

Clause No. 2 in Report No. 8 of the Committee of the Whole was adopted, without amendment, by the Council of The Regional Municipality of York at its meeting held on April 17, 2014.

## **2**

### **2013 ANNUAL INVESTMENT REPORT**

**Committee of the Whole recommends adoption of the following recommendation contained in the report dated March 26, 2014 from the Commissioner of Finance:**

#### **1. RECOMMENDATION**

It is recommended that this report be received for information.

#### **2. PURPOSE**

This report discusses the investment activities undertaken during 2013, as required by Ontario Regulation 438/97 (as amended) of the *Municipal Act* and the Region's Investment Policy.

#### **3. BACKGROUND**

The Treasury Office manages two investment portfolios on behalf of the Region: a General Fund and a Sinking Fund, which have a combined maturity value of approximately \$2.809 billion as at December 31, 2013.

#### **The General Fund investments were made in accordance with the Investment Policy**

The General Fund, with a maturity value of \$2.386 billion at year-end (*Attachment 1*), is comprised of investments held for the reserves and reserve funds, working capital and other funds of the corporation. Investments held in the portfolio include fixed income securities with a maturity value of \$2.169 billion, cash of \$162 million, equities of \$51.4 million and money market funds of \$3.5 million. General fund investments are made in accordance with the Investment Policy, which has the following objectives:

- Adherence to statutory requirements;
- Preservation of capital;

- Maintaining liquidity; and
- Earning a competitive rate of return.

In addition, all investments must meet the eligibility requirements set out by Ontario Regulation 438/97 (as amended) of the *Municipal Act*, which defines limits regarding the types of investments that are allowed.

As at December 31, 2013, approximately 98% of the General Fund's portfolio consisted of fixed income or interest producing investments. The remaining 2% consisted of equity investments that were managed by The ONE Investment Program, a fund sponsored by the Association of Municipalities of Ontario (AMO) and the Municipal Finance Officers Association of Ontario (MFOA).

The net realized rate of return on the portfolio (comprised of actual interest received and capital gains realized less overhead expenses) was 2.86% in 2013. This rate is used to allocate investment income to York Region's various reserves, reserve funds and other accounts with surplus balances.

#### **Sinking fund investments were made in accordance with the policy established by the Sinking Fund Committee**

The Sinking Fund is a separate investment account funded from annual fixed contributions and investment earnings that will be used to retire underlying sinking fund debt obligations. The Sinking Fund had a maturity value of \$423 million at year end, (*Attachment 2*), and consisted of investments held in trust on behalf of the City of Vaughan, the Town of Newmarket, the Township of King, and York Region. Sinking Fund investments are made in accordance with the policy established by the Sinking Fund Committee, which is similar to that of the Investment Policy. An Annual Investment Report is submitted directly to the Sinking Fund Committee.

## **4. ANALYSIS AND OPTIONS**

### **Short term interest rates remained historically low but long term rates were more volatile and ended the year much higher**

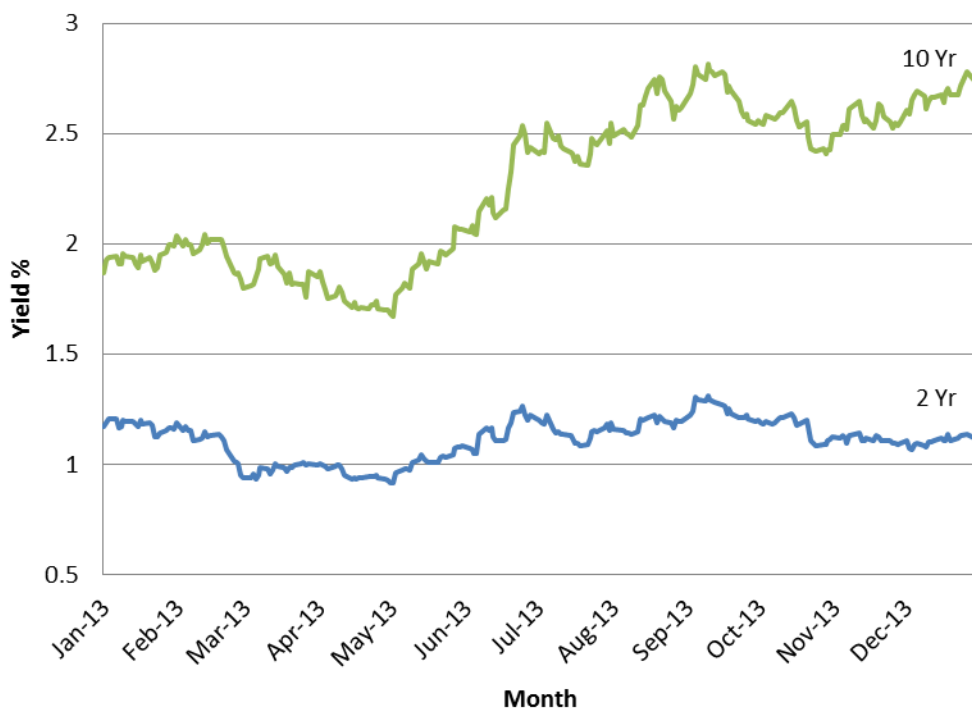
Generally speaking, 2013 was a difficult year for fixed income markets and portfolio managers. As anticipated, mid and long term rates ended the year higher than they began. However, the road to higher rates was not a straight one nor always along the anticipated route. The yield curves in both Canada and the U.S. remained anchored at the short end throughout the year by both central banks. Longer term rates, however, were much less predictable.

Market participants entered 2013 anticipating better times ahead for the U.S. and world economies. A string of stronger economic statistics and a lessening of international

concerns all boded well for North American economies. Rates were rising and the stock market was taking flight. But in March events in Europe highlighted the continued fragility of the Euro zone. Investors headed for the safe haven of U.S. bonds, pushing rates down through the early spring.

This was as far as the rally associated with lower interest rates would get as the U.S. Federal Reserve (the “Fed”) signalled in May that they were considering withdrawing monetary stimulus by tapering back their quantitative easing program. This announcement, coupled with improving employment data, caused ten-year interest rates to almost double by September. The Fed made it very clear, however, that this dramatic rise in rates was not to their liking. This, combined with the uncertainty surrounding the U.S. government shutdown, caused interest rates to drop again. By the end of the year, ten-year rates had risen by 1.25% from their lowest levels during the spring of 2013 (Graph 1).

