

INVESTMENT MANAGEMENT UPDATE

2017

PRESENTED BY

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AGENDA

- I. ACHIEVEMENTS
- II. OPPORTUNITIES
- III. LOOKING AHEAD

I. ACHIEVEMENTS



□ Higher Returns

- 2.21% exceeding benchmark return of 1.91%

□ Innovative Financing

- Streamlined debenture issuance process
- \$250k in interest Cost Savings

Higher Returns attributed to...

❑ Tailwind from Bank of Canada

- Increased interest rate (2x 25bps from July & Sept 50bps-100bps)

❑ Short-term investments maturing in 2017

❑ Daily Strategic Cash Allocation

- Operating Account rate Vs High Interest Savings Account Vs Short-term Investments
- Investment Analyst joined the team in November 2017

INNOVATIVE FINANCING....

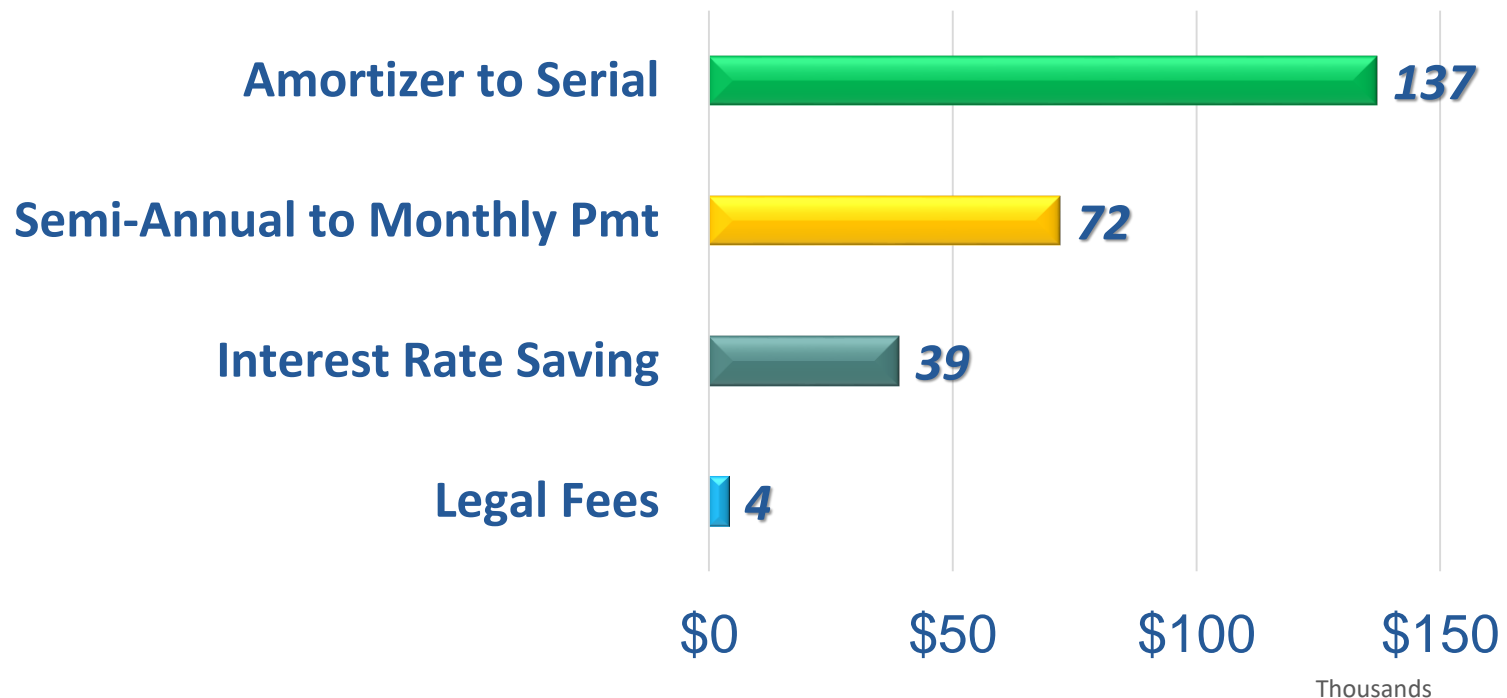
From Complexity to Simplicity by Diversification

- Diversified pool of partners
- Allowed for more competition
- Custom solution for the City

