

# 15 Investment Management



## What is the Service?

Investment Management implements short and long term investment strategies for money market, bond and equity portfolios in accordance with provincial government legislation and the municipality's own investment policies.

### Influencing Factors:

**Economic Conditions:** Local economy, unionization, state of assets (life expectancy); prevailing interest rates and shape of the yield curve; availability of product.

**Geography:** Population, density and land mass.

**Government Structure:** Single-tier or two-tier impacts level of expenditures.

**Organizational Form:** Reporting structure, levels within departments.

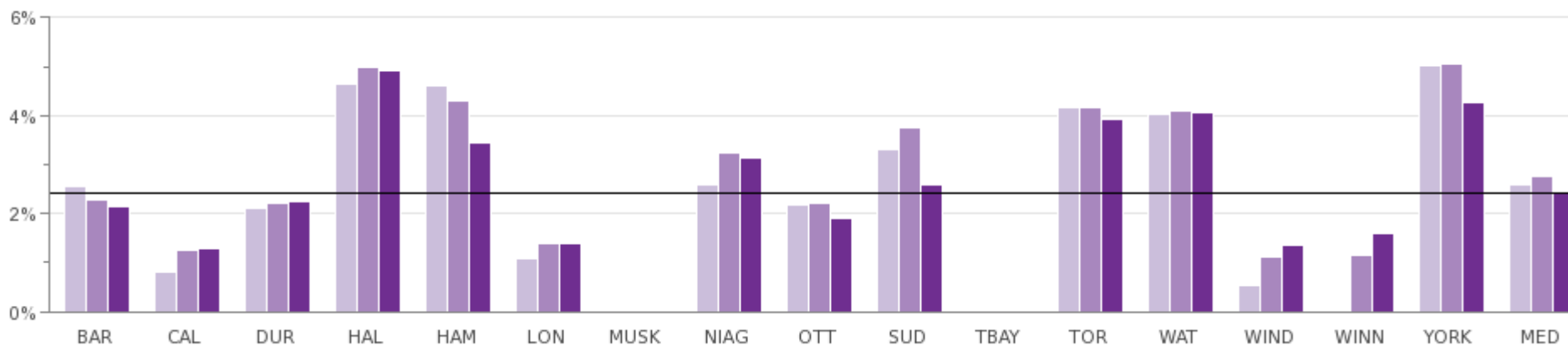
**Policy and Practices:** General accounting practices (terms utilized for various receivables and payments); investment policy objectives, i.e. risk tolerances, preservation of capital vs. growth; municipal life stage (growth vs. maturity); legislative investment policy constraints; cash inflows/outflows to portfolio.



# Investment Management

## What is the investment yield on an internally managed portfolio?

Fig 15.1 Gross Percent Realized Return on the Total Internally Managed Investment Portfolio (based on the Average Adjusted Book Value)



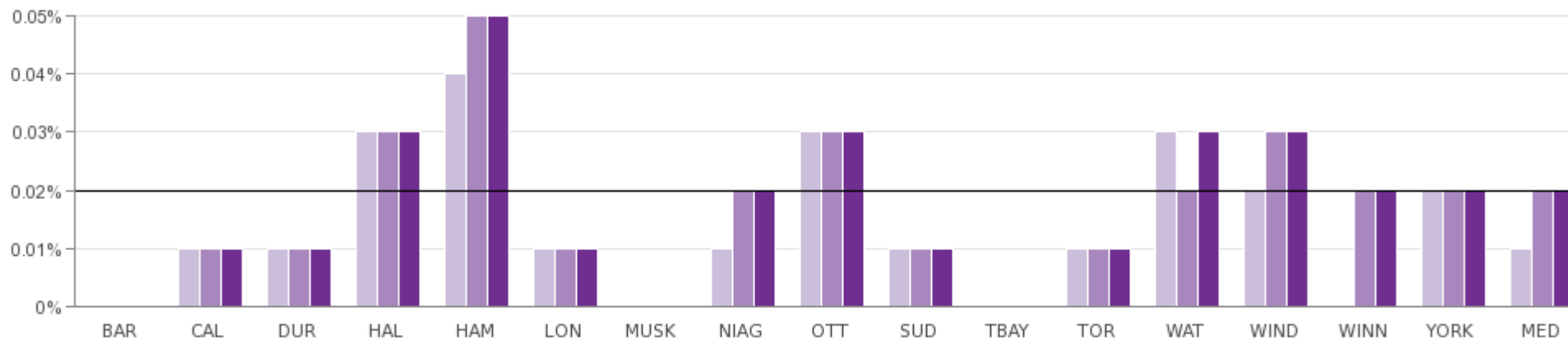
2010	2.55%	0.80%	2.11%	4.64%	4.60%	1.09%	N/A	2.58%	2.18%	3.32%	N/A	4.15%	4.03%	0.55%	N/A	5.02%	2.58%
2011	2.27%	1.26%	2.22%	4.97%	4.30%	1.40%	N/A	3.25%	2.20%	3.75%	N/A	4.16%	4.09%	1.12%	1.15%	5.05%	2.76%
2012	2.15%	1.29%	2.23%	4.90%	3.44%	1.40%	N/A	3.13%	1.90%	2.58%	N/A	3.91%	4.05%	1.34%	1.60%	4.26%	2.41%

Source: INVT312 (Efficiency)

Note: Thunder Bay does not have an internally managed portfolio.