**Graph 1**  
**Canadian Interest Rates - 2013**



The dramatic rise in interest rates had an adverse effect on virtually all fixed income portfolios. While short-term focused portfolios (those under 2-year average term) had moribund returns of approximately 1.0%, long-term bond funds generally experienced negative total returns for the year.

### **2013 investment strategy was built on the expectation of rising rates**

The investment strategy set out in last year's annual report was formulated based on the assumption of rising interest rates in 2013 and centered on the following themes:

1. Maintain flexibility and manage liquidity;
2. Extend term opportunistically; and,
3. Continue to seek out value added investments.

The strategy assumed that much of the negative effect of the global financial crisis would no longer affect North America. Most economic indicators were pointing to a sustainable rebound. Short term interest rates were expected to stay low but mid and longer term rates would gradually rise throughout the year.

### **Managing liquidity levels was a high priority**

Staff were also mindful of holding appropriate levels of liquidity in the form of short-term money market securities or cash on deposit with the bank. The opportunity cost associated with holding excess liquidity was high as short-term investment yields averaged 1.5% compared to bond yields of over 3.0%. Within the portfolio, special short-term liquidity factors surrounding advances from Metrolinx and prepaid development charges required attention to minimize their negative effect on investment returns.

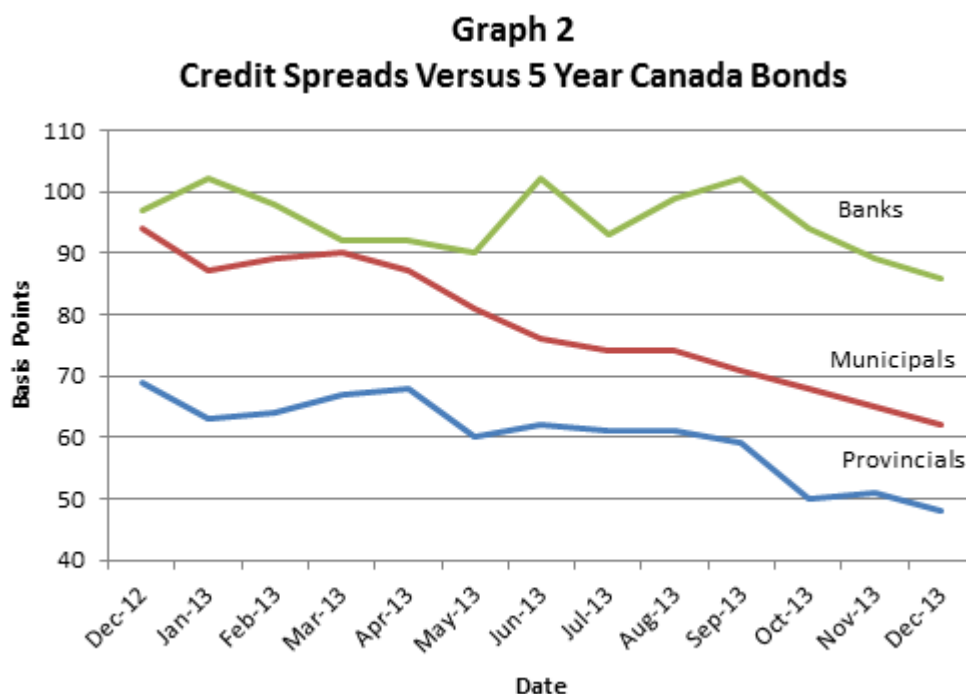
### **Strategy focused on extending term as rates rose**

As noted earlier in the report, short-term rates did remain grounded and longer rates increased. This created a challenging scenario for fixed income markets, in particular for portfolios with longer-term investments. The Region's portfolio was well positioned to weather this low to negative investment return environment, as the average term of the portfolio was kept well under the benchmark term. This positioning provided flexibility to the investment strategy and the term of the portfolio changed over the course of the year in reaction to swings in the level of interest rates, with the term being extended as yields rose and lowered as they declined.

To offset the negative impact of rising rates on the value of the portfolio, staff took advantage of the rise and fall of rates that occurred during the year. This trading resulted in over \$11 million in capital gains, adding 55 basis points to overall returns.

### Investment returns were enhanced by relative changes in security value

As Graph 2 illustrates, the relative value of different classes of securities varied over the course of the year. The difference in interest rates between five year Government of Canada bond and an equivalent term Ontario bond was around 69 basis points at the beginning of the year and was down to 48 basis points by year end. Municipal bonds narrowed from 94 to 62 basis points and yields on Canadian banks moved from 97 to 86 basis points over the course of 2013. Staff capitalized on changes in their relationships to further enhance portfolio returns during the year.



### Realized investment returns totalled \$57.8 million in 2013

The General Fund investment portfolio is divided into two distinct asset classes: fixed income and equities. The fixed income component (money market securities and bonds) represents 98% of the overall portfolio and is managed in-house by staff of the Finance Department.

The equity component represents approximately 2% of the portfolio and is managed by an outside professional investment firm under the oversight of the ONE Investment Program, which is sponsored by AMO and MFOA.

In 2013, the General Fund generated realized returns totalling \$57.8 million on an average portfolio balance of \$2.01 billion. This equates to a realized rate of return of 2.88%. Realized returns include actual interest income, dividend earnings, and realized

capital gains. These returns are referred to as “realized” as they represent all cash income realized and credited to the Region’s reserves and reserve funds and other surplus accounts.

Another method of calculating investment returns is referred to as mark-to-market returns (also known as total returns). Mark-to market investment returns include the same components as realized returns but also take into account any change in the market value of securities held from one period to the next. This change in market value whether up or down (due to the change in interest rates) is not realized in the form of cash income but rather a paper gain or loss.

It should be noted that mark-to-market returns are very volatile and sensitive to even minor short-term changes in interest rates. For example, the market value of York Region’s portfolio increased by over \$30 million over the one month period from December 31, 2013 to January 31, 2014.

