



2022 Annual Investment Report AC2023-0363 Audit Committee

2023 April 19



Recommendation

That the Audit Committee recommends that Council approve The City of Calgary 2022 Annual Investment Report



Sources of Funds

The City of Calgary invests funds that stem from the following sources:

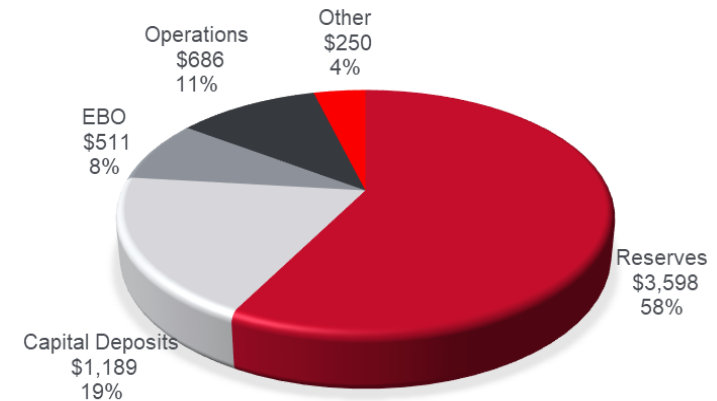
Reserves: operating, capital and sustainment

Capital Deposits: off-site levies and government grants

Funded Employee Benefit Obligations (EBO)

General Operations

Other: trusts and affiliated entities



As at 2022 December 31

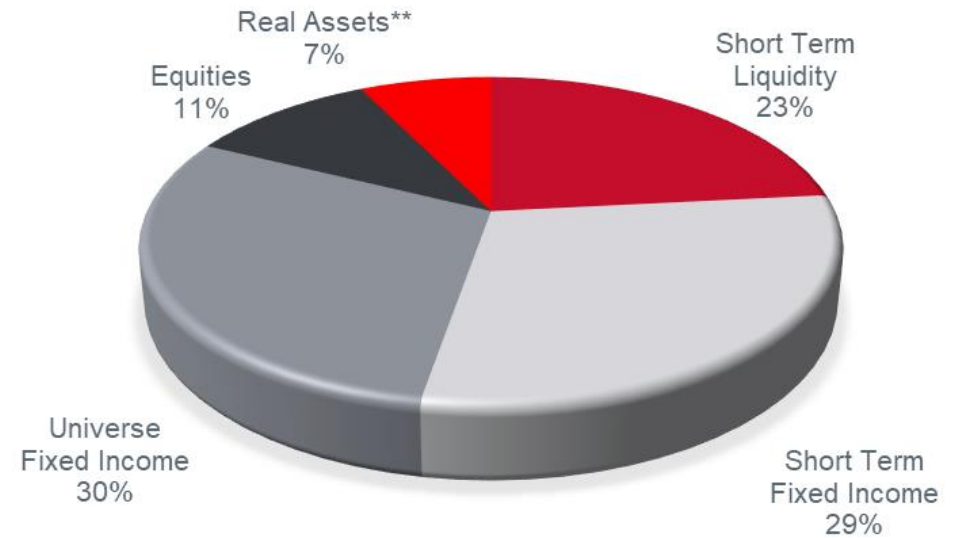
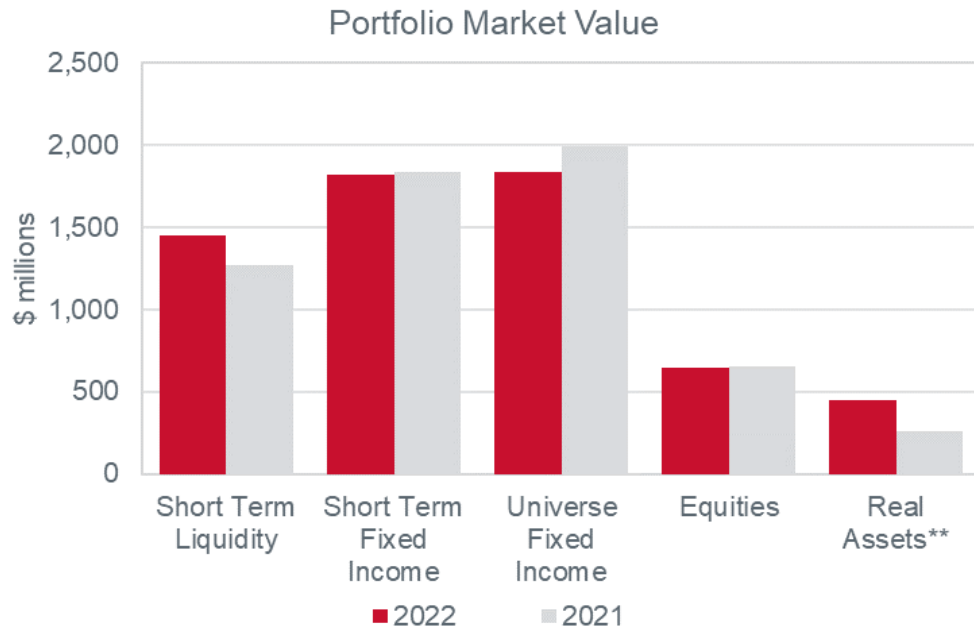
Investment Income