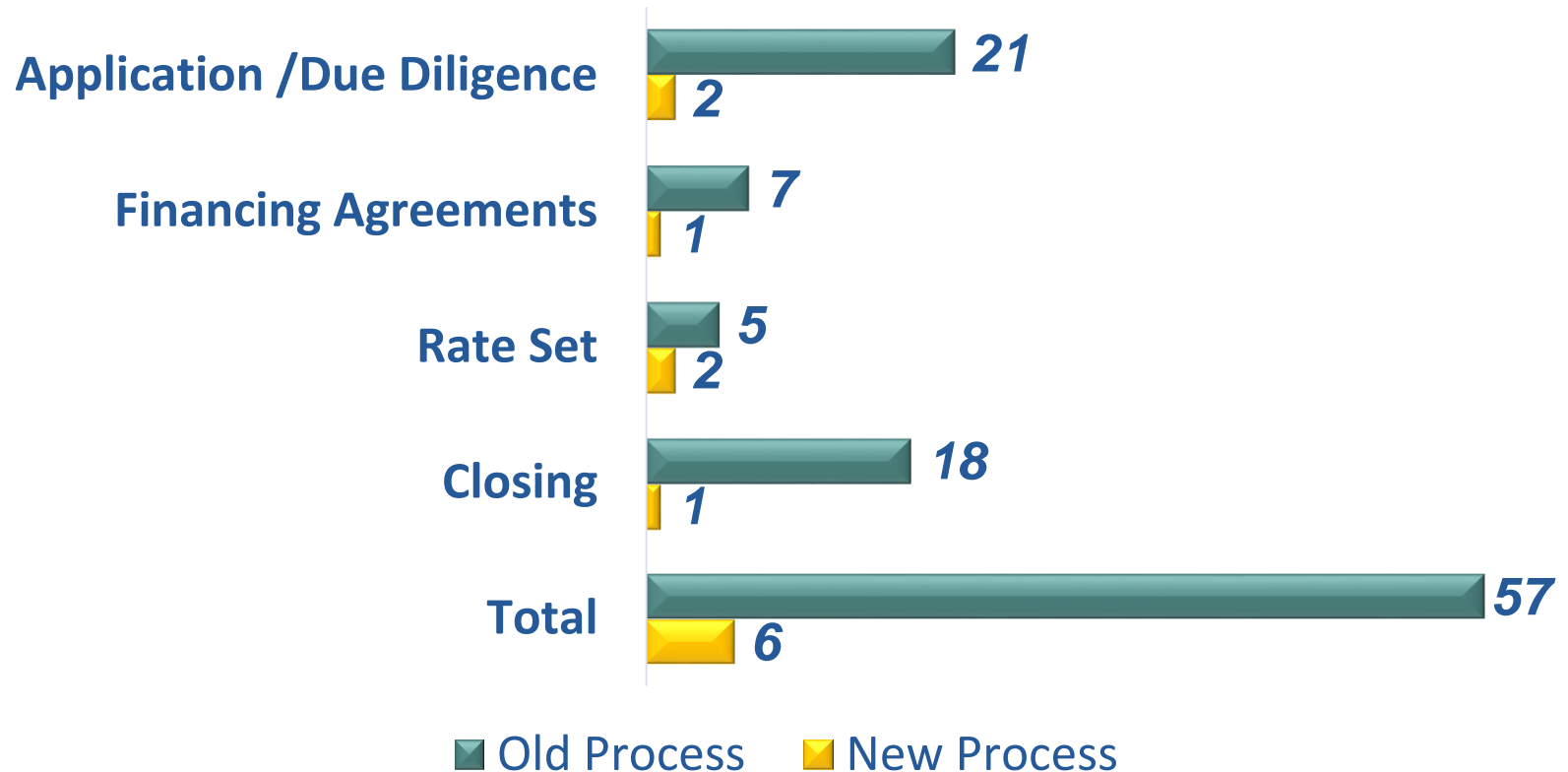


Saved \$250K in Interest Cost

Interest Cost Savings over Life of Debentures per Source



Significantly Reduced debenture issuance time (days)



