

C.5

STAFF REPORT: Financial Services



REPORT TO: Finance & Administration Committee
MEETING DATE: April 22, 2008
REPORT NO.: FS.08.15
SUBJECT: 2007 Investment Performance
PREPARED BY: Robert Cummings, Director of Finance

A. Recommendations

THAT Council receive Staff Report FS.08.15, "2007 Investment Performance", for information purposes.

B. Background

A portion of the Town's Reserve Funds are invested in a number of investment vehicles. A large portion is earning a favourable interest rate in the Town bank account and at times, GIC's. There is also approximately \$6 million in our BMO Nesbitt Burns portfolio that earns interest at a (generally) better rate. The goal is to have some diversity in our accounts and safeguard against interest rate risk.

In 2007, the Town's BMO Nesbitt Burns portfolio rate of return was 4.49%. As a comparison, the Canadian T-bill rate of return was 4.22% for the same period. SCM Short Bond Index was 4.08%. Compared to CPI for 2007, our portfolio is earning at a favourable rate. The portfolio is limited in investment instruments to fixed income type securities.

C. The Blue Mountains' Strategic Plan

Ensuring long-term financial sustainability.


D. Budget Impact (cc: Treasury if required)

Future budgets will benefit from the maximizing of returns on the Town's investments.

E. Attached (Relevant documentation not personal information about an identifiable person)

BMO Nesbitt Burns Performance Report for 2007.

Respectfully submitted,



Signature

Performance Report

As of December 31, 2007

PAGE NO.: 1 OF 4
CREATED ON : 05-JAN-2008

Performance Report in Canadian \$ For
TOWN OF THE BLUE MOUNTAINS
A/C : 370-17184

TOWN OF THE BLUE MOUNTAINS
C/O ROBERT CUMMINGS
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Portfolio Overview

| Account No. | Client Name | Client Type | Performance Start Date |
|-------------|-----------------------------|-------------|------------------------|
| 370-17184 | TOWN OF THE BLUE MOUNTAINS, | Corporate | 01-FEB-01 |

Accrued Interest

Total value of your investments in CANADIAN \$

| Market Value as of Dec 31 06 | Market Value as of Dec 31 07 |
|------------------------------|------------------------------|
| 6,227,978 | 5,726,572 |
| \$8,725 | \$0 |
| \$6,236,703 | \$5,726,572 |

Portfolio Activity Summary

| | |
|---|-------------|
| Total Market Value of Portfolio as of Dec 31 06 | \$6,236,703 |
| Net Deposits / Withdrawals | -\$770,000 |
| Investment Growth / Loss | \$259,869 |
| Total Value of Account as of Dec 31 07 | \$5,726,572 |

Your rate of return

| | |
|-----------------|-------|
| Year-to-date | 4.49% |
| Last 3 months | 1.27% |
| Last 12 months | 4.49% |
| Last 3 Years | 3.95% |
| Since Inception | 3.75% |

Market and Performance values do not include any transactions back-dated to previous months.

This report is not an official statement of your positions at BMO Nesbitt Burns Inc. The information contained herein is provided to you solely for information purposes, may in part be based on information provided by you and from third party sources and must not be relied upon for its accuracy for tax purposes or official performance measures. BMO Nesbitt Burns Inc. makes no representation or warranty, express or implied, in respect of this information, is not liable for any errors or omissions which may be contained therein and accepts no liability whatsoever for any loss arising from any use of or reliance on this information. Some of the positions shown in this statement may be held at other financial institutions where they are not covered by the Canadian Investor Protection Fund. Please consult the monthly statements you receive from BMO Nesbitt Burns Inc. to determine which positions are eligible for protection by the Canadian Investor Protection Fund, including information as to which positions are held in segregation. If there are any discrepancies between this report and the official monthly statements you receive from BMO Nesbitt Burns Inc., please contact your investment advisor.

