



# **2023 Annual Investment Report AC2024-0460**

## **Audit Committee**

2024 April 18

# Recommendation

That the Audit Committee:

1. Recommends Council approval of The City of Calgary 2023 Annual Investment Report

## Sources of Funds

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

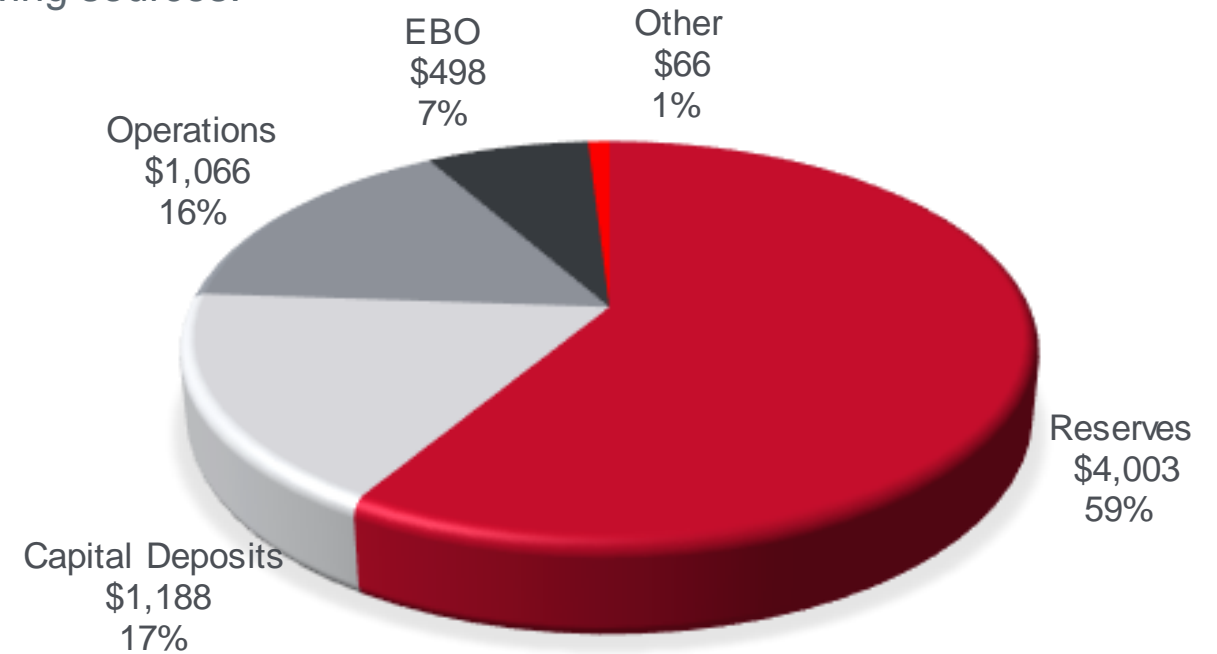
**Reserves:** operating, capital and sustainment

