

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 an 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 March 2011 were worth \$17.73.

The Investment Funds, totaling \$23,382,000 as at March 31, 2011 are invested 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 Composite Index S&P TSX Capped Composite Index
Russell U.S. Equity Fund	S&P 500 Index Russell 1000 Index
Russell Overseas Equity Fund	MSCI EAFE Index (Linked) Russell Dev ex-NA Lg Cap Net (Linked)
Russell Global Equity Fund	MSCI World Index (Linked) Russell Dev Lf Cap Index Net (Linked)
Russell Fixed Income Fund	DEX Universe Bond Index (Linked)

Annual 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	Year	Rate of Return by Year
2003	11.01%	2007	0.77%
2004	7.96%	2008	-20.83%
2005	11.11%	2009	17.99%
2006	12.09%	2010	9.39%

The annualized rate of return for the period 2003 to 2010 is 7.23%.

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Diocese of Niagara Investment Fund investment returns have been volatile in recent years reflecting the world financial market turmoil and volatility. Partly in response to this, the Investment Sub-Committee has initiated 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 and acceptable level of risk.

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

Current members of the Investment Sub-Committee are Mr. Andrew Bucknall, Reverend Canon Robert Fead, Mr. David Ricketts, Mr. Derek Wood and Dr. Janina Vanderpost. The Committee receives information and support from Ms. Joanna Beck, Diocesan Treasurer and Ms. Kim Waltmann.

Respectfully submitted,
Dr. Janina Vanderpost, Chair