



Hamilton

# INFORMATION REPORT

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

## 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.

<b>Investment Return Indicators</b> (for information purposes only)			
	12 months ended December 31, 2014	12 months ended Dec. 31, 2013	12 months ended Dec. 31, 2012
<b>Earnings Rate (Excluding Unrealized Capital Gains or Loss)</b>			
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%
<b>Total Return</b>			
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%
<b>Securities Lending Revenue</b>			
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
<b>Income Earned*</b>			
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
<b>Ending Portfolio Market Value</b>			
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.