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Market Value and Deposits / Withdrawals

As of December 31, 2007

PAGE NO.: 2 OF 4
 CREATED ON: 05-JAN-2008

Performance Report in Canadian \$ For
 TOWN OF THE BLUE MOUNTAINS
 A/C : 370-17184

| | Net Deposits / Withdrawals | Market Value | Accrued Interest | Total Market Value | Change in Account Value | Investment Growth / Loss |
|--------------------------------|-------------------------------|--------------------|---------------------|--------------------------|-------------------------------|-----------------------------|
| | A | B | C | B+C | D* | D-A |
| PREVIOUS CALENDAR YEARS | | | | | | |
| 01-FEB-2001 | | 7,682,704 | | 7,682,704 | | |
| 31-DEC-2001 | 1,012,000 | 9,051,068 | | 9,051,068 | 1,368,364 | 356,364 |
| 31-DEC-2002 | - 5,411,000 | 3,844,856 | | 3,844,856 | - 5,206,211 | 204,789 |
| 31-DEC-2003 | 656,665 | 4,673,713 | 15,202 | 4,688,915 | 844,059 | 187,394 |
| 31-DEC-2004 | 1,000,000 | 5,801,971 | | 5,801,971 | 1,113,055 | 113,055 |
| 31-DEC-2005 | | 5,971,807 | 26,571 | 5,998,378 | 196,407 | 196,407 |
| 31-DEC-2006 | | 6,227,978 | 8,725 | 6,236,703 | 238,325 | 238,325 |
| CURRENT CALENDAR YEAR | | | | | | |
| 31-DEC-2006 | | 6,227,978 | 8,725 | 6,236,703 | | |
| 31-MAR-2007 | | 6,288,216 | 12,793 | 6,301,009 | | |
| 30-APR-2007 | 630,000 | 6,940,836 | 14,149 | 6,954,985 | | |
| 31-MAY-2007 | - 1,400,000 | 5,560,659 | 15,551 | 5,576,209 | | |
| 30-JUN-2007 | | 5,594,897 | | 5,594,897 | | |
| 30-SEP-2007 | | 5,654,877 | | 5,654,877 | | |
| 31-DEC-2007 | | 5,726,572 | | 5,726,572 | | |
| Year-to-date Totals | - \$770,000 | \$5,726,572 | \$0 | \$5,726,572 | - \$510,131 | \$259,869 |
| Since Inception | - \$3,512,335 | | | | | \$1,556,203 |

*Change in Account Value signifies the difference in Total Market Value from previous year.

Time Weighted Rates of Return (ROR)

As of December 31, 2007

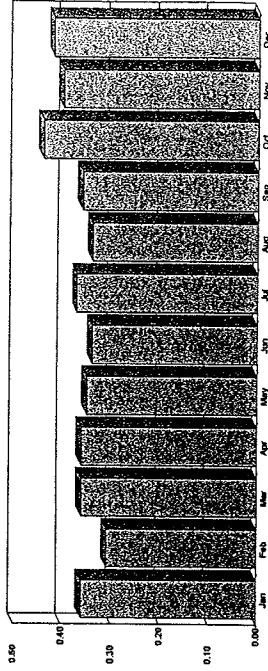
PAGE NO.: 3 OF 4
 CREATED ON : 05-JAN-2008
 Performance Report in Canadian \$ For
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 AVC : 370-17184

| Period 2007 | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|--------------------|------|------|------|------|------|------|------|------|------|------|------|------|
| Monthly ROR % | 0.36 | 0.31 | 0.36 | 0.36 | 0.35 | 0.34 | 0.37 | 0.34 | 0.36 | 0.44 | 0.40 | 0.42 |
| Compound YTD ROR % | 0.36 | 0.67 | 1.03 | 1.39 | 1.74 | 2.08 | 2.46 | 2.80 | 3.18 | 3.64 | 4.05 | 4.49 |

