

16 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

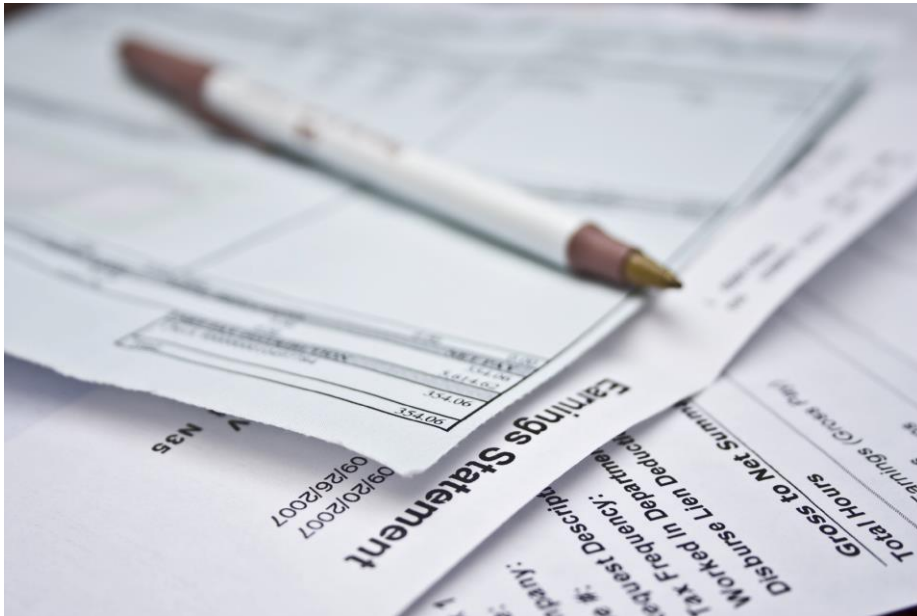
Economic Conditions: Local economy, unionization, state of assets (life expectancy); prevailing interest rates and shape of the yield curve; availability of product.

Geography: Population, density and land mass.

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

Organizational Form: Reporting structure, levels within departments.

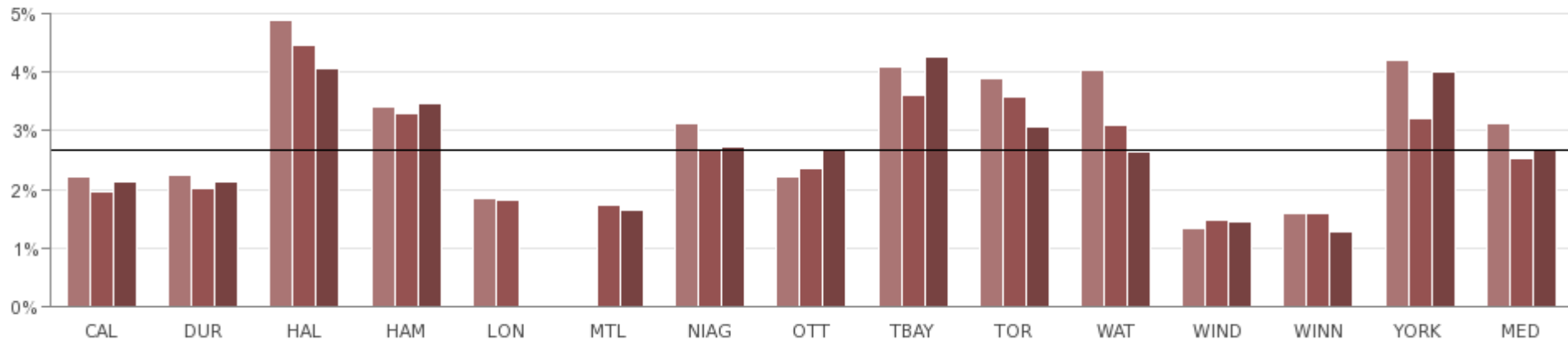
Policy and Practices: General accounting practices (terms utilized for various receivables and payments); investment policy objectives, i.e. risk tolerances, preservation of capital vs. growth; municipal life stage (growth vs. maturity); legislative investment policy constraints; cash inflows/outflows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



Investment Management

What is the rate of return on the total investment portfolio?

Fig 16.1 Gross Percent Realized Return on the Total Investment Portfolio (based on the Average Adjusted Book Value)