**Capital Deposits:** off-site levies and government grants

**Funded Employee Benefit Obligations (EBO)**

**General Operations**

**Other:** trusts and affiliated entities



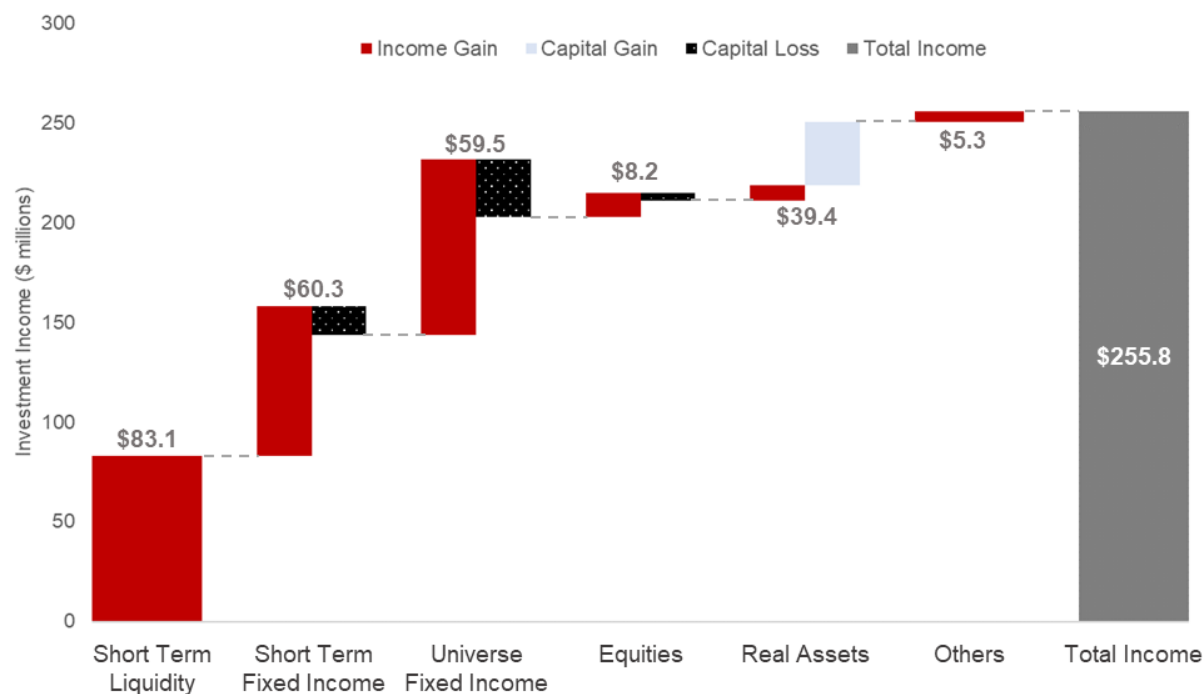
*As at December 31, 2023*

Total Investment Income generated in 2023 was \$255.8 million the highest single year income generated.

# Investment Income

Annual Investment Income (\$ millions) as at December 31	2017	2018	2019	2020*	2021	2022	2023
<b>Corporate Total Investment Income</b>	<b>125.6</b>	<b>73.6</b>	<b>211.5</b>	<b>167.7</b>	<b>168.1</b>	<b>160.2</b>	<b>255.8</b>
Expenditures (net of receivables)	7.0	2.4	7.0	11.2	17.0	19.5	33.8
<b>Available Income for Allocation</b>	<b>118.6</b>	<b>71.2</b>	<b>204.5</b>	<b>156.6</b>	<b>151.1</b>	<b>140.7</b>	<b>222.0</b>
Allocations to Self-Supporting Business Units and Capital Deposits	40.2	22.0	43.1	52.0	48.5	34.6	64.3
Transfers to Reserves from Operations	27.2	19.0	41.0	47.0	43.1	31.3	59.3
<b>General Investment Income</b>	<b>51.2</b>	<b>30.2</b>	<b>120.4</b>	<b>57.6</b>	<b>59.4</b>	<b>74.7</b>	<b>98.4</b>

## Contribution to Investment Income



Total Investment Income generated in 2023 was \$255.8 million the highest single year income generated.



## Portfolio Market Value

- As at December 31, 2023, the market value of The City of Calgary's total investment portfolio was \$6.82 billion, an increase of \$588 million from \$6.23 billion in the prior year.

\$ millions

Market value	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
<b>Internal Management</b>					
Short Term Liquidity	1,237	1,679	1,693	1,117	1,448
<b>External Management</b>					
Short Term Fixed Income	1,921	2,011	2,038	1,902	1,819
Universe Fixed Income	2,394	1,887	1,898	1,904	1,836
Equities	751	695	704	684	643
Real Assets	475	491	478	480	451
Currency Overlay	43	36	42	36	35
<b>Total</b>	<b>6,820</b>	<b>6,799</b>	<b>6,853</b>	<b>6,121</b>	<b>6,232</b>

Cost	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22
<b>Internal Management</b>					
Short Term Liquidity	1,237	1,679	1,693	1,117	1,448
<b>External Management</b>					
Short Term Fixed Income	1,944	2,105	2,107	1,950	1,900
Universe Fixed Income	2,458	2,091	2,032	2,013	1,994
Equities	697	689	689	686	692
Real Assets	474	467	462	432	416
Currency Overlay	29	35	38	37	43
<b>Total</b>	<b>6,839</b>	<b>7,066</b>	<b>7,021</b>	<b>6,234</b>	<b>6,492</b>

Consolidated Portfolio posted an annual return of 7.61% in 2023

# Portfolio Performance

- In 2023, The City's total portfolio recorded a return of 7.61% after fees on a market value basis, which has outperformed the overall benchmark by 10bps.

