio	Previous balance	Change in value
2001	8,694,704	9,051,068		
2002	-5,411,000	3,844,856	9,051,068	-5,206,211
2003	656,665	4,688,915	3,844,856	844,059
2004	1,000,000	5,801,971	4,688,915	1,113,055
2005		5,998,378	5,801,971	196,407
2006		6,236,703	5,998,378	238,325
2007	-770,000	5,726,572	6,236,703	-510,131
2008		5,943,589	5,726,572	217,017
2009	-2,626,293	3,401,436	5,943,589	-2,542,153

### YOUR PORTFOLIO VALUE



YOUR PERFORMANCE REPORT AS OF DECEMBER 31, 2013  
ACCOUNT 370-17184  
TOWN OF THE BLUE MOUNTAINS

---

Calendar years	Net deposits and withdrawals	Total value of your portfolio	Previous balance	Change in value
2010	-1,071,752	2,371,824	3,401,436	-1,029,612
2011		2,416,530	2,371,824	44,706
2012		2,459,464	2,416,530	42,934
2013 YTD	-300,000	2,196,742	2,459,464	-262,722

\* - partial period.

## Time-weighted rates of return as of December 31, 2013 (continued)

### Benchmark comparison in Canadian \$

Market index	Year To Date	3 months	12 months	3 years	5 years	10 years	Since inception
Your Portfolio	1.62%	0.40%	1.62%	1.76%	1.72%	2.63%	2.96%
CDN T-bills	0.98%	0.25%	0.98%	0.95%	0.75%	1.96%	2.24%
CDN CPI (One Month Lag)	0.90%	-0.08%	0.90%	1.54%	1.44%	1.78%	1.86%
DEX Universe Bond Index	-1.19%	0.38%	-1.19%	3.93%	4.78%	5.16%	5.75%
S&P/TSX Composite Index	12.99%	7.29%	12.99%	3.40%	11.92%	7.97%	5.52%
S&P 500	41.53%	14.08%	41.53%	18.81%	14.79%	5.30%	1.66%
MSCI EAFE	31.81%	9.17%	31.81%	11.12%	9.94%	5.29%	2.29%
DEX Short Term Bond Index	1.74%	0.76%	1.74%	2.79%	3.29%	4.04%	4.63%
DEX Long Term Bond Index	-6.16%	-0.24%	-6.16%	5.26%	6.72%	6.74%	7.27%
Barclays US Treasury Index	3.95%	2.44%	3.95%	5.21%	-0.59%	2.18%	2.05%

Portfolio and all index rates of return are stated in Canadian \$ and are calculated on a total return basis (including price changes, dividend and interest income and accrued interest). Information contained herein has been obtained from sources which we believe to be reliable but is not guaranteed by BMO NB.

This report is for your information purposes only. We calculate your rates of return on a total return basis, which includes price changes, dividend, interest income, and accrued interest. We obtained the information in this report from sources that we believe are reliable. Some of the information in this report may be based on information you gave us or information from third parties. We don't represent or warrant the information in this report and we're not liable for any errors or omissions in it. If there are any discrepancies between the transactions or positions shown on this report and those shown on your monthly statements, please contact your Investment Advisor.

© "BMO (M-bar roundel symbol)" is a registered trade-mark of Bank of Montreal, used under license. "Nesbitt Burns" is a registered trade-mark of BMO Nesbitt Burns Inc.