



	REPORT NO.: 2019-20
MEETING DATE: APRIL 18, 2019	DATE PREPARED: MARCH 15, 2019
SUBJECT: YEAR 2018 INVESTMENT PORTFOLIO PERFORMANCE	

RECOMMENDATION

THAT with respect to Report No. 2019-20 (Corporate Services Division), we, The District of Thunder Bay Social Services Administration Board, approve the Encasa / Worldsource Financial Management Inc. Resolution as attached, to be duly signed in accordance with TBDSSAB Approval and Signing Authorization Policy.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information relative to the year 2018 performance of investments held by TBDSSAB.

BACKGROUND

The Board has approved the Reserve and Reserve Fund Policy #CS-02:19, and, on an annual basis approves the Reserve and Reserve Fund Strategy. Since 2015, TBDSSAB has transferred \$12.8 million to TD Waterhouse (TD), representing the value of various TBDSSAB Reserve Funds. The Direct-Owned Housing Portfolio Capital Replacement Reserve Fund is invested in the Social Housing Investment Program, administered by the Housing Services Corporation (HSC) in accordance with Section 124(b) of the *Housing Services Act*, and managed by Encasa Financial. In the fall of 2018, Worldsource Financial Management Inc. (WFM) assumed the role of principal distributor of the Funds, replacing Phillips, Hager & North Investment Funds Ltd. (PH&N).

In accordance with the Investment Policy #CS-02:70, Administration presents the Board with an annual update of the investment portfolio's performance for the year.

COMMENTS**2018 INVESTMENT PERFORMANCE**

The Table, below, summarizes the performance of investments held at TD and WFM for the 2018 year:

Fair Market Value (as at December 31, 2018)	TD (\$)	WFM (\$)	Total (\$)
Opening Balance	13,793,582	8,766,629	22,560,211
Deposits	-	-	-
Withdrawals	-	-	-
Change in Value	(326,074)	66,961	(259,113)
Ending Balance	13,467,508	8,833,590	22,301,098
Return on Investment	(2.4%)	0.8%	(1.1%)

The fair market value (FMV) of investments at December 31, 2018, is \$22,301,098 (2017: \$22,560,211) compared to the book value of \$22,968,260 (2017: \$22,355,858). The FMV of investments decreased by \$259,113 during 2018. Attachment 1 shows the FMV of investments over the past ten (10) years.

The investment strategy approved by the Board includes a recognition that the priority of the investment portfolio is to generate income, while, at the same time preserving capital. The asset mix in 2018 reflected these goals. As at December 31, 2018, the asset mix of TBDSSAB investments was as follows:

	TD (\$)	WFM (\$)	Total (\$)	Asset Mix
Cash & Cash Equivalents	2,692,513	-	2,692,513	12%
Fixed Income	6,965,138	8,833,590	15,798,728	71%
Equities	3,809,857	-	3,809,857	17%
Total	13,467,508	8,833,590	22,301,098	100%

In 2018, TBDSSAB recorded earned investment income on reserve funds of \$637,611 (2017: \$1,151,506). Investment income included interest revenue, dividends reinvested, and capital gains on equities.

In accordance with Public Sector Accounting Board (PSAB) requirements, marketable securities are recorded at FMV in the 2018 Consolidated TBDSSAB Financial Statements with the market value change presented in the Statement of Re-measurement Gains and Losses, (Report No. 2019-18AGM Year 2018 Audited Consolidated Financial Statements of The District of Thunder Bay Social Services Administration Board).

ADMINISTRATIVE CHANGES

Attachment 2 is a “Resolution of Directors” form, required to update the signing officers on the WFM Account in accordance with the Approval and Signing Authorization Policy #CS-01:79. The signing officers on this account would be the Chief Administrative Officer, the Director, Corporate Services, and the Manager, Finance.

FINANCIAL IMPLICATIONS

There are no direct financial implications associated with this report. The 2018 investment portfolio performance is reflected in the 2018 Consolidated TBDSSAB Financial Statements.

CONCLUSION



It is concluded that all investments in 2018 were consistent with the Investment Policy and goals approved by the Board.

It is further concluded that Administration will continue to monitor the performance of investments in accordance with the Investment Policy #CS-02:70, and Reserve and Reserve Fund Policy #CS-02:19, and provide an annual update to the Board.

REFERENCE MATERIALS ATTACHED

Attachment 1: [Historical Investment Portfolio Summary](#)

Attachment 2: [Encasa / Worldsource Financial Management Inc. “Resolution of Directors” form](#)

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APPROVED / SIGNATURE:	 Georgina Daniels, FCPA, FCA, Director - Corporate Services Division The District of Thunder Bay Social Services Administration Board
SUBMITTED / SIGNATURE:	 William (Bill) Bradica, Chief Administrative Officer The District of Thunder Bay Social Services Administration Board

**The District of Thunder Bay Social Services Administration Board
Historical Investment Portfolio Summary**

TD	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FMV	-	-	-	-	-	-	12,094,495	13,291,394	13,793,582	13,467,508
Change in FMV	-	-	-	-	-	-	12,094,495	1,196,899	502,188	(326,074)
	n/a	n/a	n/a	n/a	n/a	n/a	n/a	9.9%	4.2%	-2.5%

WFM (PH&N prior to 2018)	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
FMV	6,025,896	6,406,795	6,376,001	6,711,852	7,236,188	8,043,405	8,166,728	8,635,954	8,766,629	8,833,590
Change in FMV	728,209	380,899	(30,794)	335,851	524,336	807,217	123,323	469,226	130,675	66,961
	13.7%	6.3%	-0.5%	5.3%	7.8%	11.2%	1.5%	5.7%	1.6%	0.8%

