



Administrative Report

Office of the Director of Financial Services/Treasurer

To: Warden McNamara and Members of Essex County Council

From: Sandra Zwiers, MAcc, CPA, CA
Director of Financial Services/Treasurer

Date: Wednesday, August 11, 2021

Subject: Investment Performance Report - 2020

Report #: 2021-0811-FIN-R08-SZ

Purpose

To provide County Council with a review of the Corporation's investments as at December 31, 2020.

Background

A statement of the Corporation's short-term investments is provided for Council's review in accordance with the Corporation's Investment Policy reporting guidelines. Specifically, the report will highlight the following:

Investments

- 1) Listing of individual securities held at the end of the reporting period;
- 2) Listing of investment maturity date;
- 3) Percentage of the total portfolio each type of investment represents;
- 4) A statement about the performance of the investment portfolio during the period covered by the report;
- 5) A statement of the Director of Financial Services / Treasurer as to whether or not, in his or her opinion, all investments were made in

accordance with the investment policies and goals adopted by the Corporation; and

- 6) Such other information that the Council may require that, in the opinion of the Director of Financial Services / Treasurer, should be included.

Discussion

At December 31, 2020 the Corporation's investments were held across six institutions in various short to medium term instruments: **CIBC**, the Corporation's financial institution; **ONE Investment Program**, pooled investment program for Ontario municipalities; **Windsor Family Credit Union (WFCU)**, investment certificates; **Libro Credit Union (Libro)**, investment certificates; **Canaccord Genuity Corp. (Canaccord)**, investment certificates; and **CIBC Private Wealth Management (PWM)**, Principal Protected Notes (PPN's), a division of CIBC.

Table 1 details the holdings in various categories, the percentage allocation, interest earned, the rate of return as at December 31, 2020 and the average rate for 2020.

Table 1

Investment	Amount @ 12/31 (\$)	% of Funds	Net Investment Income (includes unrealized gains/losses at Dec 31, 2020	Int. Rate 12/31/20	Avg. Int. Rate '20
CIBC	55,938,832	27.10%	776,387	0.95%	1.32%
One*- Money	6	0.00%	N/A	N/A	N/A
One* - HISA	64,837	0.03%	874	0.915%	1.36%
One*- Bond Fund	10,301,815	4.99%	517,654	1.18%	5.29%
One*- Corp.	9,632,798	4.67%	675,692	1.32%	7.54%

Investment	Amount @ 12/31 (\$)	% of Funds	Net Investment Income (includes unrealized gains/losses at Dec 31, 2020	Int. Rate 12/31/20	Avg. Int. Rate '20
One- Equity Fund	10,992,064	5.33%	673,207	2.61%	6.52%
WFCU	65,015,728	31.50%	1,258,800	1.40% to 3.10%	2.46%
LIBRO	19,087,791	9.25%	633,687	1.95% to 2.85%	2.79%
Canaccord	9,870,444	4.78%	370,403	2.72% to 2.77%	3.85%
CIBC PWM –	25,500,000	12.35%	(\$17,100)	N/A	1.49%

The \$25.5 million investment with CIBC PWM incorporates a balance of short term and medium-term holdings including, Principal Protected Notes (PPN's) with medium-term maturity as outlined in [Table 2](#).

Table 2

Description	Return	Amount @ 12/31	Yield @ Market	Maturity Date
CIBC Cdn. Blue-Chip Growth	100% @ maturity	7,000,000	0.0%	03/11/2022
CIBC US Blue-Chip Growth	65% @ maturity	4,000,000	0.00%	09/12/2022

Description	Return	Amount @ 12/31	Yield @ Market	Maturity Date
CIBC Cdn. Equity Guaranteed	0.5%- 6.0% per annum	6,000,000	4.69%	03/13/2023
CIBC Cdn. Banks Coupon Deposit Note	100% of inc. in TSX Banks Index	3,000,000	2.34%	03/13/2023
CIBC Cdn. Equity Guaranteed	0.5%- 6.5% per annum	5,500,000	0.50%	04/22/2024

In compliance with policy guidelines, the Director of Financial Services / Treasurer attests that all investments have been made in accordance with the Corporation's policies and goals.

Analysis of the Investment Market

According to analysis by the Bank of Canada, COVID-19 dramatically impacted markets worldwide in the first quarter of 2020. The value of Canadian firms trading on the Toronto Stock Exchange fell by 37% between February 19 and March 23, 2020. Investor uncertainty about how the pandemic would affect future corporate earnings put pressure on discount rates and market returns in a drastic fashion at the beginning of the pandemic.

By August, however, most global markets, including Canada's had recovered by about 25% despite the continued realities of the pandemic. There seemed to be a disconnect between investor perception/confidence and the known slowdown of the economy in general due to pandemic restrictions. The sharp decline in market values in February and March rebounded by August creating a deep V-shaped price recovery.

The last quarter of 2020 was relatively stable as markets adjusted to the new normal. Stabilizing measures by the Bank of Canada also helped to reduce investment volatility during the second half of the year.

Administration will continue to monitor interest rate trends and investigate funding opportunities, taking into consideration cash flow requirements.

Financial Implications

The revenue generated from the Corporation's investment portfolio is reflected in the General Administration budget. Allocations of earned interest are made on an annual basis to various capital reserves (eg. Capital Reserve, NWEHS Reserve) in accordance with the Corporation's Reserve Strategy.

Recommendation

That Essex County Council receive the Investment Performance Report 2020 for information.

Respectfully Submitted

Sandra Zwiers

Sandra Zwiers, MAcc, CPA, CA, Director of Financial Services/Treasurer

Concurred With,

Mike Galloway

Mike Galloway, Chief Administrative Officer