



Hamilton

INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	April 11, 2016
SUBJECT/REPORT NO:	Cemetery Trust Accounts Investment Performance Report - December 31, 2015 (FCS16029) (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, 2015, the earnings rates are 3.09% for the Cemetery Care & Maintenance Trust; 3.44% for the Cemetery Monument Care Trust; and 3.33% 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 3.97% for the Cemetery Care & Maintenance; 4.14% for the Cemetery Monument Care; and 4.01% for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is 3.52%. As a result, the Cemetery Care and Maintenance, Cemetery Monument Care and Cemetery Pre-Need Assurance outperformed the benchmark by 45 basis points, 62 basis points and 49 basis points respectively.

As of December 31, 2015, the total portfolio market values are \$11,199,814 (with \$899,931 of net unrealized capital gains) for the Cemetery Care & Maintenance Trust; \$1,135,389 (with \$130,912 of net unrealized capital gains) for the Cemetery Monument Care Trust; and \$2,700,462 (with \$256,775 of net unrealized capital gains) for the Cemetery Pre-Need Assurance Trust.

The table below shows the investment return indicators.

Investment Return Indicators (for information purposes only)			
	12 Months ended 12/31/2015	12 Months ended 12/31/2014	12 Months ended 12/31/2013
Earnings Rate (Excluding Unrealized Capital Gains or Loss)			
Cemetery Care & Maintenance	3.09%	3.20%	3.44%
Cemetery Monument Care	3.44%	3.58%	3.64%
Cemetery Pre-Need Assurance	3.33%	3.47%	3.59%
Total Return			
Cemetery Care & Maintenance	3.97%	8.71%	-1.22%
Cemetery Monument Care	4.14%	9.51%	-1.29%
Cemetery Pre-Need Assurance	4.01%	9.23%	-1.25%
Policy Target (FTSE TMX Canada Universe Bond)	3.52%	8.79%	-1.19%
Bond Lending Revenue			
Cemetery Care & Maintenance	\$ 135.95	\$ 11.49	\$ 71.71
Cemetery Monument Care	\$ 9.54	\$ 0.83	\$ 4.29
Cemetery Pre-Need Assurance	\$ 25.43	\$ 1.46	\$ 11.85
Income Earned*			
Cemetery Care & Maintenance	\$ 337,697	\$ 325,893	\$ 336,638
Cemetery Monument Care	\$ 37,416	\$ 35,823	\$ 36,846
Cemetery Pre-Need Assurance	\$ 85,577	\$ 81,843	\$ 78,205
Ending Portfolio Market Value			
Cemetery Care & Maintenance	\$ 11,199,814	\$ 10,991,814	\$ 9,466,063
Cemetery Monument Care	\$ 1,135,389	\$ 1,096,126	\$ 949,134
Cemetery Pre-Need Assurance	\$ 2,700,462	\$ 2,553,550	\$ 2,218,875

*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, 2015.

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.