Annual Investment Income (\$ millions) as at December 31	2017	2018	2019	2020 *	2021	2022
Corporate Total Investment Income	125.6	73.6	211.5	167.7	168.1	160.2
Allocations to Self-Supporting Business Units and Capital	40.2	22.0	43.1	52.0	48.5	34.6
Transfers to Reserves from Operations	27.2	19.0	41.0	47.0	43.1	31.3
Expenditures (net of receivables)	7.0	2.4	7.0	11.2	17.0	19.5
General Investment Income	51.2	30.2	120.4	57.6	59.4	74.7

General investment income generated in 2022 was the second-highest amount in the past 6 years



Summary of Investments



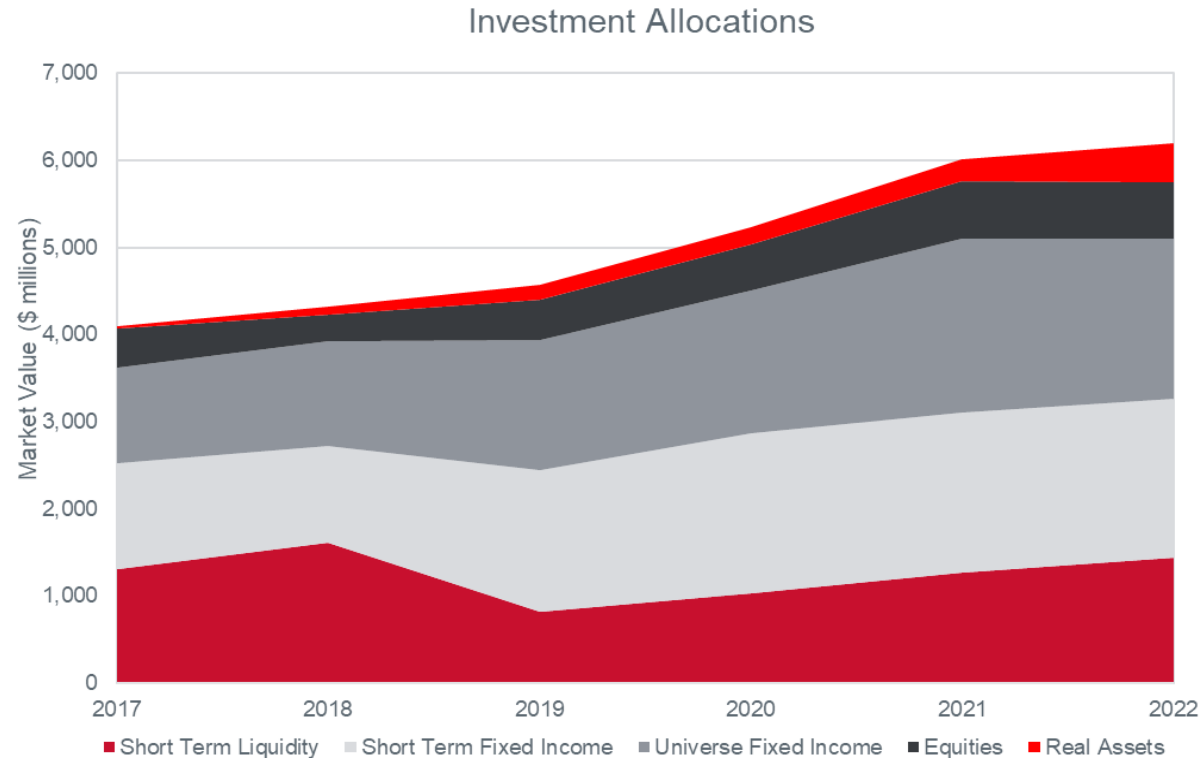
As at 2022 December 31, Source: The City of Calgary, CIBC Mellon