**Table 1**  
 York Region General Fund Portfolio  
 Comparison of Realized and Mark-to-Market Returns – 2012 and 2013  
 (\$millions)

Year	Average Assets	Realized		M-T-M** Adjustments	Mark-to-Market Returns	
		Income	% Return		Income	% Return*
2012	1,724	64.0	3.71	-8.3	55.7	3.21
2013	2,009	57.8	2.88	-32.9	24.9	1.24

\*These returns do not reflect program costs of approximately \$500,000 or 2 basis points

\*\*Market value (mark-to-market) adjustments reflect the gain or loss in value of securities if liquidated on that date

The Region’s equity fund investments provided exceptional returns in 2013. Overall returns on the equity portfolio totalled approximately 23.2%, which compared favourably to the TSX composite index, which returned 12.98%. The Region’s total equity investment value was \$51.4 million at the end of 2013.

After factoring in the cost of operating the Region’s investment program of approximately \$500,000 (staff, safekeeping, market monitoring services, transaction costs, etc.), the net rate of return for the General Fund was 2.86%, a net difference of two basis points. As referenced earlier, it is this rate (2.86%) that is used to allocate interest to the various reserves, reserve funds and other accounts with surplus balances.

### **General Fund portfolio compared to two benchmarks**

In the past, the investment performance of the General Fund Portfolio has been compared to two different types of benchmarks: a managed fund benchmark and an index fund benchmark. Both benchmarks were considered fair references as they reflected the nature and scope of the mandate of the Region's investment program, as intended by the Investment Policy.

The managed fund benchmark was represented by the weighted composite returns of The ONE Investment Program's Money Market, Bond and Equity portfolios. Each of these funds is professionally managed by a different investment management firm selected and monitored by the ONE Investment Program.

### **The ONE Investment Program is no longer a relevant benchmark**

Until recently, this benchmark was considered appropriate as it was geared to municipalities, and complied with regulations set out by the Province, and its term and credit profile was similar to York Region's portfolio profile. However, over the past few years, the term structure of the Region's portfolio lengthened significantly from an average of three and one-half years to its current term of approximately four and one-half years. This trend is expected to continue as more funds are put into long-term capital replacement reserves. The average term of the ONE Investment Program benchmark on the other hand is only two and one-half years. Due to the short-term nature of the ONE Program benchmark, in a year where interest rates rise dramatically, it will tend to outperform portfolios with longer durations and significantly underperform when interest rates fall. Given these characteristics, the ONE Investment Program is no longer considered a relevant benchmark but is shown for illustrative purposes only.

### **The DEX Composite Index is still an appropriate performance measure**

The index-based benchmark is comprised of the weighted composite returns of the DEX Money Market, Short-Term Bond, Mid-Term Bond and Long-Term Bond indices and the S&P/TSX Composite Index. The indices reflect the returns earned on the passive investment of securities and can be easily tailored to reflect the changing nature of the Region's portfolio over time. This performance benchmark is therefore still considered relevant and will be used in the future as the primary yardstick when comparing the Region's portfolio performance. The composite return of these indices in 2013 was -0.02%. York Region's portfolio return exceeded that benchmark by 1.26%.

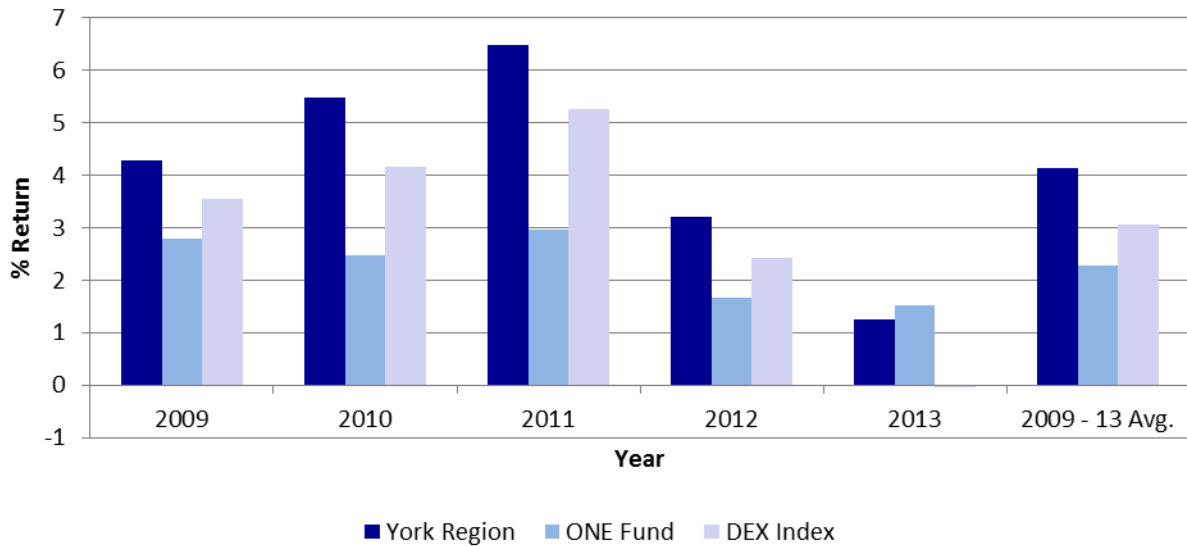
The 2013 results and comparisons for the prior four years for both the ONE Investment Program and the DEX Composite Index are summarized in Table 2 and graphically depicted in Graph 3.

**Table 2**  
 Comparison of Mark-to Market Returns (%)  
 General Fund versus DEX Indices and ONE Program

Year	York Region Returns	DEX		ONE Program	
		Returns	Difference	Returns	Difference
2009	4.28	3.55	0.73	2.78	1.50
2010	5.48	4.17	1.31	2.47	3.01
2011	6.49	5.25	1.24	2.95	3.54
2012	3.21	2.42	0.79	1.67	1.54
2013	1.24	-0.02	1.26	1.52	<0.28>
5 year average	4.14	3.07	1.07	2.28	1.86

As Table 2 and Graph 3 indicate, the Region’s investment returns have exceeded the DEX Indices benchmark every year since 2009. In fact, portfolio returns have exceeded this benchmark every year since 2002. Over the most recent five-year period, the Region has generated approximately \$81 million in additional investment income over the DEX benchmark indices. Comparing to the ONE Program returns, despite the under-performance of this measure in 2013, the Region’s portfolio still generated \$124.7 million in additional revenue over the same five year period.

