



# INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	April 23, 2018
<b>SUBJECT/REPORT NO:</b>	Cemetery Trust Accounts Investment Performance Report – December 31, 2017 (FCS18044) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
<b>SUBMITTED BY:</b>	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
<b>SIGNATURE:</b>	

## Council Direction:

Not Applicable.

## Information:

Over the 12-month period ending December 31, 2017, the earnings rates are 3.18% for the Cemetery Care and Maintenance Trust, 3.52% for the Cemetery Monument Care Trust and 3.36% 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 2.30% for the Cemetery Care and Maintenance, 3.29% for the Cemetery Monument Care and 3.01% for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is 2.52%. As a result, the Cemetery Care and Maintenance under-performed the benchmark by 22 basis points, while the Cemetery Monument Care and Cemetery Pre-Need Assurance out-performed the benchmark by 77 basis points and 49 basis points, respectively.

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*OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.*

*OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.*

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As of December 31, 2017, the total portfolio market values are \$11,143,376 (with \$655,633 of net unrealized capital gains) for the Cemetery Care and Maintenance Trust, \$1,122,473 (with \$113,367 of net unrealized capital gains) for the Cemetery Monument Care Trust and \$2,869,118 (with \$203,531 of net unrealized capital gains) for the Cemetery Pre-Need Assurance Trust.

The following Table shows the investment return indicators.

<b>Investment Return Indicators</b> (for information purposes only)			
	12 Months ended 12/31/2017	12 Months ended 12/31/2016	12 Months ended 12/31/2015
<b>Earnings Rate (Excluding Unrealized Capital Gains or Loss)</b>			
Cemetery Care and Maintenance	3.18%	3.11%	3.09%
Cemetery Monument Care	3.52%	3.42%	3.44%
Cemetery Pre-Need Assurance	3.36%	3.30%	3.33%
<b>Total Return</b>			
Cemetery Care and Maintenance	2.30%	1.86%	3.97%
Cemetery Monument Care	3.29%	2.20%	4.14%
Cemetery Pre-Need Assurance	3.01%	1.94%	4.01%
Policy Target (FTSE TMX Canada Universe Bond)	2.52%	1.66%	3.52%
<b>Bond Lending Revenue</b>			
Cemetery Care and Maintenance	\$ 3,217.66	\$ 801.90	\$ 135.95
Cemetery Monument Care	\$ 198.43	\$ 26.12	\$ 9.54
Cemetery Pre-Need Assurance	\$ 405.83	\$ 38.99	\$ 25.43
<b>Income Earned*</b>			
Cemetery Care and Maintenance	\$ 360,609	\$ 354,012	\$ 341,137
Cemetery Monument Care	\$ 39,488	\$ 39,113	\$ 37,846
Cemetery Pre-Need Assurance	\$ 96,691	\$ 93,330	\$ 87,297
<b>Ending Portfolio Market Value</b>			
Cemetery Care and Maintenance	\$ 11,143,376	\$ 11,678,834	\$ 11,199,814
Cemetery Monument Care	\$ 1,122,473	\$ 1,174,613	\$ 1,135,389
Cemetery Pre-Need Assurance	\$ 2,869,118	\$ 2,976,545	\$ 2,700,462

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

The Cemetery Monument Care and the Cemetery Pre-Need Assurance Trust portfolios out-performed relative to the Policy because they held some long-term bonds which out-performed relative to shorter-term bonds over the one-year period ending December 31, 2017 due to their higher coupon rate. The Cemetery Care and Maintenance Trust portfolio incurred some maturities and cash inflows which were reinvested in slightly shorter term bonds in a lower rate environment.

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.

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