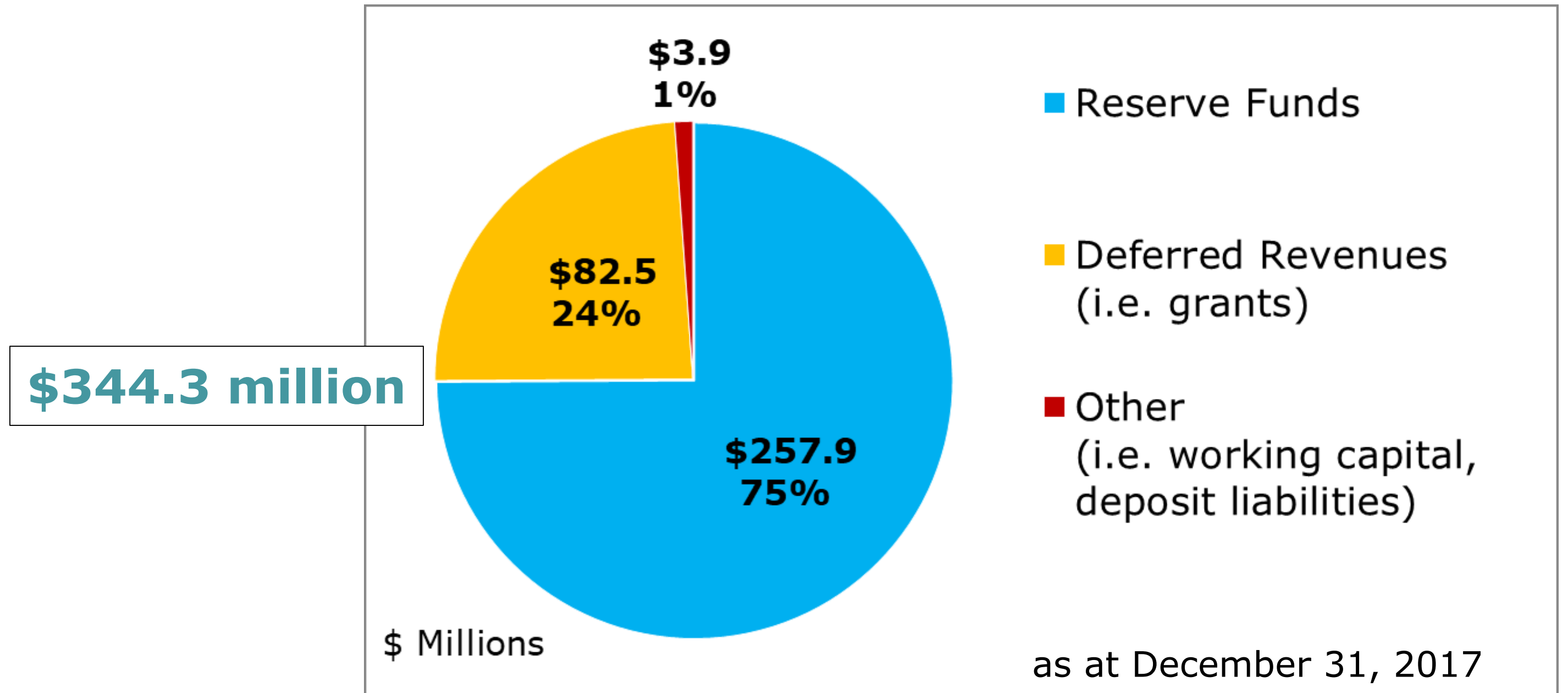


Investments

**Priorities Committee
June 12, 2018**

Funds for Investment



Legislation

- Municipal Government Act (MGA) RSA 2000, c. M-26, section 250
 - Limits securities issued or guaranteed by:
 - Government of Canada, provincial, or crown corporations
 - Banks, treasury branches, credit unions
- Municipal Government Act, Investment Regulation 66/2000
 - Limits minimum ratings issued by at least one of the rating agencies
 - R-1 for securities < one year
 - A- for investments one year or more

