

## REPORT OF THE INVESTMENT SUBCOMMITTEE

(This subcommittee is responsible to the Financial Advisory Committee)

On behalf of Synod Council of the Diocese of Niagara, the Investment Sub-Committee monitors the investment funds of the Diocese of Niagara and the Anglican Church Ministries Foundation, Niagara Investment Fund.

A system of participation units is employed (a system similar to individual purchasing units in a mutual fund). Monies that the Diocese or the parishes wish to invest are used to purchase participation units. Originally valued at \$10.00 per unit, participation units at July 2014 were worth \$ 22.63. The Investment Funds totaled \$ 32,271,578.11 as of July 31, 2014. These funds comprise funds of ACMF, Synod, Parishes and other associated organizations. As of August 31, 2014, the Investment Funds, totaling \$ 32,633,145.60 are invested by Russell Investments Canada, the Investment Manager since 2002, according to the asset allocation strategy shown below:

Asset Allocation	Target Asset Mix	Tolerance Ranges
Russell Canadian Equity Fund	30%	+/- 2%
Russell U.S. Equity Fund	15%	+/- 2%
Russell Overseas Equity Fund	15%	+/- 2%
Russell Global Equity Fund	5%	+/- 2%
Russell Fixed Income Fund	35%	+/- 2%
TOTAL	100%	

Russell Investments Canada employs a multi-asset, multi-style, multi-manager approach to reduce risk and to deliver returns that outperform the benchmarks.

### Performance Benchmarks

Russell Canadian Equity Fund	S&P TSX Capped Composite Index
Russell U.S. Equity Fund	Russell 1000 Index
Russell Overseas Equity Fund	MSCI EAFE Index
Russell Global Equity Fund	MSCI World Index
Russell Fixed Income Fund	DEX Universe Bond Index

Annual calendar year rates of return of the Diocese of Niagara Investment Fund and the Anglican Church Ministries Foundation, Niagara Investment Fund are:

Rate of Return by Year		Rate of Return by Year		Rate of Return by Year	
2003	11.014	2007	0.728	2011	-2.789
2004	7.962	2008	-20.839	2012	7.880
2005	11.112	2009	17.993	2013	16.016
2006	12.094	2010	9.390	2014 July	16.461

Diocese of Niagara Investment Fund returns have continued to be volatile in recent years reflecting the world financial market turmoil and volatility. In response to this, the Investment Sub-Committee has completed a review to determine whether the current asset allocation remains appropriate for

meeting the objectives of the Investment Funds and obtaining the highest possible return and have determined that no changes are necessary at this time.

#### REPORT OF THE INVESTMENT SUBCOMMITTEE (continued)

After investigating Socially Responsible Investing the Investment Committee has adopted the United Nation's Principles for Responsible Investing. The UN Principles are a voluntary set of global best practices that aim to provide a framework for integrating ESG (Environmental, Social and Corporate Governance) issues into financial analysis, investment decision making and ownership practices. In 2014 the Investment Committee created a new Investment policy statement, approved at Synod Council in June 2104. Bearing in mind the risk, safety, liquidity and returns available for such funds and having determined that all things considered, our current Manager is meeting these requirements Synod Council approved of our assessment to continue to employ Russell Investments as our Manager.

The committee met three times during 2014 to date.

Current members of the Investment Sub-Committee are. Andrew Bucknall, Reverend Canon Robert Fead, Derek Wood, Steve Fricker, and Fred Roach. We acknowledge and thank David Ricketts for his membership over the years and regret to have received his resignation. We shall be seeking a replacement sometime in the near future.

The Committee receives information and support from Ms. Joanna Beck, Diocesan Treasurer and Kim Waltmann, Administrator of Investments .

As well, we received significant support during the year from Rev. Bill Mous, chair of the Social Justice Committee as he helped us in our determination that our current fund Manager is meeting our requirements from a Socially Responsible Investment viewpoint.

Respectfully submitted,  
Fred Roach, Chair