



INFORMATION REPORT

TO:	Chair and Members Audit, Finance and Administration Committee
COMMITTEE DATE:	May 20, 2021
SUBJECT/REPORT NO:	Cemetery Trust Accounts Investment Performance Report – December 31, 2020 (FCS21044) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Gerald T. Boychuk (905) 546-2424 Ext. 4321 Brandon A. Teglas (905) 546-2424 Ext. 4363
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

COUNCIL DIRECTION

Not Applicable.

INFORMATION

Over the 12-month period ending December 31, 2020, the earnings rates are 2.98% for the Cemetery Care and Maintenance Trust, 3.17% for the Cemetery Monument Care Trust and 3.01% for the Cemetery Pre-Need Assurance Trust. These earning rates include interest and lending revenue but exclude realized and unrealized capital gains / losses.

Over the same period, the overall returns based on market value (which include interest, lending revenue, realized and unrealized capital gains / losses) are 8.25% for the Cemetery Care and Maintenance, 9.55% for the Cemetery Monument Care and 9.03% for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is 8.68%. As a result, the Cemetery Care and Maintenance under-performed the benchmark by 43 basis points, while the Cemetery Monument Care out-performed the benchmark by 87 basis points. The Cemetery Pre-Need Assurance out-performed the benchmark by 35 basis points.

OUR Vision: To be the best place to raise a child and age successfully.

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, 2020, the total portfolio market values are \$13,552,078 (with \$1,487,080 of net unrealized capital gains) for the Cemetery Care and Maintenance Trust, \$1,303,879 (with \$204,040 of net unrealized capital gains) for the Cemetery Monument Care Trust and \$3,441,730 (with \$431,400 of net unrealized capital gains) for the Cemetery Pre-Need Assurance Trust.

The following Table shows the investment return indicators.

Investment Return Indicators (for information purposes only)			
	12 Months ended 12/31/2020	12 Months ended 12/31/2019	12 Months ended 12/31/2018
Earnings Rate (Excluding Unrealized Capital Gains or Loss)			
Cemetery Care and Maintenance	2.98%	3.12%	1.87%
Cemetery Monument Care	3.17%	3.39%	1.49%
Cemetery Pre-Need Assurance	3.01%	3.23%	1.59%
Total Return			
Cemetery Care and Maintenance	8.25%	5.93%	1.88%
Cemetery Monument Care	9.55%	7.10%	1.49%
Cemetery Pre-Need Assurance	9.03%	6.44%	1.59%
Policy Target (FTSE TMX Canada Universe Bond)	8.68%	6.87%	1.41%
Bond Lending Revenue			
Cemetery Care and Maintenance	\$ 3,397	\$ 3,045	\$ 3,033
Cemetery Monument Care	\$ 210	\$ 339	\$ 320
Cemetery Pre-Need Assurance	\$ 713	\$ 743	\$ 691
Income Earned*			
Cemetery Care and Maintenance	\$ 394,102	\$ 382,712	\$ 372,106
Cemetery Monument Care	\$ 39,365	\$ 38,259	\$ 37,591
Cemetery Pre-Need Assurance	\$ 98,499	\$ 98,135	\$ 93,537
Ending Portfolio Market Value			
Cemetery Care and Maintenance	\$ 13,552,078	\$ 13,224,970	\$ 10,833,356
Cemetery Monument Care	\$ 1,303,879	\$ 1,228,412	\$ 957,241
Cemetery Pre-Need Assurance	\$ 3,441,730	\$ 3,252,248	\$ 2,542,373

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

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The year started with stable short-term interest rates, with all accounts holding longer-term higher coupon bonds. The previous year had ended with a softening economic environment due to international and domestic problems arising in all major economies. A new problem arose late in 2019 with the COVID-19 virus which was recognized in early 2021 as a pandemic, shutting down economies and interfering with trade relations, travel and inter-actions amongst countries.

In early March, the Bank of Canada realized that problems with slowing trade, income, and economic growth should be addressed by cutting rates and implemented short-term interest rate cuts of 0.25% on March 3rd with three more 0.50% cuts through the month, taking the bank rate down to 0.25% and remained there through the year end.

The drastic and quick response coupled with the layered COVID-19 conditions created a reduction in rates throughout all bond maturities, moving downward to historic low rates with unprecedented price changes which favoured all the Cemetery accounts.

Going forward, rates are being stable at these historically low levels and are forecast to increase marginally and slowly over time. With COVID-19 and variants acting as a block to recovering lost growth, the strategy will be to slowly add under 10-year terms depending upon conditions and outlook.

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