



	REPORT No.: 2021-13
MEETING DATE: APRIL 15, 2021	DATE PREPARED: MARCH 17, 2021
SUBJECT: 2020 INVESTMENT PORTFOLIO PERFORMANCE	

RECOMMENDATION

For information only.

REPORT SUMMARY

To provide The District of Thunder Bay Social Services Administration Board (TBDSSAB or the Board) with information relative to the year 2020 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 Housing Portfolio Capital Reserve Fund is invested in the Social Housing Investment Program, administered by the Housing Services Corporation in accordance with Section 124(b) of the *Housing Services Act*, and managed by Encasa Financial. Worldsource Financial Management Inc. is the principal distributor of these Funds.

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

The Table below summarizes the performance of investments held at TD and Encasa for the 2020 year:

	Fair Market Value		
	TD (\$)	Encasa (\$)	Total (\$)
Opening Balance	14,419,037	9,339,090	23,758,127
Deposits	-	-	-
Withdrawals	-	-	-
Change in Value	312,501	724,150	1,036,651
Ending Balance	14,731,538	10,063,240	24,794,778
Return on Investment	2.2%	7.8%	4.2%

The fair market value (FMV) of investments at December 31, 2020, is \$24,794,778 (2019: \$23,758,127) compared to the book value of \$24,125,826 (2019: \$23,278,699). The FMV of investments increased by \$1,036,651 during 2020. 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 2020 reflected these goals. As at December 31, 2020, the asset mix of TBDSSAB investments was as follows:

	Fair Market Value			
	TD (\$)	Encasa (\$)	Total (\$)	Asset Mix
Cash & Cash Equivalents	2,081,920	-	2,081,920	8%
Fixed Income	8,380,720	10,063,240	18,443,960	75%
Equities	4,268,898	-	4,268,898	17%
Total	14,731,538	10,063,240	24,794,778	100%

In 2020, TBDSSAB recorded earned investment income on reserve funds of \$886,473 (2019: \$495,318). Investment income included interest revenue, dividends reinvested, and capital gains on equities.

The equity component of the investment portfolio has followed an investment strategy that was primarily focused on generating income through dividend payments. With advice from the Investment Portfolio Manager (TD), Administration updated its strategy, towards a more growth-oriented approach. This new model is primarily focused on investing in companies that generate excessive amounts of free cash flow. These companies retain the profits (lower dividends) to grow their businesses. Over the long-term, investors should be compensated with a higher total return in exchange for lower dividend income. Also, as a result, TBDSSAB's exposure to the energy and financial sectors has decreased significantly.

In accordance with Public Sector Accounting Board requirements, marketable securities are recorded at FMV in the 2020 Consolidated TBDSSAB Financial Statements with the market value change presented in the Statement of Re-measurement Gains and Losses, (Report No. 2021-12AGM Year 2020 Audited Consolidated Financial Statements of The District of Thunder Bay Social Services Administration Board).

FINANCIAL IMPLICATIONS



There are no direct financial implications associated with this report. The 2020 investment portfolio performance is reflected in the 2020 Consolidated TBDSSAB Financial Statements.

CONCLUSION

It is concluded that all investments in 2020 were consistent with the Investment Policy and goals approved by the Board.

REFERENCE MATERIALS ATTACHED

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

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

TD	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FMV	-	-	-	-	12,094,495	13,291,394	13,793,582	13,467,508	14,419,037	14,731,538
Change in FMV	-	-	-	-	12,094,495	1,196,899	502,188	(326,074)	951,529	312,501
	n/a	n/a	n/a	n/a	n/a	9.9%	3.8%	-2.4%	7.1%	2.2%

Encasa	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
FMV	6,376,001	6,711,852	7,236,188	8,043,405	8,166,728	8,635,954	8,766,629	8,833,590	9,339,090	10,063,240
Change in FMV	(30,794)	335,851	524,336	807,217	123,323	469,226	130,675	66,961	505,500	724,150
	-0.5%	5.3%	7.8%	11.2%	1.5%	5.7%	1.5%	0.8%	5.7%	7.8%

