



# COUNTY OF WELLINGTON

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## COMMITTEE REPORT

**To:** Chair and Members of the Administration, Finance and Human Resources Committee  
**From:** Ken DeHart, County Treasurer  
**Date:** Tuesday, September 21, 2021  
**Subject:** **Cash Holdings and Investment Portfolio as of July 31, 2021**

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### Background:

The County's Cash and Investment Management Policy states that the "goals and objectives for the investing of surplus funds are as follows, in priority order:

- adherence to statutory requirements;
- preservation of capital;
- maintenance of liquidity;
- diversification;
- and competitive rate of return."

On March 12, 2020, the World Health Organization declared COVID-19 a global pandemic. Since that time, interest rate cuts have been made by the Bank of Canada in order to stimulate the economy. These rate cuts have brought current interest rates to historic lows. This has had a detrimental effect on bond yields available in the marketplace for the investment of County funds.

### Cash Holdings

The County had a total cash holding of \$41,505,465 as of July 31, 2021 in the following accounts:

- \$41,161,421 in Canadian Dollar general bank accounts and investment cash accounts maintained at RBC Dominion Securities, BMO Nesbitt Burns, CIBC Wood Gundy and National Bank Financial
- \$306,040 in Investment Savings Accounts at Meridian Credit Union and ONE Funds HISA account
- \$38,004 (CAD) in a U.S. Dollar bank account

### Portfolio Summary

The attached schedules outline the County's investment holdings by type and provide a complete listing of individual securities and the portfolio performance as measured by the weighted average yield to maturity. The portfolio is summarized as follows:

	Cash Holdings	Portfolio Investments	
		Bonds & GIC's	Other (PPN & Equity Fund)
Face value at 7/31/2021	\$41,505,465	\$92,991,589	\$17,164,550
% of portfolio	27.36%	61.31%	11.31%
Number of securities	n/a	100	12
Funds invested	Short term cash requirements	Reserves and reserve funds	Reserves and reserve funds
Investment strategy	Designed to meet general cash flow requirements	Maturities to coincide with expected use of reserves and reserve funds	Maturities to coincide with expected use of reserves and reserve funds
Yield as of 7/31/2021	0.6%	2.56%	N/A
Weighted Average Term to Maturity		3.90 years	6.57 years

The overall change in the portfolio since the last report is summarized as follows:

	Cash Holdings	Portfolio Investments
Face value at 12/31/20	\$46,663,537	\$ 99,113,112
Face value at 7/31/21	\$41,505,465	\$110,156,915
\$ change	(\$5,158,072)	\$11,124,312
Change attributable to:	Cash used to increase investment in ONE Equity Fund as well as Long-Term Investments as yields have begun to improve	Additional investment in ONE Fund Equity Portfolio to offset lower Long-Term Investment Yields

Historical Portfolio Investment face values are as follows:

12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020	7/31/2021
\$79,737,479	\$83,172,718	\$ 89,799,794	\$ 94,670,299	\$ 99,113,112	\$110,156,139

### Investment in the County's own Securities

In accordance with the County's Cash Management and Investment Policy, a record of the date of each transaction in or disposal of the County's own securities must be made, including a statement of the purchase and sale price of the County's own securities. County staff purchased some of its own securities on April 8 in 2021. Details of the current holdings of the County's own securities are as follows:

The total face value of the County's current investments in its own securities is \$6,245,000 and represents 5.7% of its total long-term investment portfolio. The County's investment policy allows for the County to invest up to 25% of its long-term investments in its own securities.

Purchase Date	Description	Maturity Date	Face Value	Purchase Price	Book Value	Coupon	Yield
10/30/12	County of Wellington	10/30/22	\$1,000,000	99.96	\$999,580	3.21%	3.205%
4/2/15	County of Wellington	10/30/22	\$ 1,500,000	108.28	\$1,624,125	3.20%	2.07%
1/16/18	County of Wellington	6/3/27	\$ 65,000	117.76	\$76,545	5.25%	3.07%
1/16/18	County of Wellington	6/3/26	\$ 74,000	115.96	\$85,807	5.25%	3.12%
1/16/18	County of Wellington	6/3/28	\$ 50,000	118.64	\$59,321	5.3%	3.2%
6/3/18	County of Wellington	7/3/28	\$ 557,000	100.00	\$557,000	2.05% to 3.2%	2.86%
10/25/18	County of Wellington	5/30/24	\$ 689,000	98.58	\$679,216	2.9%	3.16%
3/3/20	County of Wellington	7/3/23	\$1,500,000	106.59	\$1,598,850	3.20%	0.97%
4/8/21	County of Wellington	6/3/2024	\$125,000	112.55	\$140,687	5.05%	1.37%
4/8/21	County of Wellington	6/3/2025	\$130,000	115.25	\$149,825	5.15%	1.63%
4/8/21	County of Wellington	11/04/2032	\$180,000	97.91	\$176,238	2.4%	2.6%
4/8/21	County of Wellington	11/04/2033	\$186,000	97.55	\$181,443	2.45%	2.67%
4/8/21	County of Wellington	11/04/2034	\$189,000	97.40	\$184,086	2.45%	2.72%
<b>Total</b>			<b>\$6,245,000</b>				