II. OPPORTUNITIES

☐ Diversification of Financing Options

- Public Debt Issuance
- Swaps

☐ Cash Flow Forecasting – Capex

- Timing and Size of Capital Expenditures

Diversification of Financing Options = Flexible Financing Solutions

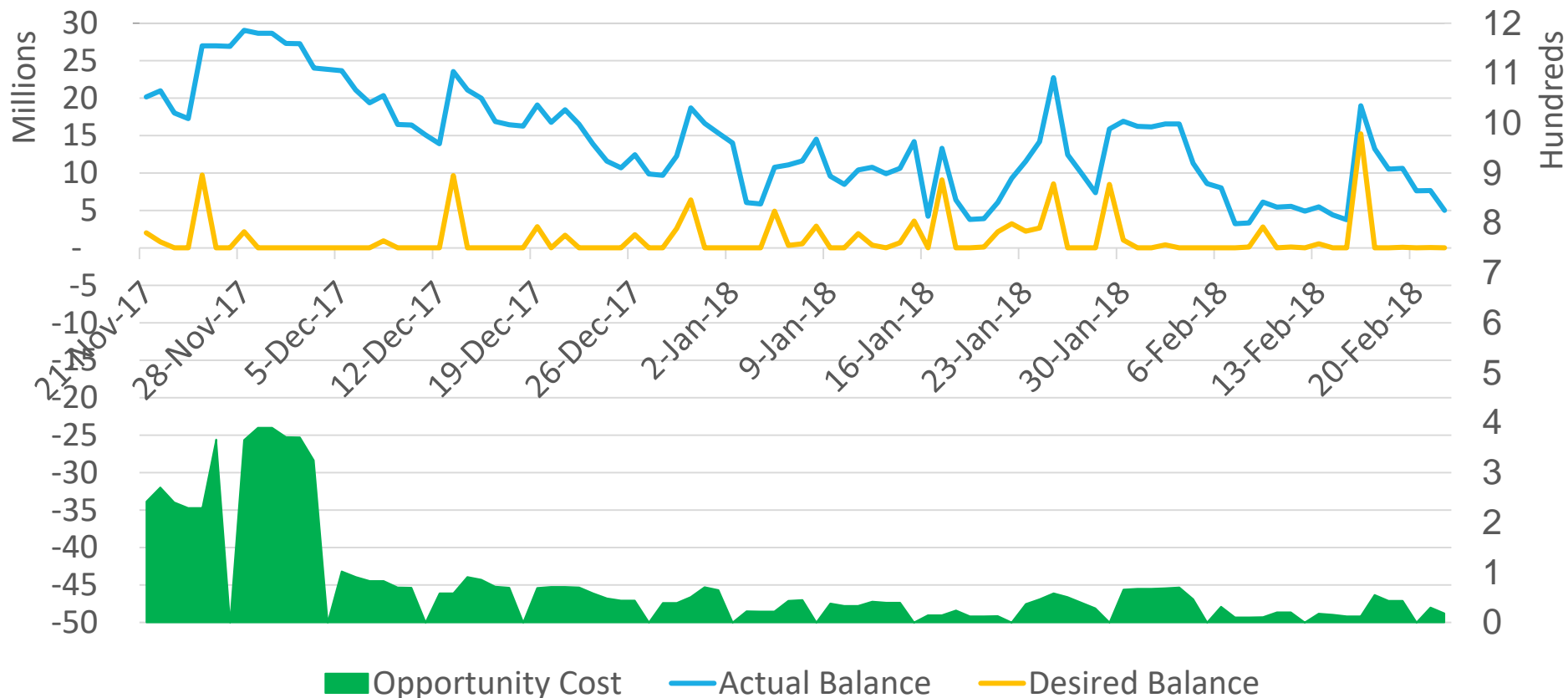
❑ PUBLIC DEBT ISSUANCE

- Lower interest rate and turnaround
- Flexible structure and marketable

❑ SWAPS

- Tailored solution
