



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	March 9, 2015
SUBJECT/REPORT NO:	Cemetery Trust Accounts Investment Performance Report - December 31, 2014 (FCS14065(a)) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Gerald T. Boychuk 905-546-4321
SUBMITTED BY:	Mike Zegarac General Manager, Finance & Corporate Services Department
SIGNATURE:	

Council Direction:

Not Applicable

Information:

Over the 12 month period ending December 31, 2014, the earnings rates are **3.20%** for the Cemetery Care & Maintenance Trust; **3.58%** for the Cemetery Monument Care Trust; and **3.47%** for the Cemetery Pre-Need Assurance Trust. The earnings rate includes interest and lending revenue, but excludes realized and unrealized capital gains/losses.

Over the same period, the overall returns (which include interest, lending revenue, and realized and unrealized capital gains/losses) are **8.71%** for the Cemetery Care & Maintenance; **9.51%** for the Cemetery Monument Care; and **9.23%** for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is **8.79%**. As a result, the Cemetery Care and Maintenance underperformed the benchmark by **8** basis points, and the Cemetery Monument Care and Cemetery Pre-Need Assurance outperformed by **72** basis points and **44** basis points respectively.

As of December 31, 2014, the total portfolio values are **\$10,991,814** (with \$805,770 of net unrealized capital gains) for the Cemetery Care & Maintenance; **\$1,096,126** (with \$123,188 of net unrealized capital gains) for the Cemetery Monument Care; and **\$2,553,550** (with \$240,773 of net unrealized capital gains) for the Cemetery Pre-Need Assurance.

The table below shows the investment return indicators.

Investment Return Indicators (for information purposes only)			
	12 months ended December 31, 2014	12 months ended Dec. 31, 2013	12 months ended Dec. 31, 2012
Earnings Rate (Excluding Unrealized Capital Gains or Loss)			
Cemetery Care & Maintenance	3.20%	3.44%	3.85%
Cemetery Monument Care	3.58%	3.64%	3.89%
Cemetery Pre-Need Assurance	3.47%	3.59%	3.99%
Total Return			
Cemetery Care & Maintenance	8.71%	-1.22%	3.52%
Cemetery Monument Care	9.51%	-1.29%	3.59%
Cemetery Pre-Need Assurance	9.23%	-1.25%	3.41%
Policy Target (FTSE TMX Canada Universe Bond)	8.79%	-1.19%	3.60%
Securities Lending Revenue			
Cemetery Care & Maintenance	\$ 11.49	\$ 71.71	\$ 361.94
Cemetery Monument Care	\$ 0.83	\$ 4.29	\$ 27.10
Cemetery Pre-Need Assurance	\$ 1.46	\$ 11.85	\$ 46.61
Income Earned*			
Cemetery Care & Maintenance	\$ 325,893	\$ 336,638	\$ 393,828
Cemetery Monument Care	\$ 35,823	\$ 36,846	\$ 38,137
Cemetery Pre-Need Assurance	\$ 81,843	\$ 78,205	\$ 84,769
Ending Portfolio Market Value			
Cemetery Care & Maintenance	\$ 10,991,814	\$ 9,466,063	\$ 10,097,510
Cemetery Monument Care	\$ 1,096,126	\$ 949,134	\$ 986,026
Cemetery Pre-Need Assurance	\$ 2,553,550	\$ 2,218,875	\$ 2,006,728

*does not include interest earned in the bank account on balances.

The Cemetery Care and Maintenance, Cemetery Monument Care and the Cemetery Pre-Need Assurance Trust portfolios outperformed relative to the Policy because they held some long-term bonds which outperformed relative to shorter-term bonds over the one-year period ending December 31, 2014.

The current strategy is to hold high quality credits, including Canadian Schedule I bank Deposit Notes, Provincial and Municipal bonds and to watch for opportunities to switch into new issues of similar credit should interest rates rise significantly.