The County currently holds a GIC investment with Meridian Credit Union exceeding 2 years in duration. In accordance with the Municipal Act (O.Reg 438/97) the County attained the required documentation outlined in the Act from Meridian Credit Union within 30 days before the day the investment was confirmed. The details of the investment are provided below:

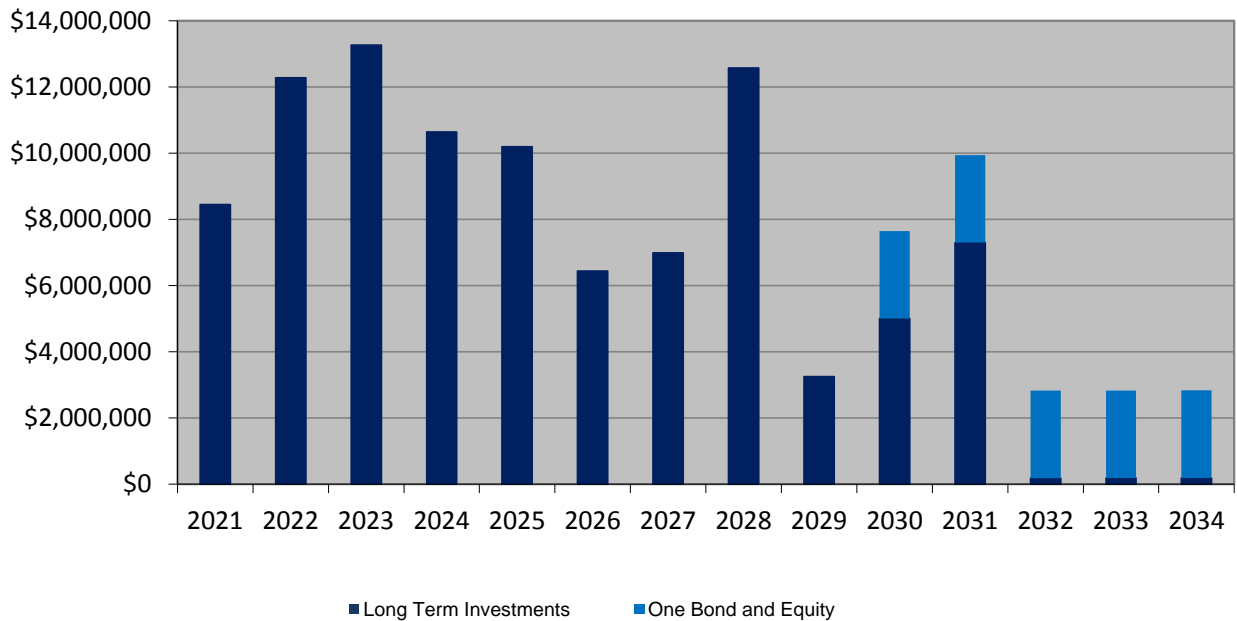
Purchase Date	Description	Maturity Date	Face Value	Purchase Price	Book Value	Coupon	Yield
7/18/19	Meridian Term Deposit	7/18/23	\$1,048,050	100.00	\$1,048,050	2.55%	2.55%

### Commentary

The County's total investment portfolio is \$110.2 million, which is about \$11.1 million higher than the balance as of December 31, 2020. County staff have been investing in Principal Protected Notes as well as long term bonds as the yields for these investments have begun to recover from record lows during the pandemic. Additional funds have been invested in the One Equity Fund as it offers more promising long-term yields than the bond market currently has available. The County has maintained an approach of shortening its average term to maturity, which sits at slightly under 4 years. This should provide an opportunity to purchase higher yielding bonds should the interest rate environment improve in the future.

The chart below shows long-term maturities by year as of July 31, 2021.

## County of Wellington Long Term Investment Maturities by Year as of July 31, 2021



### Recommendation:

That the County Treasurer's report re: Cash Holdings and Investment Portfolio as of July 31, 2021 be approved.

Respectfully submitted,

Ken DeHart, CPA, CGA  
County Treasurer