



## BOARD REPORT

REPORT No.: 2024-16

MEETING DATE: APRIL 18, 2024

SUBJECT: 2023 INVESTMENT PORTFOLIO PERFORMANCE

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### 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 performance of the Board's investment portfolio for the 2023 year.

### 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 \$19.1 million to TD Waterhouse (TD) representing the value of various TBDSSAB Reserve Funds.

A portion of 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 (HSA)*, 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 2023 year:

	Fair Market Value		
	TD (\$)	Encasa (\$)	Total (\$)
Opening Balance	21,024,991	8,668,473	<b>29,693,464</b>
Deposits	-	-	-
Withdrawals	-	-	-
Change in Value	1,533,625	501,491	<b>2,035,116</b>
<b>Ending Balance</b>	<b>22,558,616</b>	<b>9,169,964</b>	<b>31,728,580</b>
Return on Investment	7.3%	5.8%	<b>6.9%</b>

The fair market value (FMV) of investments at December 31, 2023 is \$31,728,580 (2022: \$29,693,464) compared to the book value (cost) of \$32,260,181 (2022: \$31,624,330). Overall, the FMV of investments increased by \$2,035,116 (6.9%) during 2023. Attachment #1 shows the FMV of investments over the past ten (10) years.

The portfolio book value is \$7,210,741 less than the total reserve fund balance of \$39,470,922 as indicated in Report No. 2024-13AGM 2023 Audited Consolidated Financial Statements. This difference is currently on deposit in the bank, earning interest (prime less 1.7 = 5.5% in January 2024). This amount could be transferred into the investment portfolio to potentially earn a greater return; However, considering the favourable interest rate, as well as the significant capital financing required in the 2024 Capital Budget, and capital carryforward from prior years' approved projects, Administration recommends leaving these funds on deposit for 2024 and re-evaluate next year.

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. As at December 31, 2023, the asset mix of TBDSSAB investments was as follows:

Component	TD		Encasa		Total	
	FMV (\$)	%	FMV (\$)	%	FMV (\$)	%
Cash	5,593,387	25%			5,593,387	18%
Fixed Income	10,501,846	47%	9,169,964	100%	19,671,810	62%
Equities	6,463,383	28%	-	0%	6,463,383	20%
<b>Total</b>	<b>22,558,616</b>		<b>9,169,964</b>		<b>31,728,580</b>	

The table below shows the annual FMV rate of return on the entire TBDSSAB investment portfolio compared to the S&P/TSX Composite Index and the investment income earned over the past five years:

Year	Total TBDSSAB Portfolio	S&P/TSX Composite Index	Income Earned
2019	6.5%	19.1%	\$495,318
2020	4.4%	2.2%	\$886,473
2021	2.4%	21.7%	\$921,304
2022	(6.3%)	(8.7%)	\$802,843
2023	6.4%	8.1%	\$1,360,438

These results are consistent with the guiding principles in the Investment Policy, considering the heavy concentration of fixed-income securities in the portfolio.

### STRATEGIC PLAN IMPACT

This report relates to the Board's strategic direction of Financial Stewardship, with a focus on ensuring accountability of TBDSSAB resources.

### FINANCIAL IMPLICATIONS

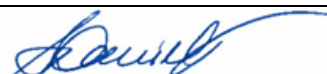

The 2023 investment portfolio performance is reflected in the 2023 Consolidated TBDSSAB Financial Statements.

### CONCLUSION

It is concluded that all investments in 2023 were consistent with the Investment Policy and goals approved by the Board.

### REFERENCE MATERIALS

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

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

<b>TD Waterhouse</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Deposit	-	12,518,835	287,142	-	-	-	-	-	6,302,677	-
FMV	-	12,094,495	13,291,394	13,793,582	13,467,508	14,419,037	14,731,538	15,641,357	21,024,991	22,558,616
Change in FMV	-	(424,340)	909,757	502,188	(326,074)	951,529	312,501	909,819	(919,043)	1,533,625
	<i>n/a</i>	<i>n/a</i>	7.5%	3.8%	-2.4%	7.1%	2.2%	6.2%	-4.2%	7.3%

<b>Encasa Financial</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
FMV	8,043,405	8,166,728	8,635,954	8,766,629	8,833,590	9,339,090	10,063,240	9,748,133	8,668,473	9,169,964
Change in FMV	807,217	123,323	469,226	130,675	66,961	505,500	724,150	(315,107)	(1,079,660)	501,491
	11.2%	1.5%	5.7%	1.5%	0.8%	5.7%	7.8%	-3.1%	-11.1%	5.8%