- Lower interest rate

Better Cash Flow Forecast = Optimized use of cash



Timing and Size of Capital Expenditures would improve quality of Forecast

III. LOOKING AHEAD



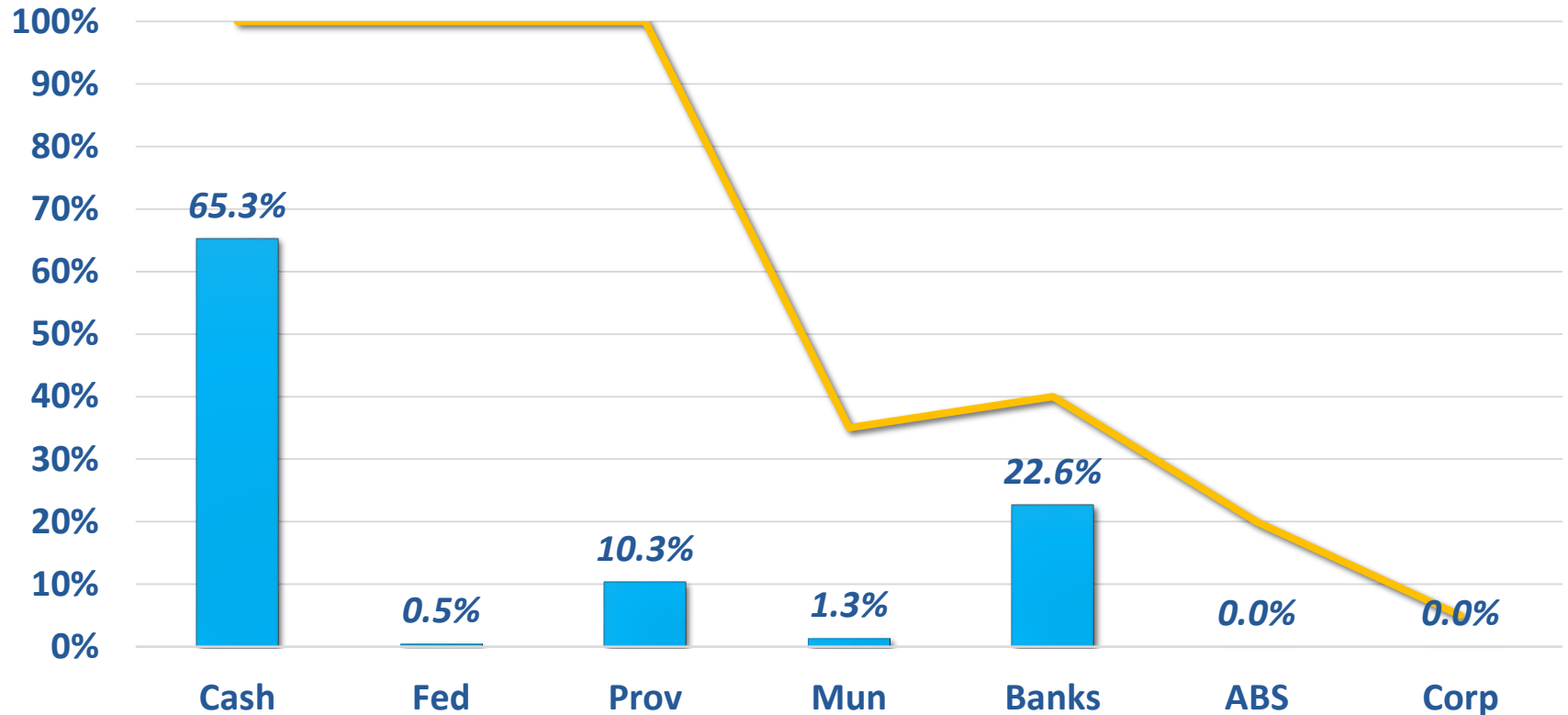
☐ Market Expectations

- Bank of Canada to slowly increase rates (1-2x in 2018)
- Bodes well for deposit rates

☐ Current Portfolio

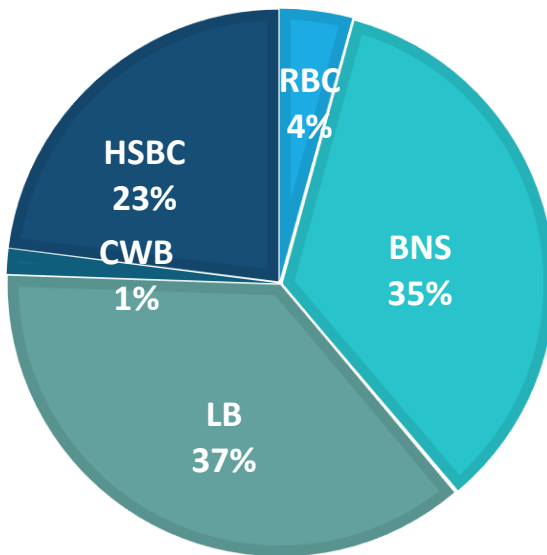
☐ Prudent Investor Standard (2019)