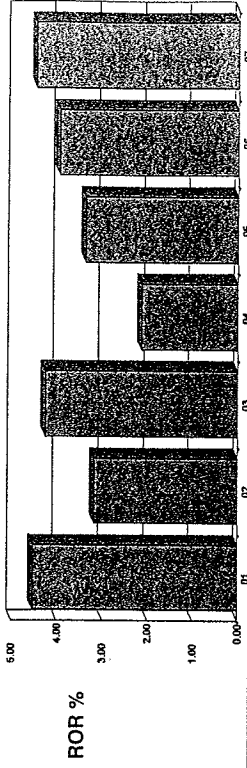
Monthly ROR %

| 2007 Quarters | 1st | 2nd | 3rd | 4th |
|------------------|------|------|------|------|
| Quarterly ROR % | 1.03 | 1.04 | 1.07 | 1.27 |
| Cumulative ROR % | 1.03 | 2.08 | 3.18 | 4.49 |

YEAR-TO-DATE PERFORMANCE



CALENDAR YEARS PERFORMANCE



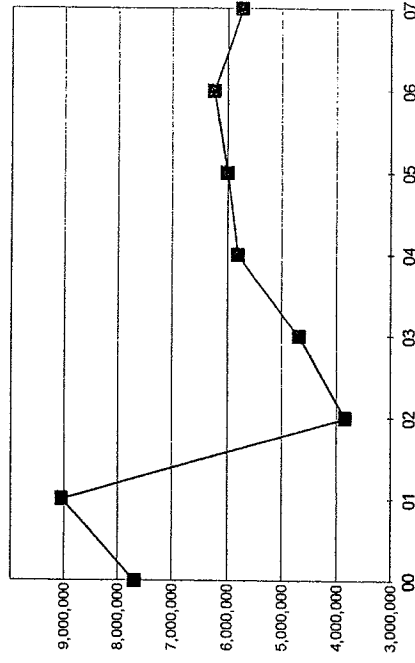
ROR %

| Calendar Years | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 |
|----------------|------|------|------|------|------|------|-------|
| ROR % | 4.49 | 3.97 | 3.39 | 2.15 | 4.26 | 3.19 | 4.53* |

| Calendar Years | Acct. Value At Inception (Feb 01 01) | YE / YTD Account Balance | Previous Account Balance | Change in Account Balance |
|----------------|--------------------------------------|--------------------------|--------------------------|---------------------------|
| 2001 | 7,682,704 | 9,051,068 | 1,368,364 | |
| 2002 | | 3,844,856 | - 5,206,211 | |
| 2003 | | 4,688,915 | 844,059 | |
| 2004 | | 5,801,971 | 1,113,055 | |
| 2005 | | 5,998,378 | 196,407 | |
| 2006 | | 6,236,703 | 238,325 | |
| 2007 YTD | | 5,726,572 | - 510,131 | |

CANADIAN \$

YOUR PORTFOLIO VALUE



* - partial period.

Time Weighted Rates of Return (ROR)

As of December 31, 2007

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 TOWN OF THE BLUE MOUNTAINS
 A/C : 370-17184

Benchmark Comparison

| Market Index | Since Inception (February 01, 2001) % | Last 3 Years % | YTD % |
|---------------------------------------|---|-------------------|----------|
| YOUR PORTFOLIO | 3.75 | 3.95 | 4.49 |
| CDN T-bills | 3.20 | 3.50 | 4.22 |
| CPI (One Month Lag) | 2.14 | 2.04 | 2.37 |
| SCM Bond Universe | 6.36 | 4.73 | 3.69 |
| S&P/TSX Composite Index | 7.98 | 16.93 | 9.83 |
| S&P500 C\$ | -3.15 | 1.86 | -10.27 |
| MSCI EAFE C\$ | 2.58 | 10.02 | -5.05 |
| SCM Long Bonds | 8.35 | 7.02 | 3.45 |
| U.S. Bond Universe Treasury Index C\$ | -0.63 | -1.60 | -7.26 |
| SCM Short Bond Index | 5.04 | 3.48 | 4.08 |

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.