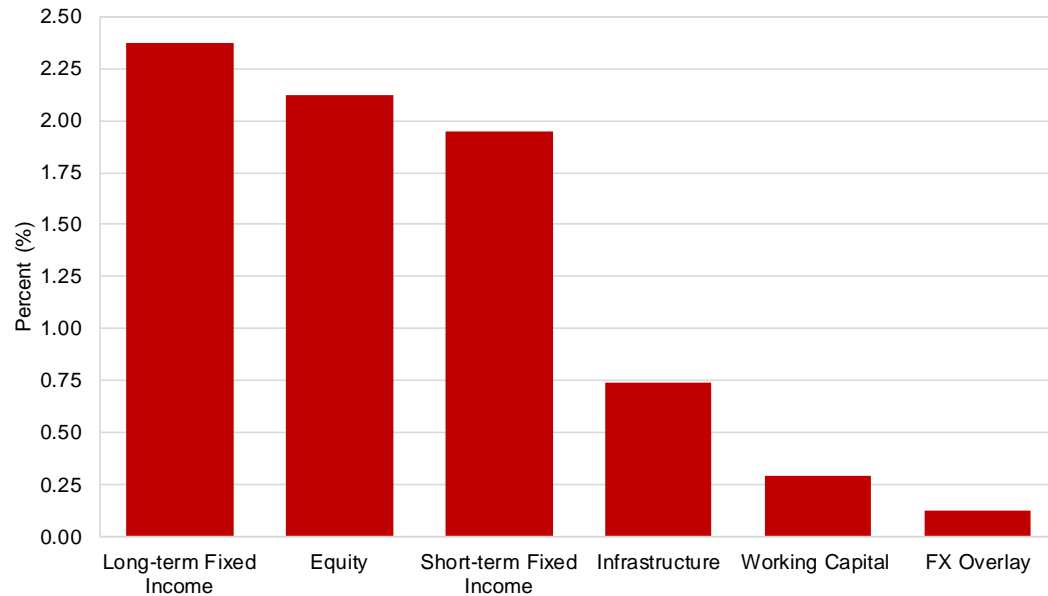
	Annualized Returns				Annual Returns				
	1 Year	3 Years	5 Years	ITD	2023	2022	2021	2020	2019
<b>The City of Calgary Consolidated*</b>	<b>7.61</b>	<b>1.02</b>	<b>3.17</b>	<b>2.71</b>	<b>7.61</b>	<b>-6.14</b>	<b>2.06</b>	<b>6.53</b>	<b>6.46</b>
Benchmark	7.35	0.56	2.73	2.34	7.35	-6.46	1.28	6.65	5.55
Value Added	0.26	0.46	0.44	0.37	0.26	0.32	0.79	-0.12	0.91
<b>Short Term Liquidity*</b>	<b>5.19</b>	<b>2.85</b>	<b>2.54</b>	<b>1.94</b>	<b>5.19</b>	<b>2.54</b>	<b>0.85</b>	<b>1.79</b>	<b>2.38</b>
Benchmark	4.71	2.22	1.83	1.31	4.71	1.82	0.17	0.86	1.65
Value Added	0.48	0.63	0.71	0.63	0.48	0.73	0.68	0.93	0.73
<b>Short Term Fixed Income</b>	<b>5.63</b>	<b>0.54</b>	<b>2.08</b>	<b>2.19</b>	<b>5.63</b>	<b>-3.78</b>	<b>0.00</b>	<b>5.93</b>	<b>2.95</b>
Benchmark	5.02	-0.06	1.56	1.78	5.02	-4.05	-0.93	5.19	2.89
Value Added	0.61	0.60	0.52	0.41	0.61	0.26	0.94	0.75	0.06
<b>Universe Fixed Income</b>	<b>6.98</b>	<b>-0.94</b>	<b>2.54</b>	<b>2.72</b>	<b>6.98</b>	<b>-8.55</b>	<b>-0.63</b>	<b>8.53</b>	<b>7.43</b>
Benchmark	6.69	-2.13	1.55	2.21	6.69	-9.77	-2.59	8.23	6.45
Value Added	0.29	1.19	0.99	0.51	0.29	1.23	1.96	0.30	0.98
<b>Equities</b>	<b>17.23</b>	<b>3.30</b>	<b>7.69</b>	<b>7.79</b>	<b>17.23</b>	<b>-16.09</b>	<b>12.07</b>	<b>5.98</b>	<b>23.99</b>
Benchmark	18.92	6.97	12.08	9.45	18.92	-12.43	17.53	14.80	25.88
Value Added	-1.69	-3.67	-4.39	-1.66	-1.69	-3.66	-5.46	-8.82	-1.89
<b>Real Assets</b>	<b>7.90</b>	<b>10.06</b>	<b>11.11</b>	<b>8.60</b>	<b>7.90</b>	<b>12.41</b>	<b>9.92</b>	<b>6.41</b>	<b>19.39</b>
Benchmark	5.05	7.81	7.58	7.07	5.05	8.37	10.43	1.28	14.19
Value Added	2.85	2.25	3.53	1.53	2.85	4.04	-0.51	5.13	5.19
<b>Currency Hedge Overlay</b>	<b>0.45</b>	<b>0.30</b>	<b>0.64</b>	<b>0.19</b>	<b>0.45</b>	<b>-0.58</b>	<b>1.02</b>	<b>0.73</b>	<b>1.62</b>
Benchmark	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Value Added	0.45	0.30	0.64	0.19	0.45	-0.58	1.02	0.73	1.62

\*exclusive of High Interest Savings Accounts (HISA). The estimated returns, including HISA, for The City of Calgary Consolidated and Short Term Liquidity portfolios for 2023 are 7.21% and 5.05%, respectively.

**Consolidated Portfolio posted an annual return of 7.61% in 2023**

## Contribution to Return

Portfolio Contribution to Return – 2023



- The combination of higher yields and a decrease in interest rates led to higher returns in both Short and Longer Term Fixed income, which were significant contributors to the portfolio's total return.
- Relative to its weight, equity was the greatest contributor to the returns of The City's portfolio.

The majority of mandates were positive for the year, except for Crestline and CBRE GIF

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1. Recommends Council approval of The City of Calgary 2023 Annual Investment Report