FIN-001-007: Investments Policy

Identifies:

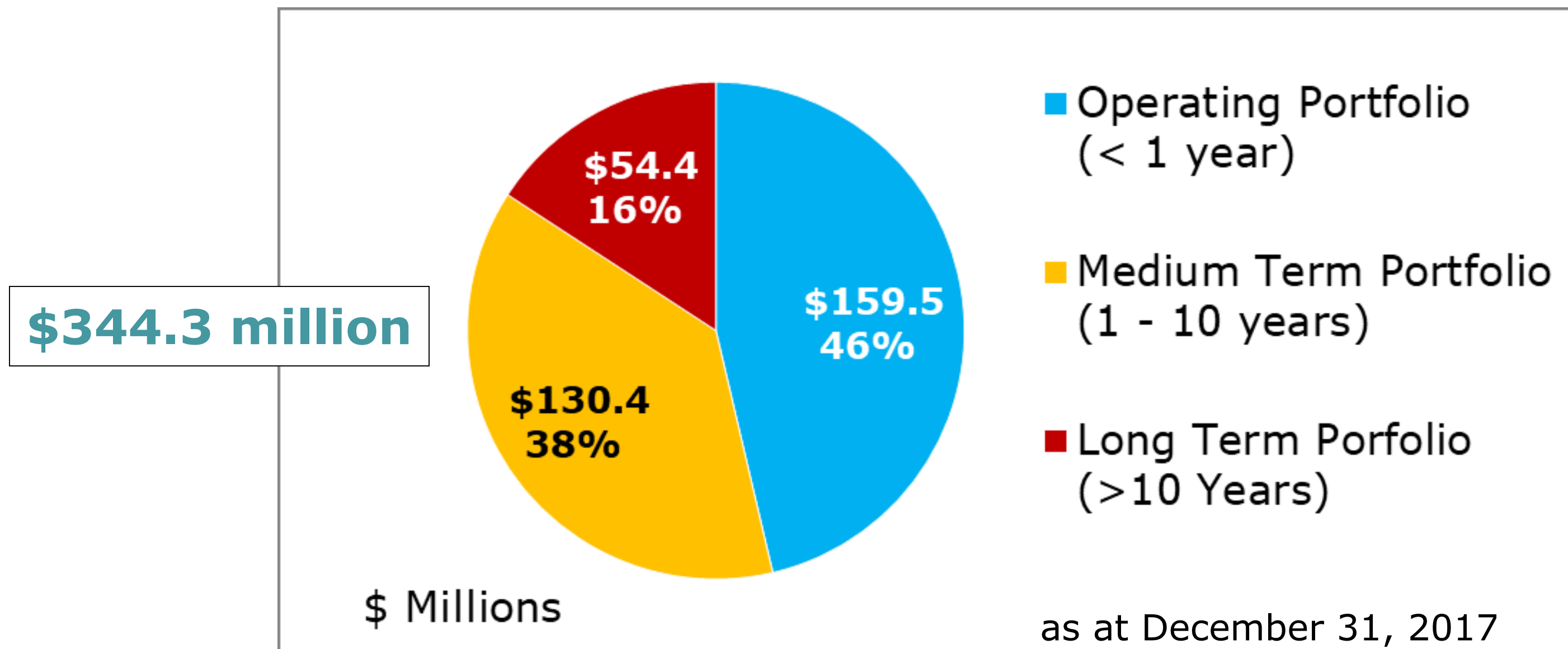
- Investment objectives, authorities, and responsibilities;
- Appropriate handling of investments;
- Reporting of investments; and
- Schedules of approved investments.