Strategic Asset Allocation

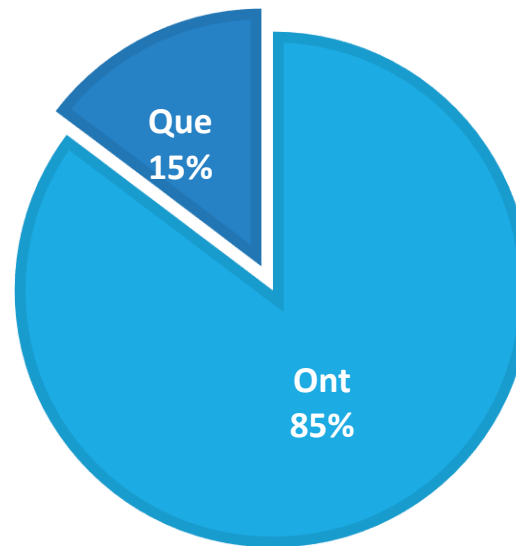


Portfolio Diversification

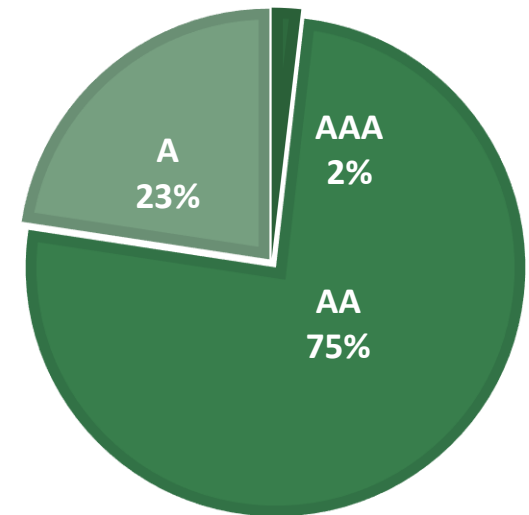
BANK EXPOSURE



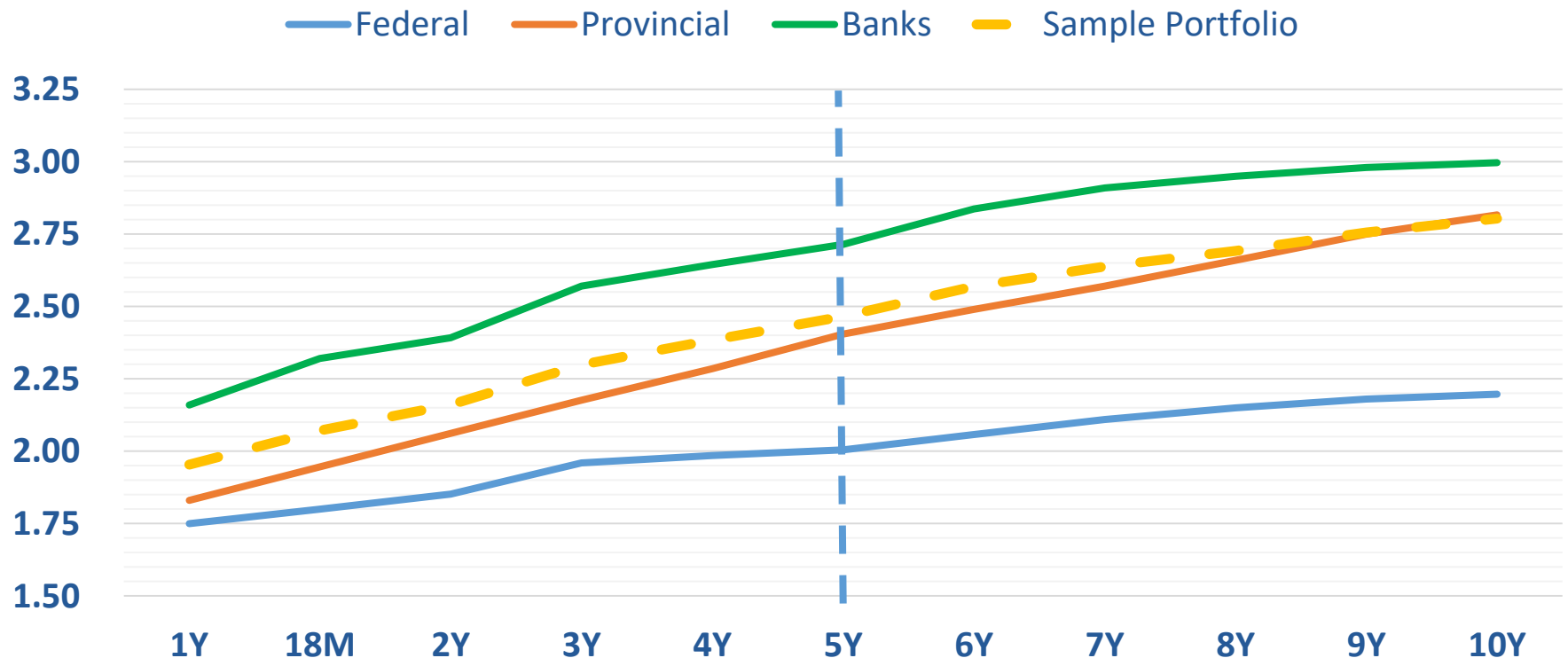
PROVINCIAL EXPOSURE



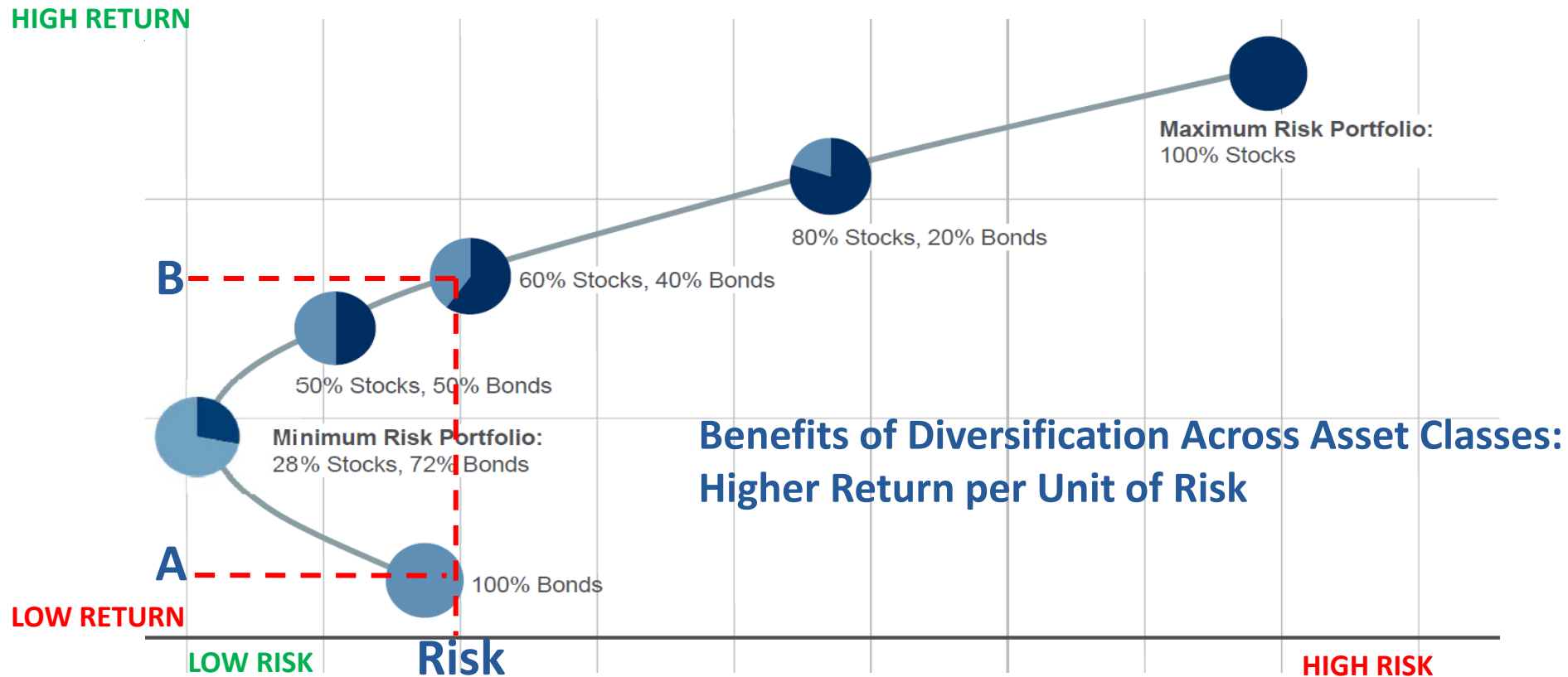
CREDIT QUALITY PROFILE



Current Investment Opportunities Frontier



ASSET ALLOCATION: RISK VERSUS RETURN



Prudent Investor Standard = Diversification Across Asset Classes

- ❑ Cash, Bonds, Equities and Real Assets

- ❑ Eligibility Criteria:

 - \$100 million investable assets

- ❑ Governance:

 - Independent Investment Board

