

REPORT OF THE INVESTMENT SUBCOMMITTEE

On behalf of Synod Council of the Diocese of Niagara, the Investment Sub-Committee monitors the investment funds of The Synod of the Diocese of Niagara and the Anglican Church Ministries Foundation (ACMF), Niagara Investment Fund. The Investment policy can be found on the Diocese website.

A system of participation units is employed (a system similar to individually purchasing units in a mutual fund). Monies that the Diocese or parishes invest are used to purchase participation units. Originally valued at \$10 per unit, participation units at August 2016 were worth \$25.33 The Investment Funds totalled \$36,065,598 as of August 31, 2016. These funds are made up of funds deposited by the ACMF, the Synod, Parishes and other associated organizations. The Investment Funds are invested by Russell Investments, the Investment Manager since 2002.

Annual calendar year rates of return of the Diocese of Niagara Investment Fund were:

2004	7.962	2005	11.112	2006	12.094	2007	0.728
2008	-20.839	2009	17.993	2010	9.390	2011	-2.789
2012	7.880	2013	16.016	2014	8.998	2015	4.953

The year to date return as at August 31 2016 is 6.385.

The fund is invested in a diversified portfolio of fixed income and equity investments managed by Russell. The breakdown as agreed with the Investment Committee is:

Canadian Fixed Income	35%	Canadian Equities	30%
US Equities	15%	Global Equities	20%

The value of the investment portfolio at Dec 31 2015 was \$35,011,920 and total investment income for the year ending Dec 31 2015 was \$1,597,182.

At the request of our Bishop and executive committee we spent more than a year investigating the quality and reliance of our investment manager Russell and the suitability of our asset mix. Russell Investments' outsourced investment advisory approach utilizes their multi-manager funds to deliver their best investment ideas for the Diocese. Russell integrates advice, investment management, custodial services and performance evaluation into a comprehensive fee structure.

Russell has established a multi-faceted approach to develop its Responsible Investment (RI) capabilities ensuring that it discharges its UNPRI commitments by:

- An energetic contribution to external RI initiatives,
- Integrating ESG into our core manager research processes,
- Investment in data and proxy voting service providers,
- Pan-regional consulting research on governance,
- An increasingly active role as responsible owner.

These efforts will continue to be refined over time. It is our belief that they will generate enduring benefits for all of our stakeholders.

Current members of the Investment Sub-Committee are. Andrew Bucknall, Reverend Canon Robert Fead, Derek Wood, Steve Fricker, and Fred Roach. The Committee receives information and support from Ms. Joanna Beck, Diocesan Treasurer and Kim Waltmann, Administrator of Investments.

Fred Roach, Chair