Investment objectives

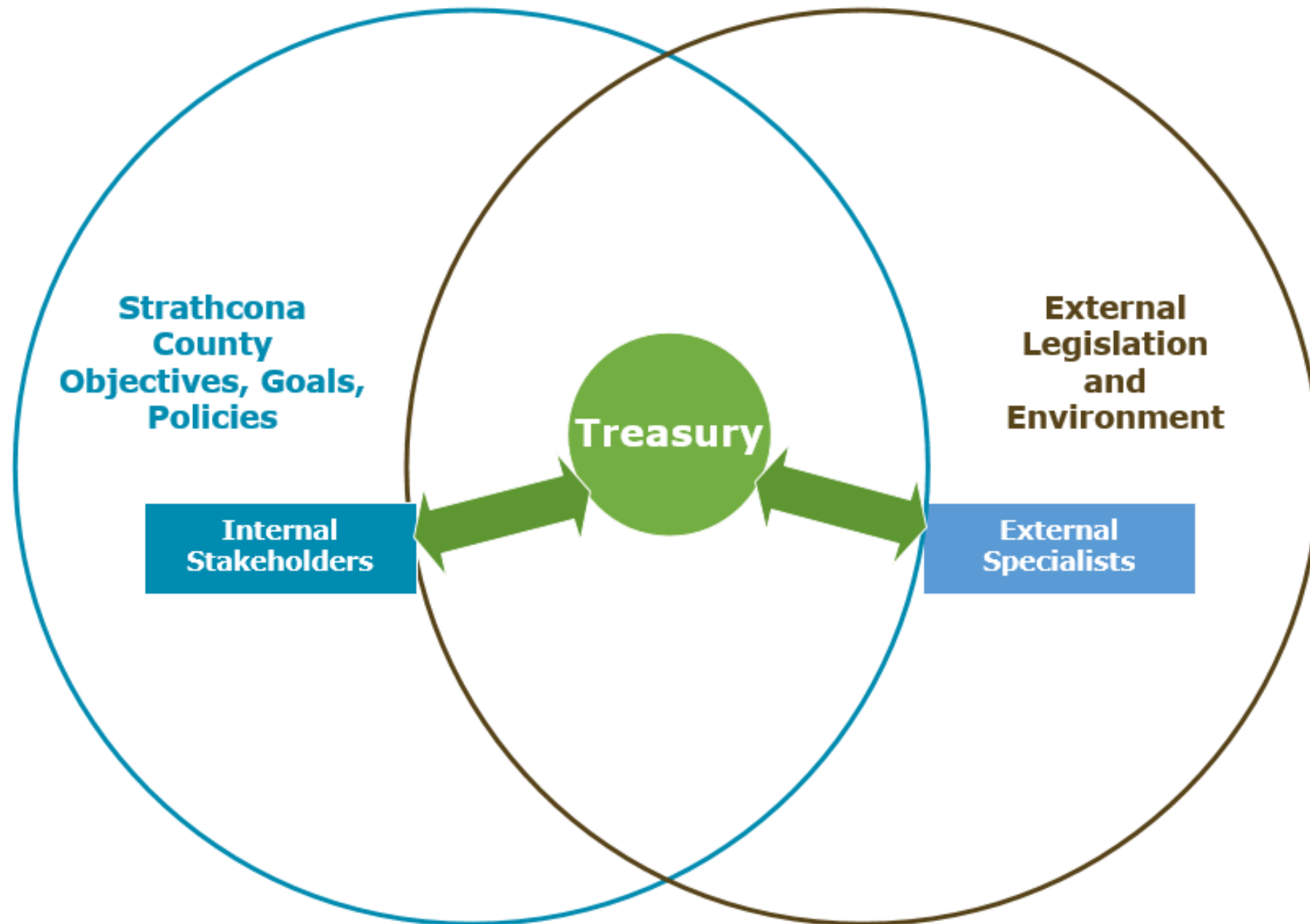
Key objectives:

- Capital preservation
 - Credit quality, safety
- Maintenance of liquidity
 - Redeem investments with minimal or no loss of interest
- Rate of return
 - Best rate available within policy guidelines

