

INVESTMENT MANAGEMENT UPDATE

2016 AND LOOK AHEAD

PRESENTED BY

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PORTFOLIO MANAGER

FINANCE AND CORPORATE SERVICES COMMITTEE

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AGENDA

- ACHIEVEMENTS
- CHALLENGES AND OPPORTUNITIES
- LOOKING AHEAD

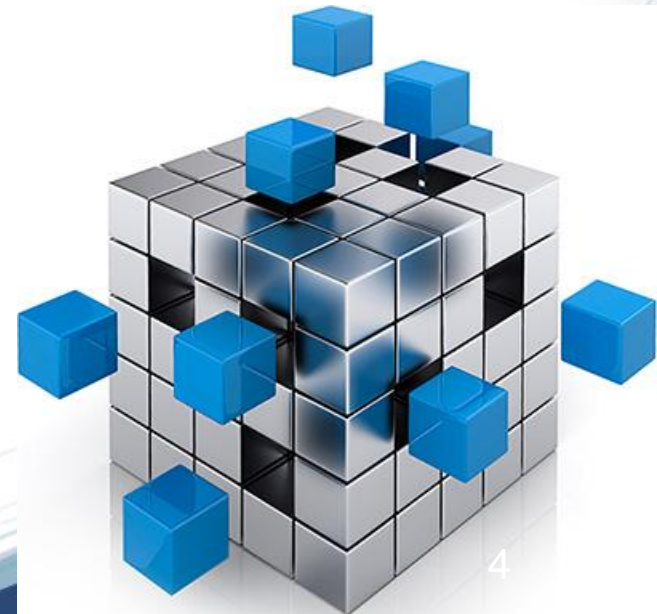
ACHIEVEMENTS



- INFRASTRUCTURE SET UP
- IMPROVING RETURNS
- INNOVATIVE FINANCING

INFRASTRUCTURE SET UP...

- CIBC MELLON AS CUSTODIAN
 - Settlement and Safekeeping
 - Accounting and Reporting
- INVESTMENT DEALERS
 - TD, RBC, CIBC, BMO, SCOTIA, N. BANK, ONE FUND
- BLOOMBERG
 - Pricing Feed
- PORTFOLIO MANAGER
 - Hired in Q3 2016



IMPROVING RETURNS...

- **IMPROVED CASH YIELD**
 - 1.51% average return
 - 5bps higher on Premium Account
- **INVESTMENT ACTIVITIES**
 - Investment in short term deposits
- **DEBT SERVICE COST SAVINGS**
 - \$553K saved by using Swap vs plan



INNOVATIVE FINANCING...

- **SWAPS - O.Reg 247/02**
 - Not to exceed 15% of ex-post outstanding debt
 - Must be AA (Low) rated or higher
- **INFRASTRUCTURE ONTARIO**
 - Process tailored to City's needs
- **HEDGING OPPORTUNITIES**
 - Fuel hedging in the future

CHALLENGES & OPPORTUNITIES

- **LOW YIELD ENVIRONMENT**
 - For the foreseeable future
- **ROBUST CASH FLOW FORECAST**
 - Getting better at Capex forecast
- **POLICIES AND PROCESSES**
 - Creating efficiencies in processes
 - Taking in enterprise approach

LOOKING AHEAD



- **ASSET AND LIABILITY MANAGEMENT**
 - Liability stream as benchmark
- **CASH FLOW MATCHING**
 - Coupons and Maturity proceeds to meet liabilities
- **DURATION MATCHING**
 - Securities are sold to meet liabilities