The City continues to diversify investments through existing mandates and future commitments



Investment Allocation

- Short Term Liquidity portfolio has decreased from 32% to 23% of the consolidated portfolio since 2017
- Longer Term asset classes have grown since 2017
 - Real Assets market value has grown from \$27 million to \$451 million (excl. \$78 million of committed capital not yet deployed)
 - Private Credit has risen from \$4 million to \$286 million (excl. \$83 million of committed capital not yet deployed)
 - Equities market value has grown from \$452 million to \$643 million



Longer term asset classes have had a large increase in Assets Under Management over the past 6 years



Portfolio Overview

- As at 2022 December 31, the market value of The City of Calgary’s total investment portfolio was \$6.2 billion, an increase of \$180 million from \$6.1 billion in the previous year
- The City’s total portfolio has recorded an annual return of -6.14% after fees on a market value basis, which outperformed the overall benchmark by 32bps

	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2022	2021	2020	2019	2018
The City of Calgary Consolidated	-6.14	0.68	1.97	2.18	-6.14	2.06	6.53	6.46	1.48
Benchmark	-6.46	0.33	1.61	1.80	-6.46	1.28	6.65	5.55	1.62
Value Added	0.32	0.35	0.36	0.38	0.32	0.79	-0.12	0.91	-0.14
Short Term Liquidity	2.54	1.73	1.88	1.64	2.54	0.85	1.79	2.38	1.86
Benchmark	1.82	0.95	1.17	0.95	1.82	0.17	0.86	1.65	1.38
Value Added	0.73	0.78	0.71	0.69	0.73	0.68	0.93	0.73	0.48
Short Term Fixed Income	-3.78	0.64	1.53	1.86	-3.78	0.00	5.93	2.95	2.83
Benchmark	-4.05	0.00	1.12	1.47	-4.05	-0.93	5.19	2.89	2.76
Value Added	0.26	0.64	0.42	0.39	0.26	0.94	0.75	0.06	0.07
Universe Fixed Income	-8.55	-0.46	1.76	2.31	-8.55	-0.63	8.53	7.43	2.98
Benchmark	-9.77	-1.65	0.97	1.78	-9.77	-2.59	8.23	6.45	3.65
Value Added	1.23	1.20	0.79	0.53	1.23	1.96	0.30	0.98	-0.67
Equities	-16.09	-0.11	2.96	6.91	-16.09	12.07	5.98	23.99	-6.36
Benchmark	-12.43	5.72	6.32	8.57	-12.43	17.53	14.80	25.88	-8.66
Value Added	-3.66	-5.83	-3.36	-1.66	-3.66	-5.46	-8.82	-1.89	2.30
Real Assets	12.41	9.55	10.54	8.71	12.41	9.92	6.41	19.39	5.16
Benchmark	8.37	6.39	7.68	7.41	8.37	10.43	1.28	14.19	5.79
Value Added	4.04	3.16	2.86	1.30	4.04	-0.51	5.13	5.19	-0.63
Currency Hedge Overlay	-0.58	0.39	n.a.	0.14	-0.51	1.10	0.82	1.72	-1.96
Benchmark	0.00	0.00	n.a.	0.00	0.00	0.00	0.00	0.00	0.00
Value Added	-0.58	0.39	n.a.	0.14	1.10	1.10	0.82	1.72	-1.96

Despite a volatile 2022, the Consolidated Portfolio was still able to exceed benchmark returns



Contribution to Return

Portfolio Contribution to Return – 2022



- The total City of Calgary consolidated portfolio return in 2022 was -6.1%
- Real Assets was the strongest contributor to returns in 2022 at 0.8%, followed by the Internal Working Capital portfolio at 0.2%
- Universe Fixed Income and Equities were the largest detractor to total returns at -3.5% and -2.1%, respectively

Real Assets and Internal Working Portfolio recorded positive returns in 2022



Recommendation

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