

## **REPORT OF THE INVESTMENT SUBCOMMITTEE**

(This subcommittee is responsible to the Financial Advisory Committee)

Our Investment Fund was restructured in June 1996 to the current participation unit format. It has been managed by Russell Investments Canada Limited, a wholly-owned subsidiary of Frank Russell Limited since July 1, 2002. Russell uses a multi-asset, multi-style, multi-manager approach to reduce risk and deliver consistent and superior returns. For our portfolio, they currently employ 27 managers in the following fund areas: Canadian Equity, Canadian Fixed Income, U.S. Equity, Overseas Equity and Global Equity.

Russell charges a fee of 52 bps plus GST per year (a basis point (bps) is 0.01%), paid quarterly. The Diocese charges an administrative fee of 50 bps per year, paid monthly. The current total fees are 1.02% per year.

The Synod of the Diocese of Niagara uses a system of participation units through which the Diocese and the participating Parishes share the risks and rewards associated with the investment of their funds. Parishes, who chose to receive a monthly payment, received a 5% cash payout each year up to December 31, 2000 except for 1998 when they received 7.2%. Since January 1, 2001, Parishes have been able to withdraw funds by redeeming units on a monthly basis and this has replaced the cash payout. Unit values were originally set at \$10.00 and they peaked at \$17.30 on June 2007. As of June, 2010 the unit value was \$15.62.

The returns on our participation units have fluctuated over a number of years similar with the stock markets. Following are the after expense results as of June each year: 2003 – (1.72%), 2004 – 13.56%, 2005 – 9.48%, 2006 – 7.14%, 2007 – 13.33, 2008 – (3.81%), 2009 – (12.77%) and 2010 – 6.73%. The funds invested with Russell Investments have returned 4.77% since inception in July 2002.

This year, we welcome Janina Vanderpost and Derek Wood as new members to the sub-committee. We thank all of the members who are currently serving on the committee for their many years of service to the Diocese through their involvement on the Investment Sub-committee.

Present members of the Investment Subcommittee are:

Ms. Joanna Beck (Diocesan Treasurer)

Mr. Andrew Bucknall

Reverend Canon Robert Fead

Mr. David Ricketts

Ms. Kim Waltmann (Secretary)

Mr. David Watson (Chair)

Respectfully Submitted,  
Mr. David Watson, Chair