

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 August 2013 were worth \$19.50. The Investment Funds totaled \$27,303,882.74 as of August 31, 2013. These have been managed 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 net rates of return of the Diocese of Niagara Investment Fund and the Anglican Church Ministries Foundation, Niagara Investment Fund are:

Year	Rate of Return by Year (1)	Year	Rate of Return by Year
2003	11.0	2009	17.9
2004	7.9	2010	9.3
2005	11.1	2011	(2.7)
2006	12.0	2012	7.8
2007	0.7	2013 (Aug)	6.9
2008	(20.8)		

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As of December 31, 2012 the average annual net return for the last ten years was 5.2%.

Diocese of Niagara Investment Fund returns have continued to be volatile in recent years reflecting the world financial market turmoil and volatility. Partly in response to this, the Investment Sub-Committee is in the process of completing 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 at an appropriate rate. We are also investigating funds which are in the Socially Responsible Investing category to ascertain if we can so place a portion of our current investments in these types of funds bearing in mind the risk, safety, liquidity and returns available for such funds, as well as our stakeholders' goals for their funds.

In the meanwhile, 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.

Audited financial statements for the Anglican Church Ministries Foundation, Niagara Investment Fund may be found in the Foundation's report.

The Investment committee met 6 times during 2013 and has drafted a revised policy statement which is currently before the FAC for approval and will be presented to Synod Council shortly thereafter. They will meet again in November 2013.

Current members of the Investment Sub-Committee are: Andrew Bucknall, The Reverend Canon Robert Fead, David Ricketts, Derek Wood, Steve Fricker, and Fred Roach. We acknowledge and thank Judy Conning for her membership during the year and regret that she had to resign for personal reasons. We shall be seeking a replacement sometime in the near future. The Committee receives information and support from Ms. Joanna Beck, Diocesan Treasurer and Ms. Kim Waltmann, Administrator of Investments.

Respectfully submitted,
Fred Roach, Chair

(1) Note: Returns are net of Russell and Diocese's fees. Based on current volume our combined fees are 102 basis points.