**Graph 3**  
 Comparison of General Fund Mark-to-Market Returns  
 with Benchmarks





### **General Fund holdings of the Region's own debt decreased in 2013**

As at December 31, 2013, approximately 2.3% of the General Fund portfolio was invested in York Region securities, compared to 3.6% as at December 31, 2012. This change was the result of maturities and sales of our own debentures exceeding our purchases by \$24.7 million during the year. Information regarding these transactions is presented in *Attachment 3*.

The General Fund investment portfolio at December 31, 2013 consisted of securities issued by the Federal and Provincial governments (42%), Canadian financial institutions (46%), and securities issued by municipal governments and other approved institutions (12%).

At year end, the average remaining term to maturity of the fixed income market securities held in the investment portfolio was approximately 4.8 years. After factoring in cash holdings, the average term was 4.5 years. The maturity distribution of these investments, including interest-bearing bank balances, is shown in *Attachment 5*.

### **Interest rates are expected to continue to rise in 2014**

As the U.S. and global financial crisis recedes further, financial markets are increasingly focussing on improving economic fundamentals. Central banks have committed to keeping short-term rates low well into 2015. Continued improvement in economic metrics like employment growth, consumer confidence and the housing market are forecast again this year.

Mid and long-term rates trended up substantially in 2013. While expecting some moderation of this trend, rates should continue to gradually rise during the year as a result of continued economic improvements, and expectations that central banks will continue to withdraw economic incentives such as quantitative easing. The Region's portfolio term continues to be shorter than the benchmark and is well positioned to take advantage of a rising interest rate environment. Short term liquidity requirements will be managed lower by the use of new banking facilities that were approved by Council in November 2013 and should enhance returns.

When or if interest rates rise meaningfully, staff will extend term to lock in higher returns for the Region. Intermediate gyrations in interest rates will be viewed as opportunities to enhance investment returns.

With that in mind, the following themes will guide the 2014 investment program:

1. Continue to be flexible and manage the liquid portion of the portfolio lower;
2. Extend the term of the portfolio when appropriate; and,
3. Continue to seek out value added investments and trading opportunities.

## **5. FINANCIAL IMPLICATIONS**

The management of the General Fund generated realized investment returns of \$57.8 million in 2013. These returns help in defraying York Region's operating and capital costs over the longer-term.

## **6. LOCAL MUNICIPAL IMPACT**

While the return earned on investments has no direct impact on area municipalities, the extra revenue earned contributes to York Region's reserves and decreases the longer-term need for taxes and development charges.

## **7. CONCLUSION**

The General Fund investment portfolio performance in 2013 generated a return of \$57.8 million. Overall returns were \$25.3 million (net of costs) higher than the principal benchmark, the DEX Indices. All investments met the requirements of the approved Investment Policy.

For more information on this report, please contact Edward Hankins, Director, Treasury Office, at ext. 71644.

The Senior Management Group has reviewed this report.

*Attachment (5)*

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# Regional Municipality of York

## Investments By Fund

### General Fund

As at December 31<sup>st</sup>, 2013

Face Value	Issuer	YTM *	Maturity Date	Investment Type
162,214,915	TD Bank	1.350%	January 2, 2014	Bank Balance
30,000,000	TD Bank	1.513%	January 15, 2014	Term Deposit
30,000,000	TD Bank	1.503%	January 22, 2014	Term Deposit
30,000,000	TD Bank	1.493%	February 5, 2014	Term Deposit
10,000,000	BMO	1.100%	February 19, 2014	Bankers Accept.
30,000,000	TD Bank	1.505%	February 26, 2014	Term Deposit
30,000,000	TD Bank	1.505%	March 5, 2014	Term Deposit
30,000,000	TD Bank	1.505%	March 12, 2014	Term Deposit
2,000,000	Halton Region	2.595%	March 15, 2014	Bond
30,000,000	TD Bank	1.495%	April 16, 2014	Term Deposit
30,000,000	TD Bank	1.497%	May 14, 2014	Term Deposit
30,000,000	TD Bank	1.518%	May 28, 2014	Term Deposit
1,014,000	Niagara Region	2.292%	August 3, 2014	Bond
1,451,000	Durham Region	1.634%	September 29, 2014	Bond
4,400,000	Guelph	1.850%	November 9, 2014	Bond
21,600,000	ScotiaBank	1.602%	November 18, 2014	Bond
35,000,000	CIBC	1.969%	November 19, 2014	Bond
1,000,000	NF Mun Fin	3.967%	December 14, 2014	Bond
70,000,000	Royal Bank	2.097%	January 13, 2015	Bond
50,000,000	National Bank	1.706%	January 30, 2015	Bond
10,600,000	National Bank	1.708%	February 11, 2015	Bond
50,000,000	CIBC	1.703%	March 2, 2015	Bond
22,800,000	ScotiaBank	1.894%	March 25, 2015	Bond
10,000,000	BMO	1.524%	April 27, 2015	Bond
15,000,000	ScotiaBank	2.251%	May 8, 2015	Bond
22,000,000	CIBC	2.243%	May 22, 2015	Bond
293,000	York Region	3.000%	May 25, 2015	Bond
2,350,000	Regina	3.081%	June 2, 2015	Bond
10,000,000	Royal Bk S.D.	1.824%	June 15, 2015	Bond
1,034,000	Niagara Region	2.593%	August 3, 2015	Bond
15,000,000	BMO	1.867%	October 5, 2015	Bond
3,000,000	Ottawa	1.900%	October 19, 2015	Bond
27,000,000	Royal Bank	1.991%	November 2, 2015	Bond
25,735,000	TD Bank S.D.	1.944%	November 2, 2015	Bond
3,000,000	Waterloo Region	1.880%	November 21, 2015	Bond
3,301,000	Saskatoon	1.768%	December 18, 2015	Bond
19,000,000	National Bank	1.973%	January 11, 2016	Bond
22,000,000	CIBC	1.861%	January 14, 2016	Bond
10,000,000	BMO	2.164%	March 10, 2016	Bond
10,000,000	CIBC	1.776%	June 1, 2016	Bond
10,000,000	BMO S.D.	2.219%	July 8, 2016	Bond
10,000,000	Durham Region	2.040%	July 12, 2016	Bond
6,077,000	Toronto	1.954%	July 28, 2016	Bond
1,416,000	York Region	2.673%	September 28, 2016	Bond
2,000,000	Ottawa	2.175%	October 19, 2016	Bond
4,359,000	Ottawa	1.897%	October 22, 2016	Bond
26,100,000	ScotiaBank	2.047%	November 8, 2016	Bond
2,198,000	Guelph	2.584%	November 9, 2016	Bond
15,000,000	Royal Bank	1.902%	April 13, 2017	Bond
3,151,000	Ottawa	2.440%	May 31, 2017	Bond
1,961,000	Halton Region	2.420%	June 5, 2017	Bond
1,396,000	Durham Region	3.922%	June 12, 2017	Bond
539,000	York Region	3.173%	June 19, 2017	Bond