## What is the proportion of cost to income for an internally managed portfolio?

Fig 15.2 Internal Management Expense Ratio (In-MER)



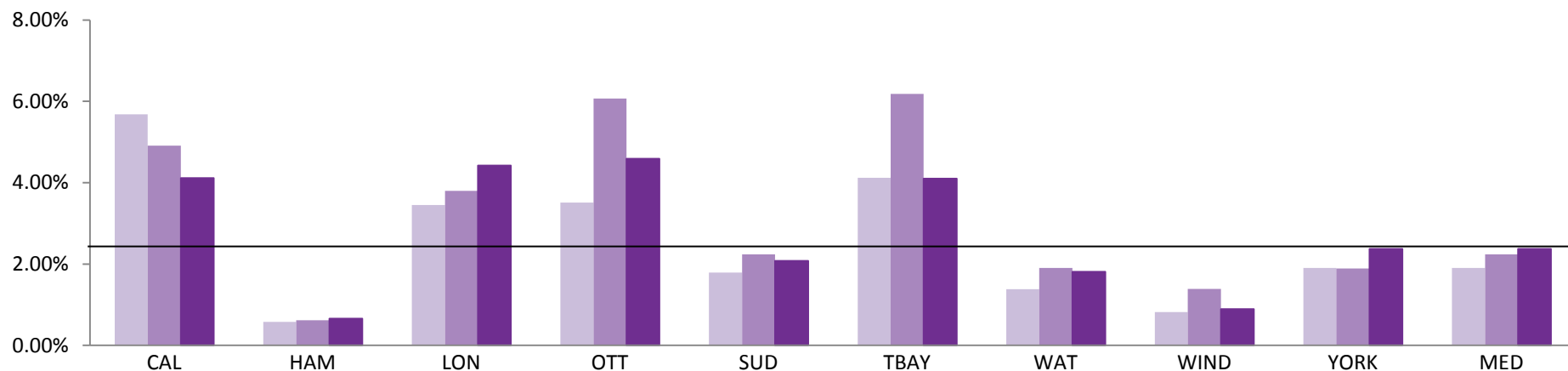
2010	0.00%	0.01%	0.01%	0.03%	0.04%	0.01%	N/A	0.01%	0.03%	0.01%	N/A	0.01%	0.03%	0.02%	N/A	0.02%	0.01%
2011	0.00%	0.01%	0.01%	0.03%	0.05%	0.01%	N/A	0.02%	0.03%	0.01%	N/A	0.01%	0.02%	0.03%	0.02%	0.02%	0.02%
2012	0.00%	0.01%	0.01%	0.03%	0.05%	0.01%	N/A	0.02%	0.03%	0.01%	N/A	0.01%	0.03%	0.03%	0.02%	0.02%	0.02%

Source: INVT322 (Efficiency)

Note: Thunder Bay does not have an internally managed portfolio.

## What is the investment yield on an externally managed portfolio?

Fig 15.3 Gross Percent Realized Return on the Total Externally Managed Investment Portfolio (based on the Average Adjusted Book Value)



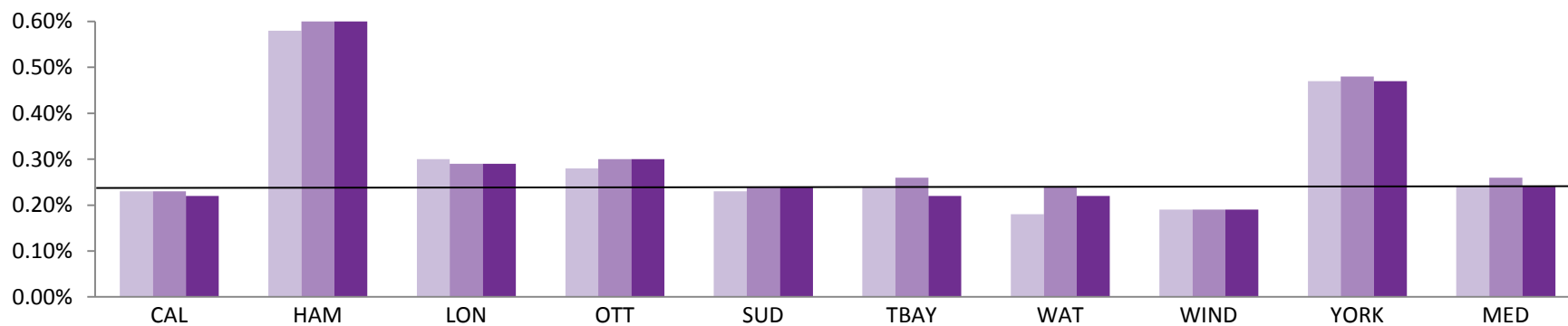
	CAL	HAM	LON	OTT	SUD	TBAY	WAT	WIND	YORK	MED
2010	5.68%	0.58%	3.45%	3.51%	1.79%	4.12%	1.38%	0.82%	1.90%	1.90%
2011	4.91%	0.62%	3.80%	6.07%	2.24%	6.18%	1.90%	1.39%	1.89%	2.24%
2012	4.11%	0.66%	4.42%	4.59%	2.08%	4.10%	1.81%	0.89%	2.37%	2.37%

Source: INVT314 (Efficiency)

Note: Barrie, Durham, Halton, Niagara, Toronto and Winnipeg do not have externally managed portfolios.

## What is the proportion of cost to income for an externally managed portfolio?

Fig 15.4 External Management Expense Ratio (Ex-MER)



2010	0.23%	0.58%	0.30%	0.28%	0.23%	0.24%	0.18%	0.19%	0.47%	0.24%
2011	0.23%	0.62%	0.29%	0.30%	0.24%	0.26%	0.24%	0.19%	0.48%	0.26%
2012	0.22%	0.66%	0.29%	0.30%	0.24%	0.22%	0.22%	0.19%	0.47%	0.24%

Source: INVT324 (Efficiency)

Note: Barrie, Durham, Halton, Niagara, Toronto and Winnipeg do not have externally managed portfolios.