Investment portfolios

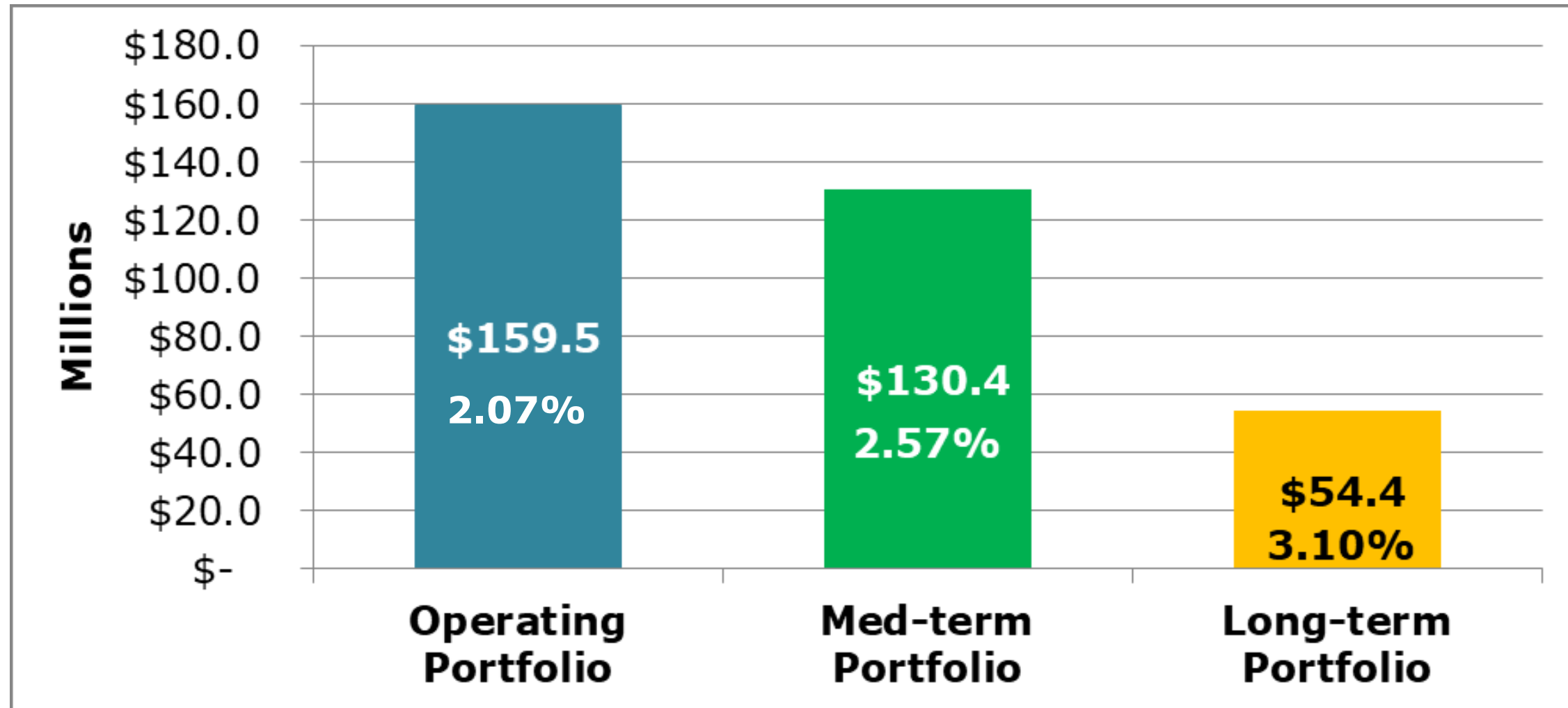


Investment process



PSAS Financial Returns on Investments

Investment portfolios (total effective yield 2.45%)