\* Yield to Maturity

# Regional Municipality of York

## Investments By Fund

### General Fund

As at December 31<sup>st</sup>, 2013

Face Value	Issuer	YTM *	Maturity Date	Investment Type
1,558,000	Niagara Region	2.375%	July 17, 2017	Bond
5,149,900	Toronto	2.212%	July 18, 2017	Bond
20,000,000	Royal Bank	2.147%	September 21, 2017	Bond
1,897,000	London	2.300%	September 24, 2017	Bond
15,000,000	CIBC	2.377%	October 18, 2017	Bond
2,500,000	Waterloo Region	2.220%	November 26, 2017	Bond
4,454,000	Waterloo Region	2.365%	November 30, 2017	Bond
2,200,000	Vancouver	2.123%	December 1, 2017	Bond
9,200,000	BMO	2.245%	December 11, 2017	Bond
10,000,000	ScotiaBank	2.378%	January 11, 2018	Bond
3,448,000	Prov of Sask	2.022%	February 4, 2018	Coupon
11,794,000	Prov of B.C.	2.082%	February 23, 2018	Coupon
20,500,000	CIBC	2.493%	March 7, 2018	Bond
35,000,000	Royal Bank	2.168%	March 12, 2018	Bond
10,000,000	ScotiaBank	2.242%	March 22, 2018	Bond
1,515,000	Niagara Region	2.680%	July 17, 2018	Bond
3,000,000	London	2.694%	September 3, 2018	Bond
2,069,000	London	2.510%	September 24, 2018	Bond
10,000,000	Royal Bank	2.892%	October 11, 2018	Bond
5,000,000	BCMFA	2.407%	November 20, 2018	Bond
1,240,000	Waterloo Region	2.575%	November 21, 2018	Bond
3,000,000	Waterloo Region	2.420%	November 26, 2018	Bond
20,000,000	Royal Bank	2.779%	December 11, 2018	Bond
6,816,000	London	2.920%	December 15, 2018	Bond
11,396,000	Toronto	2.541%	December 18, 2018	Bond
4,551,000	Prov of B.C.	2.287%	March 5, 2019	Coupon
8,187,000	Prov of Mani	2.481%	March 5, 2019	Coupon
20,385,000	York Region	2.736%	April 29, 2019	Bond
4,295,060	Prov of B.C.	2.382%	May 19, 2019	Coupon
3,026,000	Halton Region	2.235%	June 3, 2019	Bond
4,806,000	Prov of B.C.	2.316%	June 9, 2019	Coupon
3,800,000	Peel Region	2.582%	June 20, 2019	Bond
6,449,000	Hydro Quebec	2.620%	July 15, 2019	Coupon
3,412,000	Hydro Quebec	2.621%	July 16, 2019	Coupon
1,674,000	Niagara Region	2.990%	July 17, 2019	Bond
7,499,000	Prov of Ont	2.500%	August 7, 2019	Coupon
9,357,000	Prov of B.C.	2.422%	August 23, 2019	Coupon
3,000,000	London	2.992%	September 3, 2019	Bond
4,800,000	Prov of B.C.	2.385%	September 5, 2019	Coupon
8,572,000	Prov of Ont	2.510%	September 8, 2019	Coupon
3,058,000	Ottawa	2.934%	October 22, 2019	Bond
5,581,000	Waterloo Region	2.944%	October 24, 2019	Bond
412,000	Waterloo Region	2.885%	November 30, 2019	Bond
10,000,000	Toronto	3.013%	December 2, 2019	Bond
4,800,000	Prov of B.C.	2.416%	December 9, 2019	Coupon
3,010,000	London	3.175%	December 15, 2019	Bond
8,001,000	Prov of B.C.	2.480%	December 18, 2019	Coupon
200,000	Durham Region	2.882%	December 23, 2019	Bond
2,000,000	Prov of Ont	3.030%	January 13, 2020	Coupon
13,013,855	Prov of B.C.	2.642%	February 23, 2020	Coupon
3,700,000	Vancouver	2.780%	June 1, 2020	Bond
4,500,000	BMO	2.844%	June 4, 2020	Bond
1,000,000	Peel Region	2.812%	June 20, 2020	Bond