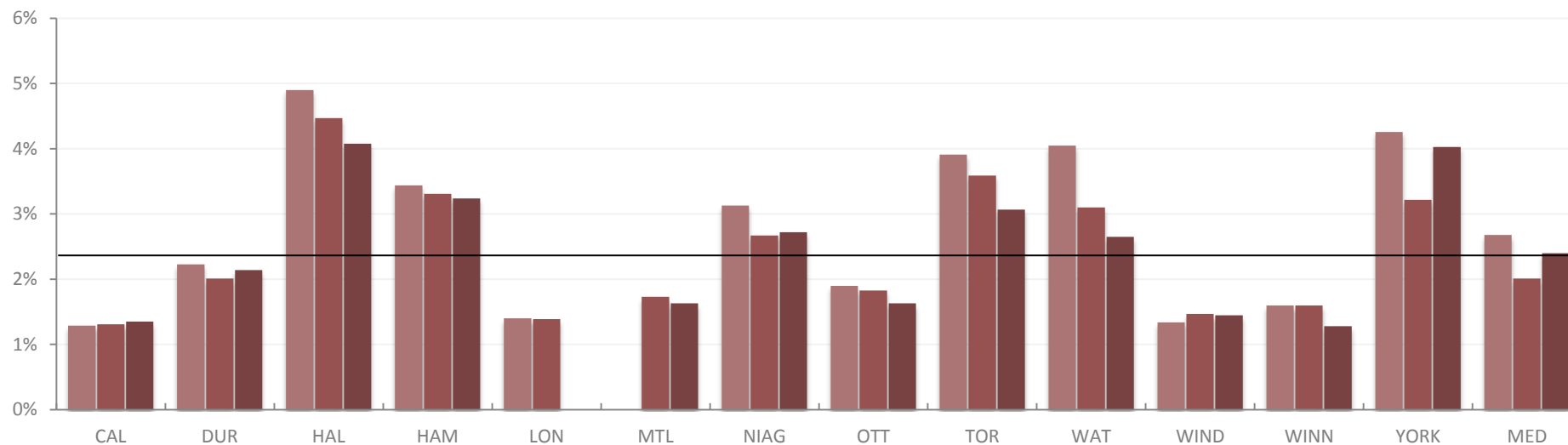


2012	2.22%	2.23%	4.90%	3.42%	1.85%	N/A	3.13%	2.21%	4.10%	3.91%	4.04%	1.32%	1.60%	4.20%	3.13%
2013	1.97%	2.01%	4.47%	3.29%	1.81%	1.73%	2.67%	2.36%	3.61%	3.59%	3.09%	1.47%	1.60%	3.22%	2.52%
2014	2.12%	2.14%	4.08%	3.48%	N/A	1.63%	2.72%	2.68%	4.28%	3.07%	2.64%	1.45%	1.28%	4.00%	2.68%

Source: INVT310 (Efficiency)

What is the rate of return on the internal investment portfolio?

Fig 16.2 Gross Percent Realized Return on the Total Internally Managed Investment Portfolio (based on the Average Adjusted Book Value)



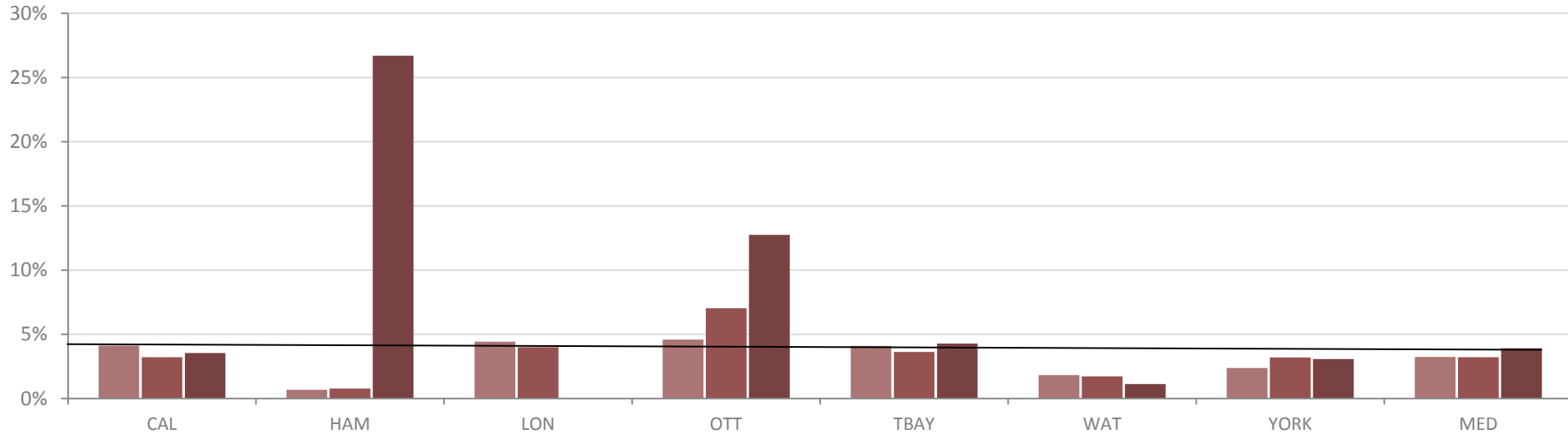
2012	1.29%	2.23%	4.90%	3.44%	1.40%	N/A	3.13%	1.90%	3.91%	4.05%	1.34%	1.60%	4.26%	2.68%
2013	1.31%	2.01%	4.47%	3.31%	1.39%	1.73%	2.67%	1.83%	3.59%	3.10%	1.47%	1.60%	3.22%	2.01%
2014	1.35%	2.14%	4.08%	3.24%	N/A	1.63%	2.72%	1.63%	3.07%	2.65%	1.45%	1.28%	4.03%	2.40%

Source: INVT312 (Efficiency)

Note: Thunder Bay does not have an internally managed portfolio, therefore they do not report on this graph.

What is the rate of return on the external investment portfolio?

Fig 16.3 Gross Percent Realized Return on the Total Externally Managed Investment Portfolio (based on the Average Adjusted Book Value)



2012	4.11%	0.66%	4.42%	4.59%	4.10%	1.81%	2.37%	3.24%
2013	3.22%	0.77%	3.99%	7.03%	3.61%	1.72%	3.20%	3.22%
2014	3.53%	26.70%	N/A	12.74%	4.28%	1.12%	3.07%	3.91%

Source: INVT314 (Efficiency)

Note: The following OMBI partners do not appear in this graph because they do not have an externally managed portfolio: Durham, Halton, Montreal, Niagara, Toronto, Winnipeg and Windsor.

Comment: The City of Hamilton's year over year difference is related to the realization of capital gains in the One Fund holdings in 2014.