



INFORMATION REPORT

TO: Chair and Members Audit, Finance and Administration Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: March 2, 2011	
SUBJECT/REPORT NO: Cemetery Accounts Investment Performance Report - December 31, 2010 (FCS10077(a)) (City Wide)	
SUBMITTED BY: Roberto Rossini General Manager Finance & Corporate Services Department	PREPARED BY: Gerald T. Boychuk, 905-546-4321 Rosaria Morelli 905-546-2424 Ext. 1390
SIGNATURE:	

Council Direction:

Not Applicable.

Information:

Over the 12 month period ending December 31, 2010, the earnings rates are **4.81%** for the Cemetery Care & Maintenance Trust; **4.69%** for the Cemetery Monument Care Trust and **4.70%** 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 **5.35%** for the Cemetery Care & Maintenance; **7.51%** for the Cemetery Monument Care and **6.85%** for the Cemetery Pre-Need Assurance. The overall return for the benchmark (or Policy) is **6.74%**. As a result, the Cemetery Care and Maintenance under performed the benchmark by **139** basis points, whereas the Cemetery Monument Care and the Cemetery Pre-Need Assurance outperformed the benchmark return by **77** basis points and by **11** basis points respectively.

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As of December 31, 2010 the total portfolio values are **\$9,397,872** (with \$437,145 of net unrealized capital gains) for the Cemetery Care & Maintenance; **\$874,833** (with \$55,679 of net unrealized capital gains) for the Cemetery Monument Care and **\$1,947,580** (with \$107,761 of net unrealized capital gains) for the Cemetery Pre-Need Assurance.

Income earned in 2010 includes **\$143,698** of net realized capital gains for the Cemetery Care & Maintenance, **\$18,544** of net realized capital gains for the Cemetery Monument Care, and **\$36,128** of net realized capital gains for the Cemetery Pre-Need Assurance.

The following Table shows the investment return indicators.

Investment Return Indicators (for information purposes only)			
	12 months ended Dec. 31, 2010	12 months ended Dec. 31, 2009	12 months ended Dec. 31, 2008
Earnings Rate (Excluding Unrealized Capital Gains or Loss)			
Cemetery Care & Maintenance	4.81%	4.91%	5.06%
Cemetery Monument Care	4.69%	4.94%	5.06%
Cemetery Pre-Need Assurance	4.70%	4.87%	4.97%
Total Return			
Cemetery Care & Maintenance	5.35%	4.99%	7.89%
Cemetery Monument Care	7.51%	5.31%	5.97%
Cemetery Pre-Need Assurance	6.85%	4.82%	6.93%
Policy Target (DEX Universe Index)	6.74%	5.41%	6.41%
Securities Lending Revenue			
Cemetery Care & Maintenance	\$ 258.77	\$ 164.35	\$ 471.95
Cemetery Monument Care	\$ 37.26	\$ 56.59	\$ 35.63
Cemetery Pre-Need Assurance	\$ 63.79	\$ 94.14	\$ 69.15
Income Earned			
Cemetery Care & Maintenance	\$ 570,457	\$ 429,513	\$ 423,054
Cemetery Monument Care	\$ 58,248	\$ 39,457	\$ 38,846
Cemetery Pre-Need Assurance	\$ 122,810	\$ 87,137	\$ 88,705
Ending Portfolio Market Value			
Cemetery Care & Maintenance	\$ 9,397,872	\$ 9,087,580	\$ 8,787,196
Cemetery Monument Care	\$ 874,833	\$ 859,125	\$ 815,983
Cemetery Pre-Need Assurance	\$ 1,947,580	\$ 1,863,249	\$ 1,887,300

The Cemetery Care and Maintenance Trust portfolio underperformed relative to the policy because the portfolio was overweight in holdings of corporate and provincial bonds with very short maturities which underperformed relative to corporate and provincial bonds with longer maturities. Overall, the three Trusts did benefit from

holding Canadian Schedule I bank deposit Notes, longer dated Provincial bonds and Municipal bonds as yields generally decreased over 2010 and were lower as at December 31, 2010 relative to their values on December 31, 2009.

The current strategy is to continue to hold high quality credits, including Canadian Schedule I bank deposit Notes, Provincial and Municipal bonds. We anticipate interest rates to increase in 2011 and will look to add longer maturity bonds and high-quality corporate bonds on an opportunistic basis should rates increase appreciably and settle at an attractive level.