\* Yield to Maturity

# Regional Municipality of York

## Investments By Fund

### General Fund

As at December 31<sup>st</sup>, 2013

Face Value	Issuer	YTM *	Maturity Date	Investment Type
4,078,000	York Region	2.743%	June 30, 2020	Bond
10,000,000	Prov of Ont	2.996%	July 13, 2020	Coupon
1,734,000	Niagara Region	3.225%	July 17, 2020	Bond
10,000,000	Hydro Quebec	3.305%	August 15, 2020	Residual
3,000,000	London	3.245%	September 3, 2020	Bond
56,437,000	Prov of B.C.	2.965%	September 5, 2020	Residual
12,709,000	Prov of Maniit	2.973%	September 5, 2020	Coupon
3,217,000	Ottawa	3.191%	October 22, 2020	Bond
1,538,000	Saskatoon	3.103%	November 27, 2020	Bond
4,700,000	Prov of Sask	3.198%	November 30, 2020	Coupon
272,000	Waterloo Region	3.158%	December 1, 2020	Bond
6,348,000	Prov of B.C.	3.044%	December 18, 2020	Coupon
10,000,000	Hydro Quebec	3.326%	February 15, 2021	Coupon
4,462,000	Prov of B.C.	3.127%	February 23, 2021	Coupon
19,281,000	Prov of Maniit	2.934%	March 5, 2021	Coupon
2,600,000	Prov of Nfld	3.228%	April 17, 2021	Coupon
21,200,000	Prov of B.C.	2.989%	May 15, 2021	Residual
3,800,000	Prov of B.C.	3.530%	May 19, 2021	Coupon
2,000,000	Peel Region	3.001%	June 20, 2021	Bond
28,920,000	York Region	3.208%	June 30, 2021	Bond
4,233,000	Hydro Quebec	3.500%	August 26, 2021	Coupon
17,439,000	Prov of Maniit	3.324%	September 5, 2021	Coupon
5,800,000	Prov of Ont	3.404%	September 8, 2021	Coupon
10,000,000	Hydro Quebec	3.150%	October 15, 2021	Residual
3,922,000	Durham Region	3.384%	October 16, 2021	Bond
2,382,000	Ottawa	3.423%	October 22, 2021	Bond
1,023,000	Prov of Ont	3.586%	November 3, 2021	Coupon
1,585,000	Saskatoon	3.352%	November 27, 2021	Bond
1,387,000	Peel Region	2.893%	December 1, 2021	Bond
319,000	Waterloo Region	3.449%	December 1, 2021	Bond
12,728,200	Prov of Ont	2.979%	December 2, 2021	Coupon
13,502,000	Toronto	3.244%	December 6, 2021	Bond
2,945,000	Prov of B.C.	3.416%	December 9, 2021	Coupon
4,349,000	Prov of B.C.	3.387%	December 18, 2021	Coupon
7,461,000	Prov of Ont	2.972%	January 13, 2022	Coupon
19,066,000	Prov of Sask	3.194%	February 4, 2022	Residual
18,119,000	Hydro Quebec	3.719%	February 15, 2022	Coupon
7,569,000	Hydro Quebec	3.618%	February 26, 2022	Coupon
1,182,000	Prov of Maniit	3.193%	March 5, 2022	Coupon
5,205,000	Prov of Ont	3.378%	March 8, 2022	Coupon
5,397,000	Prov of B.C.	3.513%	May 19, 2022	Coupon
10,000,000	Prov of Ont	2.785%	June 2, 2022	Bond
55,622,000	Prov of B.C.	3.419%	June 9, 2022	Residual
3,900,000	Prov of B.C.	3.505%	June 18, 2022	Coupon
23,132,000	Prov of Ont	3.330%	July 13, 2022	Residual
9,162,000	Hydro Quebec	3.232%	July 15, 2022	Residual
6,250,000	Prov of Ont	3.052%	August 7, 2022	Coupon
8,627,000	Prov of B.C.	3.473%	August 19, 2022	Residual
8,482,000	Prov of Maniit	3.416%	September 5, 2022	Coupon
5,000,000	Prov of Ont	3.519%	September 8, 2022	Coupon
1,054,000	Durham Region	3.581%	October 16, 2022	Bond
4,000,000	Prov of B.C.	3.860%	November 19, 2022	Coupon
225,000	Waterloo Region	3.711%	December 1, 2022	Bond

\* Yield to Maturity

# Regional Municipality of York

## Investments By Fund

### General Fund

As at December 31<sup>st</sup>, 2013

Face Value	Issuer	YTM *	Maturity Date	Investment Type
7,107,000	Prov of Ont	3.314%	January 13, 2023	Coupon
6,328,521	Prov of Ont	3.320%	March 8, 2023	Coupon
4,100,000	Prov of Sask	3.587%	May 23, 2023	Coupon
20,000,000	Prov of Ont	3.355%	June 2, 2023	Coupon
10,000,000	Prov of Ont	3.435%	June 2, 2023	Bond
1,942,000	Prov of Ont	3.894%	July 13, 2023	Coupon
4,103,000	Prov of Maniit	3.455%	September 5, 2023	Coupon
1,191,000	Prov of Maniit	3.445%	September 5, 2023	Coupon
10,315,000	Prov of B.C.	3.679%	September 8, 2023	Residual
182,000	Waterloo Region	3.872%	December 1, 2023	Bond
5,000,000	Prov of Ont	3.974%	December 2, 2023	Coupon
73,640,000	Prov of Ont	3.598%	February 7, 2024	Residual
10,000,000	Hydro Quebec	3.738%	February 15, 2024	Coupon
10,000,000	Hydro Quebec	3.703%	February 15, 2024	Coupon
61,000,000	Prov of B.C.	3.409%	February 23, 2024	Residual
10,131,000	Prov of Maniit	3.576%	March 5, 2024	Coupon
4,200,000	Prov of Ont	3.921%	March 8, 2024	Coupon
10,000,000	Prov of B.C.	3.021%	June 18, 2024	Coupon
2,900,000	Prov of Ont	3.551%	July 13, 2024	Coupon
10,000,000	Hydro Quebec	3.963%	August 15, 2024	Coupon
41,525,000	Prov of B.C.	3.398%	August 23, 2024	Residual
3,164,000	Prov of Maniit	3.520%	September 5, 2024	Coupon
6,517,000	Prov of Ont	4.446%	September 8, 2024	Coupon
3,000,000	Prov of B.C.	4.194%	November 19, 2024	Coupon
11,000,000	Prov of Ont	3.977%	December 2, 2024	Coupon
8,000,000	Hydro Quebec	3.275%	February 15, 2025	Coupon
4,116,000	Prov of Maniit	3.437%	March 5, 2025	Coupon
3,760,000	Prov of Nfld	4.093%	April 17, 2025	Coupon
46,626,000	Prov of Sask	3.542%	May 30, 2025	Residual
34,800,000	Prov of Nfld	3.521%	July 7, 2025	Residual
4,030,000	Prov of Maniit	3.477%	September 5, 2025	Coupon
6,400,000	Prov of B.C.	3.959%	December 18, 2025	Coupon
9,733,000	Prov of Maniit	3.517%	March 5, 2026	Coupon
5,165,000	Prov of Maniit	3.547%	September 5, 2026	Coupon
9,300,000	Prov of Ont	4.060%	December 2, 2026	Coupon
10,720,000	Prov of Maniit	4.060%	March 5, 2027	Coupon
3,825,000	Prov of Maniit	4.111%	September 5, 2027	Coupon
5,000,000	Peel Region	4.279%	December 2, 2033	Bond
<b>2,330,999,451</b>	<b>Total Fixed Income</b>			
51,409,500	ONE Fund - Equity	N/A	N/A	Pooled Fund
3,552,295	ONE Fund - Money Market	N/A	N/A	Pooled Fund
<b>54,961,795</b>	<b>Total ONE Fund</b>			
<b>2,385,961,246</b>	<b>Grand Total</b>			

