



Administrative Report

Office of the Director, Financial Services/Treasurer

To: Warden McNamara and Members of Essex County Council

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

Date: Wednesday, April 20, 2022

Subject: Investment Performance Report - 2021

Report #: 2022-0420-FIN-R04-SZ

Purpose

To provide County Council with a review of the Corporation's investments as at December 31, 2021.

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

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, 2021 the Corporation's investments were held across five 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, 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, 2021 and the average rate for 2021.

Table 1

Investment	Amount @ 12/31 (\$)	% of Funds	Net Investment Income (includes unrealized gains/losses at Dec 31, 2021)	Int. Rate 12/31/21	Avg. Int. Rate '21
CIBC	70,305,853	28.21%	546,373	0.95%	0.95%
One*- Money Market	6	0.00%	N/A	N/A	N/A
One* - HISA	65,165	0.03%	328	0.715%	0.503%
One*- Bond Fund	10,153,068	4.07%	(148,747)	0.41%	(1.44%)
One*- Corp. Bond Fund	9,404,246	3.77%	(228,553)	0.512%	(2.37%)
One- Equity Fund	39,506,855	15.85%	3,514,791	6.08%	31.98%
WFCU	58,781,532	23.58%	1,414,560	1.30% to 3.10%	1.92%

Investment	Amount @ 12/31 (\$)	% of Funds	Net Investment Income (includes unrealized gains/losses at Dec 31, 2021)	Int. Rate 12/31/21	Avg. Int. Rate '21
LIBRO	19,384,244	7.78%	597,578	1.25%	1.25%
CIBC PWM – PPN's	41,657,860	16.71%	6,157,860	N/A	17.35%

The \$41.66 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	55.57%	03/11/2022
CIBC US Blue-Chip Growth	65% @ maturity	4,000,000	40.34%	09/12/2022
CIBC Cdn. Equity Guaranteed	0.5%-6.0% per annum	6,000,000	6.24%	03/13/2023
CIBC Cdn. Banks Coupon Deposit Note	100% of inc. in TSX Banks Index	3,000,000	(0.61%)	03/13/2023
CIBC Cdn. Equity Guaranteed	0.5%-6.5% per annum	5,500,000	5.42%	04/22/2024

Description	Return	Amount @ 12/31	Yield @ Market	Maturity Date
CIBC Cdn Indexed PTFCL CLF	6.0% - 21.0% @maturity	8,000,000	0.00%	04/28/2028
CIBC Cdn Indexed CLF	8% - 28% @maturity	2,000,000	0.00%	04/28/2028

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

The Canadian market performed very well during 2021 despite the prolonged impacts of the COVID-19 pandemic. Economists have drawn parallels between 2009, the year after the market crash, to 2021, the year after the beginning of the pandemic. In both years, the Canadian market performed well during what can be described as economic rebound periods. The Canadian benchmark rose 22% in 2021, only slightly out-performed by the US benchmark that rose 27%. The majority of the benchmark increase can be attributed to the financial and energy sectors. The Bank of Canada maintained its historically low bank rate for the duration of 2021 which offered a measure of stability to the finance sector and with renewed demand for fuel as restrictions were lifted, the price of crude oil increased as demand outpaced supply.

In an attempt to quell inflation, 2022 has already seen an increase to the Bank of Canada rate and further increases are expected. Maintaining a highly liquid short-term portfolio will allow the Corporation to maximize returns in a rising interest rate environment. In accordance with the Corporation's Investment Policy, the portfolio also positions the County well in the medium and long-term to support our future capital spending needs.

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.

Consultations

N/A

Recommendation

That Essex County Council receive the Investment Performance Report 2021 for information.

Approvals

Respectfully Submitted,

Sandra Zwiers

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

Concurred With,

Mike Galloway

Mike Galloway, MBA, CMO, Chief Administrative Officer