

# 2020 Investment Committee Annual Report

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## Recommendation

That the April 26, 2021, Financial and Corporate Services report FCS00481, be received for information.

## Executive Summary

The 2020 Investment Committee Annual Report is included as Attachment 1.

Section 2.1.1 of City Investment Policy C212E states, “City Council approves the Investment Policy and receives the annual investment report through Executive Committee.” This report is provided in consideration of this requirement.

## Report

The City Manager established the Investment Committee to oversee investment of the funds managed by the City. The Committee comprises a mix of individuals with investment and business expertise, and ensures good governance of the City’s financial assets. These funds totaled \$3.1 billion as at December 31, 2020.

### 2020 Investment Performance

All of the City’s investment funds matched or outperformed their benchmarks in 2020.

Performance ranged from 0.9 percent (Money Market Fund) to 11.6 percent (Ed Tel Endowment Fund), depending on each fund’s asset mix (e.g., bonds vs. equities).

On a four-year basis, investment returns have remained strong and, from a relative perspective, all the City’s funds continued to exceed their policy benchmarks. Over a ten-year basis, returns have also been strong, with all of the funds maintaining their outperformance versus their benchmarks.

Finally, the City’s largest fund, the Ed Tel Endowment Fund, paid \$40 million in dividends to the City in 2020 and ended the year at its highest market value since inception.

The City typically falls within the positive value-added and low-cost category in an annual survey of institutional investment managers around the world (CEM Benchmarking).

In addition, the fee savings from managing a portion of the City’s financial assets in-house are approximately \$1.5 million a year. This approach has resulted in more than \$15 million in savings over the last 10 years.

**2020 Key Projects**

Following the approval by City Council of a revised Investment Policy to include a new global real estate asset class to diversify and reduce risk for the funds, work began on implementing the new strategy. The following work was achieved in 2020:

- the manager search for the new investment strategy was completed;
- as part of the above work, a review of the City’s equity structure was undertaken to ensure that once investment funds were transitioned to global real estate portfolios, the new structure would continue to provide diversification across markets and investment styles, and maintain a sufficient level of liquidity going forward; and
- the investment management agreement for the real estate mandate was developed and finalized.

This work will continue in 2021.

**Corporate Outcomes and Performance Management**

<b>Corporate Outcome(s): The City of Edmonton has a resilient financial position</b>			
<b>Outcome(s)</b>	<b>Measure(s)</b>	<b>Result(s)</b>	<b>Target(s)</b>
Good governance ensures the prudent management of the City of Edmonton’s financial assets.	Number of the City’s investment funds meeting or exceeding performance benchmarks on an annualized four-year rolling basis.	6 of 6 (2017-2020)	6 (2020)
	Number of the City’s investment funds meeting or exceeding performance benchmarks on an annualized ten-year rolling basis.	6 of 6 (2011-2020)	6 (2020)

**Attachment**

1. Investment Committee Annual Report - 2020