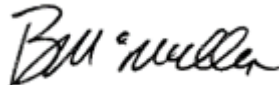




## INFORMATION REPORT

<b>TO:</b>	Chair and Members Audit, Finance and Administration Committee
<b>COMMITTEE DATE:</b>	December 5, 2024
<b>SUBJECT/REPORT NO:</b>	Cemetery Trust Accounts Investment Performance Report – December 31, 2023 (FCS24065) (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, 2023, the earnings rates are 3.21% for the Cemetery Care and Maintenance Trust, 3.46% for the Cemetery Monument Care Trust and 3.22% 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 6.07% for the Cemetery Care and Maintenance, 6.33% for the Cemetery Monument Care and 6.22% for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy return) is 6.69%. As a result, the Cemetery Care and Maintenance underperformed the benchmark by 62 basis points, the Cemetery Monument Care underperformed the benchmark by 36 basis points and the Cemetery Pre-Need Assurance underperformed the benchmark by 47 basis points.

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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, 2023, the total portfolio market values are \$15,263,071 (with \$618,173 of net unrealized capital losses) for the Cemetery Care and Maintenance Trust, \$1,147,347 (with \$17,089 of net unrealized capital losses) for the Cemetery Monument Care Trust and \$3,144,708 (with \$126,661 of net unrealized capital losses) for the Cemetery Pre-Need Assurance Trust.

All three cemetery investment trusts underperformed the benchmark, the FTSE Universe Index, mainly because they have fewer holdings in longer-term maturity bonds compared with the FTSE Universe Index and longer maturity bonds performed better compared with shorter maturity bonds in 2023.

Table 1 shows the investment return indicators.

Table 1 – Investment Return Indicators (for information purposes only)

	12 Months ended 12/31/2023	12 Months ended 12/31/2022	12 Months ended 12/31/2021
<b>Earnings Rate (Excluding Unrealized Capital Gains or Loss)</b>			
Cemetery Care and Maintenance	3.21%	3.01%	2.93%
Cemetery Monument Care	3.46%	3.32%	3.17%
Cemetery Pre-Need Assurance	3.22%	3.09%	2.98%
<b>Total Return</b>			
Cemetery Care and Maintenance	6.07%	-8.35%	-1.54%
Cemetery Monument Care	6.33%	-8.77%	-2.26%
Cemetery Pre-Need Assurance	6.22%	-9.33%	-1.98%
Policy Target (FTSE TMX Canada Universe Bond)	6.69%	-11.69%	-2.54%
<b>Bond Lending Revenue</b>			
Cemetery Care and Maintenance	\$ 6,493.03	\$ 5,461.51	\$ 4,006.38
Cemetery Monument Care	\$ 706.28	\$ 695.56	\$ 207.97
Cemetery Pre-Need Assurance	\$ 1,437.23	\$ 1,451.78	\$ 1,070.98
<b>Income Earned*</b>			
Cemetery Care and Maintenance	\$ 496,264	\$ 436,867	\$ 405,786
Cemetery Monument Care	\$ 42,571	\$ 45,403	\$ 41,374
Cemetery Pre-Need Assurance	\$ 102,268	\$ 107,782	\$ 99,860
<b>Ending Portfolio Market Value</b>			
Cemetery Care and Maintenance	\$ 15,263,071	\$ 16,101,842	\$ 16,280,578
Cemetery Monument Care	\$ 1,147,347	\$ 1,324,943	\$ 1,501,744
Cemetery Pre-Need Assurance	\$ 3,144,708	\$ 3,366,127	\$ 3,829,992

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

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At the beginning of the year in 2023, the Bank of Canada policy rate was at 4.25%. During the first half of 2023, the Bank of Canada raised its policy rate twice by 25 basis points and in July 2023, raised it again by 25 basis points, taking the policy rate to 5% where it remained for the rest of the year in 2023.

During the first three quarters of 2023, bond interest rates mostly increased and then during the fourth quarter of 2023, bond interest rates trended downwards as expectations developed that the Bank of Canada would start cutting its policy rate in 2024. The increase in bond interest rates in the first three quarters of 2023 were largely retraced in the fourth quarter of 2023 with bond interest rates ending up at year end at approximately the same levels as they were at the beginning of the year.

The Canadian equity markets performed positively in the year ending December 31, 2023. The S&P/TSX Composite Index returned +8.1% in the fourth quarter of 2023 and returned 11.8% for the one year ending December 31, 2023. In Q4, the equity market rose largely due to an expectation of interest rate cuts by the central banks including the Bank of Canada in 2024 with expectations of inflation moderating.

**APPENDICES AND SCHEDULES ATTACHED**

None