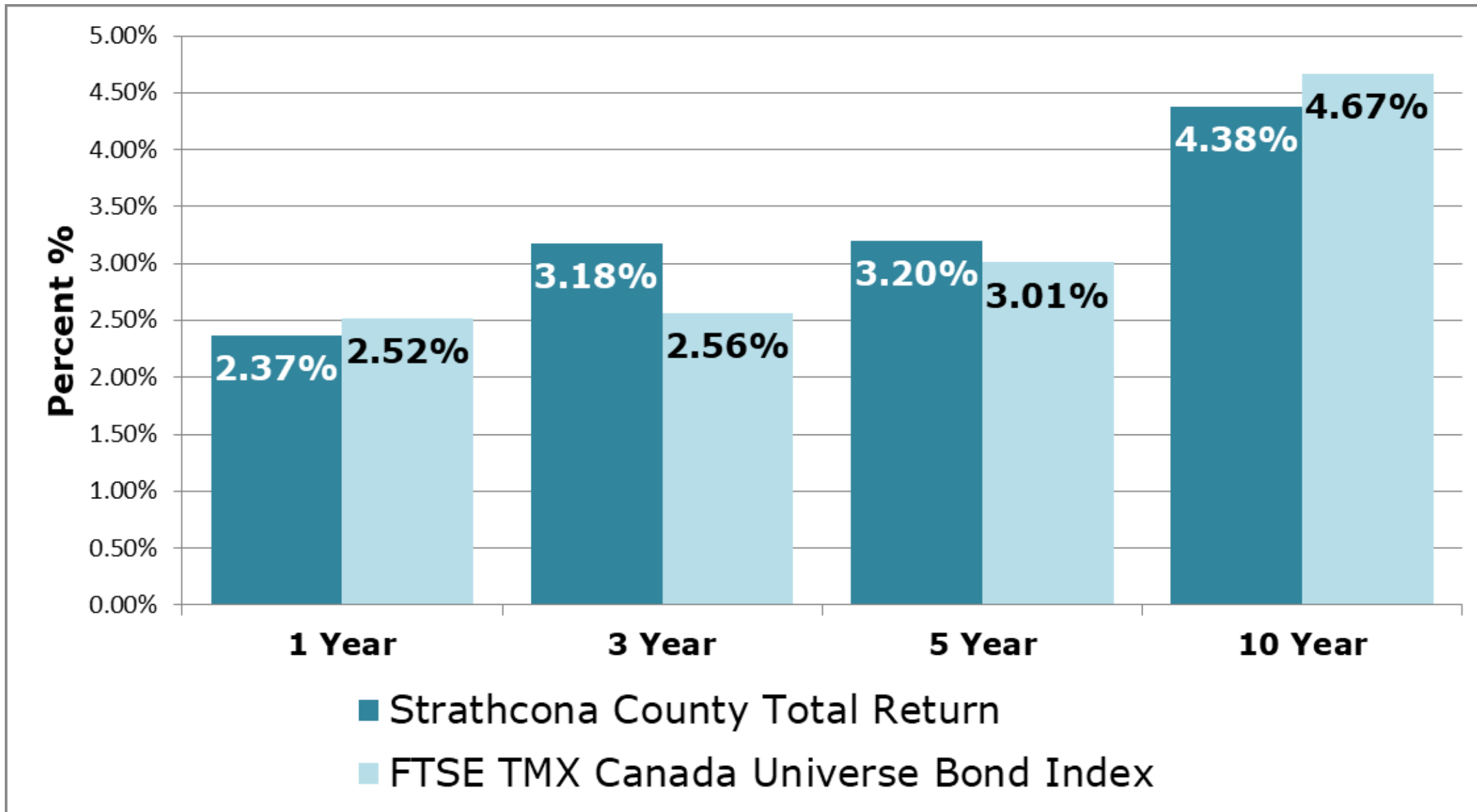


as at December 31, 2017

Total Investment Return

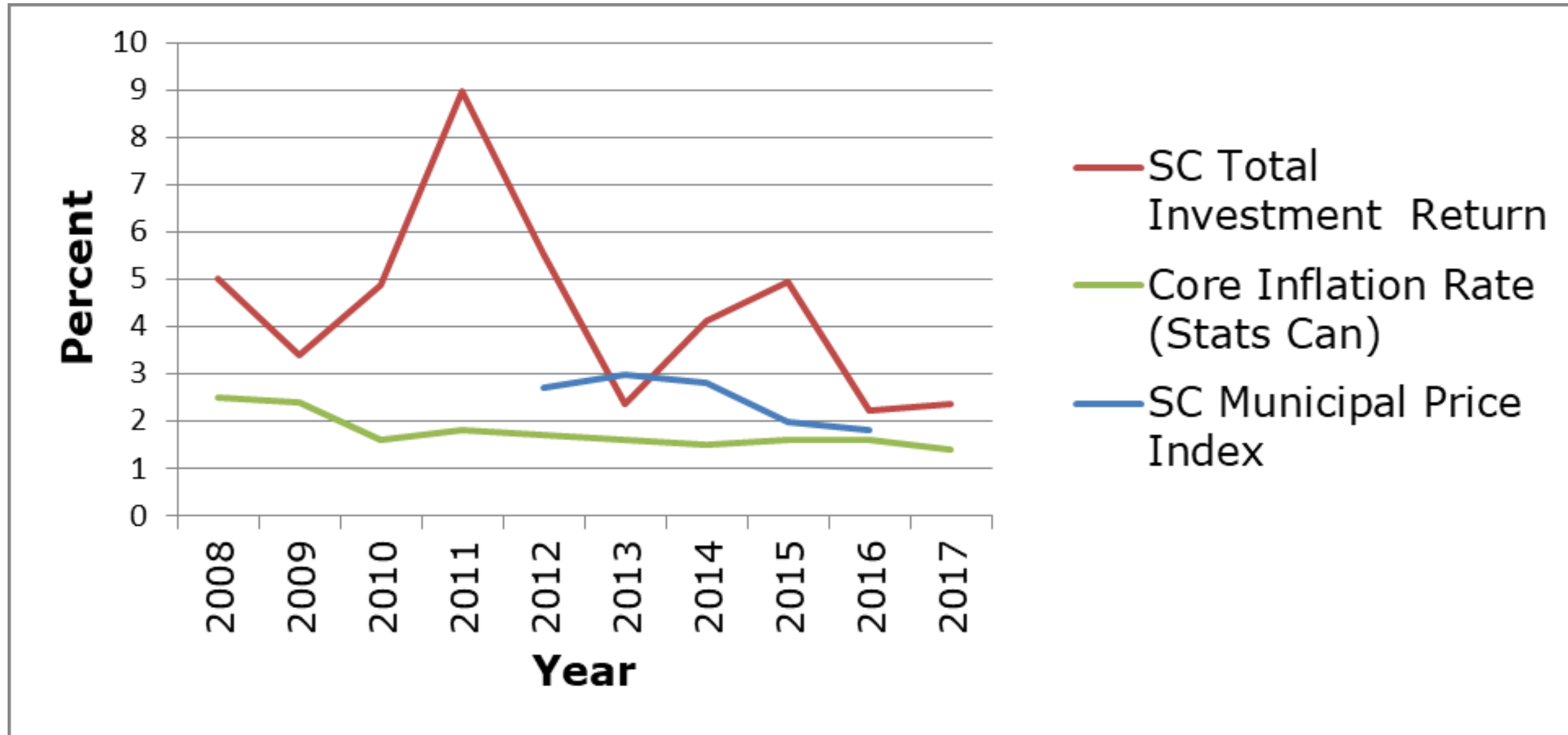
$$\begin{aligned} &\text{Current Yield (PSAS financial returns)} \\ &\quad + \\ &\text{Realized Gains/Losses (bonds sold prior to maturity)} \\ &\quad + \\ &\text{Miscellaneous Income} \\ &\hline &= \text{Actual Yield} \\ &\quad + \\ &\text{Unrealized Gains/Losses (based on market value)} \\ &\hline &= \text{Total Return} \\ &\hline \end{aligned}$$

Total Rate of Return



as at December 31, 2017

Investment Return vs Inflation



Current investment strategies to increase returns

- Shortened average maturities in anticipation of higher future interest rates.
- Stagger maturity terms to allow for reinvestment options.
- Use additional flexibility provided by policy changes to maximize returns.

Thank you

Questions?