

**CEMETERY TRUST FUND INVESTMENTS
THROUGH CANADA TRUST, DIOCESAN CEMETERY TRUSTEE**

1. In accordance with the *Cemeteries Act*, (Revised) June 1992, the Diocese has arranged with TD Canada Trust to be Cemetery Trustee, effective November 1, 1997. (Chapter C.4, Section 35, Article (1)). This arrangement will be reviewed at the same time as our investment managers term come due, (4 year review currently).
2. Strictly cemetery trusts are managed in this portfolio and invested through the cemetery trustee, TD Canada Trust. As the trustee, TD Canada Trust has discretion over these investments. Some oversight is provided by the Synod Office. The “prudent investor” rules of investing apply

(For your information, 161 trusts total approximately \$2.2 million in this fund at August 31, 2009.)

3. Trusts will receive an annual payout on all capital amounts, based on the income received less the trustee fees. *Cemeteries Act*, Chapter C.4, Section 35, Article (3)

The payout will be calculated on the trust fund balance from December 1 to November 30 for cemeteries annually and cheques mailed as early as possible in the month of December.

4. The Diocese pays Canada Trust a trustee fee out of the pooled annual income as below:
 - 5.0% of income receipts
 - .6 per annum on the first \$250,000 of market value of assets
 - .5 per annum on the next \$250,000 of market value of assets
 - .4 per annum on the balance of market value of assets

5. The Diocese does not charge an Administration fee on this portfolio. All detailed transactions of every trust are recorded and reported by Synod office staff. This fund is audited annually as part of the Diocesan audit. Diocesan Council is responsible for the trust funds and delegates management and monitoring Synod Office Staff which meets quarterly to review the performance of the portfolio and the cemetery trustee, ensuring that diocesan policies and government regulations are being followed.

**TRUST FUND INVESTMENTS
IN THE INVESTMENT ACCOUNT**

(This is a unitized fund)

1. **Canon 15** on Investment of Trust Funds, section 1 states: "...all parishes are **encouraged** to transfer all trust funds and other monies...[to the Diocese of Huron]." The Diocese acts as a trustee for the parish if the parish wishes to invest through the Diocese. The green form, on page 8-12...6 gives specific direction from the parish to the Diocese. If desired by the parish, trust funds can be withdrawn, with appropriate authorized written request, and be invested and handled at the parish level. A notice to the Synod office of one month is required for The investment managers to liquidate assets and return the funds. In the case of a parish handling investments at a parish level, **Canon 15**, section 5 requires: "[The parish]...shall report annually to the Secretary-Treasurer of the Synod the details of such investments so retained."
2. Parish, Pension and Diocesan Trusts are managed in this portfolio. Funds received from parishes will be invested in this unitized fund.
3. The Diocese invests directly with the two investment managers: Letko Brosseau & Associates Inc. and Connor, Clark & Lunn Private Capital Ltd. The present objective of the Investment Sub-Committee for a mix of vehicles is as follows:
 - Common Stocks/Equities
Maximum of 50% (with a variance to this standard of + or – 10%)
 - Cash, treasury bills, bonds: remainder to total of 100%.

(For your information, 1370 trusts total approximately \$47.0 million in this fund at August 31, 2009.)

 - Maximum foreign total portfolio content = 25% (with a variance to this standard of + or – 15 %)
IE Maximum 40% foreign content of total portfolio at market value
Minimum 10% foreign content of total portfolio at market value
4. Trusts receive an annual payout amount on all the units in the trust accounts, based on the payout rate as recommended annually by the Investment Sub-Committee and approved through Administration and Finance to Diocesan Council at the beginning of each year. (Example rates are 5% for 2008 and 4.5% for 2009.)

This payment percentage is calculated by estimating the annual income including interest, dividends, capital gains to be earned on the investment account, less the custodial fee less the Diocesan administration fee, (see #6), and less investment manager fees; divided by the number of units in all the trust funds. A letter is sent annually to notify parishes of returns and payout percentage. Returns are projected to meet a target to cover payout and accumulate enough in capital to offset at least the impact of inflation.

The payout is computed on the units in each trust fund from December 1 to November 30 for parishes annually and cheques mailed as early as possible in the month of December. The parish can choose to add the income to capital invested, similar to the Pension trusts, rather than spend it annually. The payout is calculated January to December for Pension and Diocesan trusts.

5. As approved at October 2007 Diocesan Council, the Diocese charges an Administration fee as follows on the investment portfolio to the pooled annual income:
 - i) .250% on the total market value of the invested base, as valued on the portfolio balance at the previous year-end,

All detailed transactions of every trust are recorded and reported by Synod office staff. This fund is audited annually as part of the Diocesan audit. Diocesan Council is responsible for the trust funds and delegates management and monitoring to the Investment Sub Committee, which meets quarterly to review the performance of the portfolio and the agent, ensuring that diocesan policies and government regulations are followed. Diocesan Pension Trustees are also accountable for prudent management of the Pension Trusts.

6. The capital in each trust fund can be computed by multiplying the number of units in the trust by the Market Value per Unit, which is determined quarterly by the Synod Office. The Market Value per Unit is determined by dividing the total number of units in all the trust funds into the portfolio total market value as reported by the investment managers. See 8-12..5 for the Unit Market Value Report as included in Synod Journal Report, Section 7.