\* Yield to Maturity

# Regional Municipality of York

## Investments By Fund

### Sinking Fund

As at December 31<sup>st</sup>, 2013

Face Value	Issuer	YTM *	Maturity Date	Investment Type
13,917,000	CIBC	2.021%	4268200.000%	Bond
2,435,000	Prov of B.C.	3.000%	November 19, 2016	Coupon
12,437,000	ScotiaBank	1.956%	December 1, 2016	Bond
5,910,000	Prov of B.C.	3.235%	December 9, 2016	Coupon
30,524,000	Royal Bank	1.994%	January 25, 2017	Bond
17,508,000	Prov of Sask	3.449%	February 4, 2017	Coupon
40,967,000	ScotiaBank	1.975%	February 27, 2017	Bond
6,009,000	Prov of Maniit	3.647%	March 5, 2017	Coupon
6,436,000	York Region	3.190%	June 19, 2017	Bond
10,655,100	Toronto	2.000%	July 18, 2017	Bond
6,000,000	Royal Bank	2.398%	September 21, 2017	Bond
6,203,000	BMO	2.459%	December 11, 2017	Bond
9,559,000	Prov of Ont	3.745%	June 2, 2018	Coupon
857,000	Prov of B.C.	4.446%	December 18, 2018	Coupon
10,000,000	Prov of Ont	4.590%	January 13, 2019	Coupon
8,248,000	Prov of B.C.	4.560%	February 23, 2019	Coupon
9,098,000	Prov of Maniit	3.944%	March 5, 2019	Coupon
1,776,000	Prov of Nfld	4.630%	April 17, 2019	Coupon
290,940	Prov of B.C.	2.332%	May 19, 2019	Coupon
15,500,000	Prov of B.C.	2.320%	June 17, 2019	Residual
5,068,000	Prov of Ont	2.588%	July 13, 2019	Coupon
10,034,000	Prov of Maniit	2.569%	September 5, 2019	Coupon
276,624	Prov of Ont	2.551%	September 8, 2019	Coupon
10,000,000	Prov of Ont	2.766%	December 2, 2019	Coupon
7,560,000	Prov of Ont	2.540%	February 7, 2020	Coupon
367,145	Prov of B.C.	2.519%	February 23, 2020	Coupon
15,146,000	Prov of Maniit	3.004%	March 5, 2020	Coupon
3,790,000	Hydro Quebec	2.799%	April 15, 2020	Coupon
3,730,000	Prov of Ont	2.800%	May 3, 2020	Coupon
2,266,000	Prov of B.C.	2.952%	May 19, 2020	Coupon
9,562,021	Prov of B.C.	3.380%	June 18, 2020	Coupon
5,000,000	Hydro Quebec	2.470%	August 15, 2020	Residual
4,000,000	Prov of B.C.	2.500%	May 15, 2021	Residual
8,271,800	Prov of Ont	2.670%	December 2, 2021	Coupon
11,059,000	Prov of Sask	3.310%	February 4, 2022	Residual
8,395,000	Prov of Maniit	3.410%	March 5, 2022	Coupon
2,800,000	Prov of Ont	3.124%	September 8, 2022	Coupon
2,878,000	Prov of Ont	3.154%	December 2, 2022	Coupon
3,700,000	Prov of B.C.	3.094%	December 18, 2022	Coupon
9,796,100	Prov of Ont	3.710%	June 2, 2023	Coupon
5,000,000	Hydro Quebec	3.378%	August 15, 2023	Coupon
17,264,000	Prov of B.C.	3.088%	September 8, 2023	Residual
23,461,323	Prov of Ont	3.826%	February 7, 2024	Residual
4,695,000	Prov of Ont	3.869%	March 8, 2031	Coupon
34,229,340	Prov of Ont	3.927%	September 8, 2031	Coupon
<b>422,679,393</b>	<b>Grand Total</b>			

# Regional Municipality of York

ATTACHMENT 3

## Investment Transactions - Region of York Securities

### General Fund

For Year Ended December 31<sup>st</sup>, 2013

Transaction Date	Face Value	Issuer	Coupon	Maturity Date	Security Type	Transaction Type
Feb 25, 2013	3,000,000	York Region	4.100%	Sep 27, 2015	Bond	Sale
Feb 25, 2013	3,172,000	York Region	3.650%	May 27, 2015	Bond	Sale
May 27, 2013	4,092,000	York Region	2.850%	May 27, 2013	Bond	Maturity
Jun 28, 2013	2,000,000	York Region	5.000%	Apr 29, 2019	Bond	Purchase
Jul 15, 2013	5,000,000	York Region	4.650%	Jun 01, 2014	Bond	Sale
Jul 15, 2013	7,500,000	York Region	4.000%	Sep 27, 2014	Bond	Sale
Jul 15, 2013	5,550,000	York Region	4.650%	Jun 01, 2014	Bond	Sale
Jul 22, 2013	3,304,000	York Region	4.000%	May 27, 2016	Bond	Sale
Jul 22, 2013	320,000	York Region	4.000%	May 27, 2016	Bond	Sale
Oct 21, 2013	5,000,000	York Region	4.000%	Jun 30, 2021	Bond	Purchase
Oct 21, 2013	5,000,000	York Region	3.650%	May 13, 2033	Bond	Purchase
Nov 01, 2013	193,000	York Region	4.000%	Jun 30, 2021	Bond	Purchase
Nov 05, 2013	5,000,000	York Region	3.650%	May 13, 2033	Bond	Sale



# Regional Municipality of York

Investment Limit Report  
As At December 31<sup>st</sup>, 2013

Issuer Name	Amount	Limit	% of Limit	% of Total
<b>General Fund</b>				
<b>Provincial</b>				
<u>Long-Term Investments</u>				
Province of British Columbia	374,744,915	596,490,312	62.8%	15.7%
Province of Ontario	262,604,721	596,490,312	44.0%	11.0%
Province of Saskatchewan	78,994,000	596,490,312	13.2%	3.3%
Quebec Hydro-Quebec	116,944,000	596,490,312	19.6%	4.9%
<b>Subtotal - Prov. (AAA/AA rating)</b>	<b>833,287,636</b>	<b>1,789,470,935</b>	<b>46.6%</b>	<b>34.9%</b>
<u>Long-Term Investments</u>				
Province of Manitoba	122,404,000	357,894,187	34.2%	5.1%
Province of Newfoundland	41,160,000	357,894,187	11.5%	1.7%
<b>Subtotal - Prov. (A rating)</b>	<b>163,564,000</b>	<b>596,490,312</b>	<b>27.4%</b>	<b>6.9%</b>
<b>Provincial Total</b>	<b>996,851,636</b>	<b>1,908,768,997</b>	<b>52.2%</b>	<b>41.8%</b>
<b>Municipal</b>				
<u>Region of York</u>				
<u>Long-Term Investments</u>				
Regional Municipality of York	55,631,000	596,490,312	9.3%	2.3%
<b>Subtotal - Region of York</b>	<b>55,631,000</b>	<b>596,490,312</b>	<b>9.3%</b>	<b>2.3%</b>
<u>Other Municipalities</u>				
<u>Short-Term Investments</u>				
City of Guelph	4,400,000	47,719,225	9.2%	0.2%
Region of Durham	1,451,000	102,726,062	1.4%	0.1%
Region of Halton	2,000,000	114,311,062	1.7%	0.1%
Region of Niagara	1,014,000	111,783,062	0.9%	0.0%
<b>Subtotal - Other Municipalities</b>	<b>8,865,000</b>			
<u>Long-Term Investments</u>				
City of Ottawa	21,167,000	119,298,062	17.7%	0.9%
City of Saskatoon	6,424,000	119,298,062	5.4%	0.3%
Region of Peel	13,187,000	119,298,062	11.1%	0.6%
City of Vancouver	5,900,000	119,298,062	4.9%	0.2%
Region of Durham	16,572,000	119,298,062	13.9%	0.7%
Region of Halton	4,987,000	119,298,062	4.2%	0.2%
City of London	22,792,000	119,298,062	19.1%	1.0%
Region of Waterloo	21,185,000	119,298,062	17.8%	0.9%
<b>Subtotal - Munic. (AAA rating)</b>	<b>112,214,000</b>	<b>835,086,436</b>	<b>13.4%</b>	<b>4.7%</b>
City of Edmonton		119,298,062	0.0%	0.0%
City of Guelph	2,198,000	119,298,062	1.8%	0.1%
City of Regina	2,350,000	119,298,062	2.0%	0.1%
City of Toronto	46,124,900	119,298,062	38.7%	1.9%
Region of Niagara	7,515,000	119,298,062	6.3%	0.3%
<b>Subtotal - Munic. (AA rating)</b>	<b>58,187,900</b>	<b>596,490,312</b>	<b>9.8%</b>	<b>2.4%</b>
B.C. Municipal Finance	5,000,000	47,719,225	10.5%	0.2%
Newfoundland Municipal Finance	1,000,000	47,719,225	2.1%	0.0%
<b>Subtotal - Munic. (A rating)</b>	<b>6,000,000</b>	<b>238,596,125</b>	<b>2.5%</b>	<b>0.3%</b>
<b>Subtotal - Other Municipalities</b>	<b>176,401,900</b>			
<b>Municipal Total</b>	<b>240,897,900</b>	<b>835,086,436</b>	<b>28.8%</b>	<b>10.1%</b>

# Regional Municipality of York

Investment Limit Report  
As At December 31<sup>st</sup>, 2013

Issuer Name	Amount	Limit	% of Limit	% of Total
<b>Banks</b>				
<u>Schedule 1 Banks</u>				
<u>Short-Term Investments</u>				
Bank of Montreal	10,000,000	537,790,312	1.9%	0.4%
Bank of Nova Scotia	21,600,000	512,590,312	4.2%	0.9%
Canadian Imperial Bank of Commerce	35,000,000	456,990,312	7.7%	1.5%
Toronto Dominion Bank	<u>432,214,915</u>	596,490,312	72.5%	18.1%
<b>Subtotal - Sch. 1 Banks (Short Term)</b>	<b>498,814,915</b>	<b>837,141,748</b>	<b>59.6%</b>	<b>20.9%</b>
<u>Long-Term Investments</u>				
Bank of Montreal	58,700,000	357,894,187	16.4%	2.5%
Bank of Nova Scotia	83,900,000	357,894,187	23.4%	3.5%
Canadian Imperial Bank of Commerce	139,500,000	357,894,187	39.0%	5.8%
Royal Bank of Canada	207,000,000	357,894,187	57.8%	8.7%
Toronto Dominion Bank	25,735,000	357,894,187	7.2%	1.1%
National Bank of Canada	<u>79,600,000</u>	357,894,187	22.2%	3.3%
<b>Subtotal - Sch. 1 Banks (Long Term)</b>	<b>594,435,000</b>	<b>715,788,374</b>	<b>83.0%</b>	<b>24.9%</b>
<b>Banks Total</b>	<b><u>1,093,249,915</u></b>	<b>1,552,930,121</b>	<b>70.4%</b>	<b>45.8%</b>
<b>ONE Fund</b>				
ONE Fund - Money Market	3,552,295	238,596,125	1.5%	0.1%
ONE Fund - Equity Fund	<u>51,409,500</u>	238,596,125	21.5%	2.2%
<b>ONE Fund Total</b>	<b><u>54,961,795</u></b>	<b>596,490,312</b>	<b>9.2%</b>	<b>2.3%</b>
<b>General Fund Total</b>	<b><u>2,385,961,246</u></b>			<b>100.0%</b>

# Regional Municipality of York

ATTACHMENT 5

## Maturity Distribution of General Fund Fixed Income Investments

As At December 31, 2013

<b>Period</b>	<b>Amount</b>	<b>%</b>
Less than 1 year	508,679,915 <sup>(1)</sup>	21.8
From 1 year up to, but not including 5 years	703,046,900	30.2
From 5 years up to, but not including 10 years	710,720,636	30.5
From 10 years up to 30 years	408,552,000	17.5
<b>Total</b>	<b>2,330,999,451 <sup>(1)</sup></b>	<b>100.0</b>

<sup>(1)</sup> Includes \$162.2 million in bank deposits, excludes equities (\$51.4 million) and money market funds (\$3.5 million).