

Review of the SSMU Investment Portfolio

Submitted for: April 8, 2021

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Introduction and Overview

The SSMU Finance Committee is tasked with overseeing, reviewing and making recommendations for the Society's investment portfolio. This report is the culmination of this process, which occurs yearly.

On March 15th, 2021, the SSMU's investment manager, Lester Asset Management, provided the SSMU with an Account Position Report which reflected the portfolio's holdings as of March 12th, 2021. The full Account Position Report is available in Appendix 1, but can be summarised by the following key points:

- The Society's investment portfolio has a market value of \$4,202,417.16
- The portfolio is balanced as follows:
 - 0.9% Cash
 - 49.2% Corporate Bonds
 - 9% Preferred Shares
 - 34% Equity Investments
 - 6.9% Other
- The Rate of Return (cumulative) is as follows:
 - Last month: 3.14%
 - Last 3 months: 5.92%
 - Last year: 11.59%
 - Last 2 years: 22.98%
 - Last 3 years: 18.33%
 - Last 5 years: 49.75 %
 - Last 10 years: 89.35%
- The Rate of Return (average) for the last 10 years was 6.59%



SSMU Standards

The standards for reviewing the Society's investment portfolio are prescribed in the Internal Regulations of the Society's Finances, Part III, Sections 4 and 5:

Part III: Socially Responsible Investment

4. General

4.1. Purpose

As a student society, the Society must constantly strive to act in the best interests of its Members. When it comes to investing money, the Society recognizes that this money belongs to the Members and thus shall ensure any investment in corporations or governments is in the best interests of the Members.

4.2. Guidelines

In order to ensure that money is invested in the interests of the Members, the Society shall avoid investing in companies and governments with material interests in:

1. socially harmful areas (e.g. weapons and tobacco);
2. human rights abuses (e.g. child/sweatshop labour and political oppression);

and

3. environmentally harmful areas (e.g. pollution and destruction of habitat).

4.3. Priority

Priority consideration shall be given to companies with a proven track record of:

1. positive contributions to the environment;
2. promotion of sound employment practices; and
3. high standards of corporate governance and transparency.



5. Enforcement

5.1. Finance Committee

The Finance Committee shall be responsible for reviewing the investments of the Society, subject to the provisions contained in the Committee Terms of Reference and in the Policy and Plan Books.

Further instructions are provided in the Committee Terms of Reference for the Finance Committee:

3.3. Responsibilities

...

6. In consultation with Commissioners, Members of the Society and Governing Bodies, recommending divestment from assets within the Society's investment portfolio not deemed Socially Responsible; and

...



Method of Evaluation

The SSMU Finance Committee met on Tuesday, March 23rd, 2020 to review the investment portfolio. The Account Position Report (See Appendix 1) was circulated amongst the committee members one week prior to the meeting for their initial review. At the meeting, we discussed each section of the portfolio, identified investments that may be in violation of the SSMU's policies, and finalized a number of recommendations

Difficulties with Evaluation

The SSMU Finance Committee felt that sections 4 and 5 of the Internal Regulations of the Society's Finances do not provide sufficient guidance. Particularly, the Finance Committee struggled with the following items

1. What degree of proximity is required between a company's operations and the list of divested interests articulated in section 4.2? Where is the line drawn?
2. What specific definitions for section 4.2 should be used?
3. Do the guidelines apply only to equity investments? What about debt instruments or other investment tools?

Though the Finance Committee was able to flag a number of investments, it should be noted that we cast a wide net in our search. It may be that the scope of our analysis was too wide. The Legislative Council should not be weary to override the recommendations of the Finance Committee.



Flagged Equity Investments

SSMU Investment Portfolio: Account Position Report					
As at March 12th, 2021					
Flagged Investments					
Classification	% of total	Position	Book Value	Market Value	Reasons for Flag
Consumer Discretionary	0.3%	Dollarama Inc	\$10,404.45	13,018.20	Domestic Labour Conditions, Cultural Appropriation
	1.2%	Pollard Banknote Ltd	\$20,777.44	\$49,599.00	Promoting and facilitating lottery
Consumer Staples	0.7%	Lablaw Companies Ltd	\$28,654.26	\$27,526.80	Price-Fixing Bread, Tax Evasion, Foreign Labour Conditions, Domestic Pay Controversy
Healthcare	0.9%	Sienna Senior Living Inc	\$40,714.09	\$35,683.20	Covid Outbreaks, Private Healthcare
Industrial	0.8%	Canadian National Railway	\$23,252.88	\$34,629.60	Transportation of Fossil Fuels and Related Products



Recommendations

The SSMU Finance Committee proposes the following two recommendations:

1. The SSMU should divest from the above listed flagged investments in their entirety
2. The SSMU should prioritize revising and clarifying the guidelines for the annual review of the investment portfolio

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Appendix 1: Account Position Report



Account Position Report

FOR: STUDENTS' SOCIETY OF MCGILL UNIV. (2) (#Q1O2-491KML)

As at March 12, 2021

Currency: CAD

Advisor: Q1O2

Created on March 15, 2021

Exchange rate: 1.00 USD = 1.24734 CAD

% of Total	Position	Quantity	Average Cost	Book Value	Close Price	Market Value	Accrued Interest	Income on Current Positions YTD	Yield At Purchase**	Yield At Last Closing**
Totals (Including Cash Balance)				3,559,533.22		4,203,417.16	19,463.46	23,774.14		
0.9%	Cash Balance			36,046.25		36,046.25				
0.9%	Canadian Cash Balance			36,046.25		36,046.25				
0.0%	U.S. Cash Balance			0.00		0.00				
7.0%	AA - Money Market - MF			293,538.50		293,538.50		267.41		
7.0%	NBI CPA NBC-F /NL/N'FRAC	293,538.500	1.00	293,538.50	1.00	293,538.50		267.41		
49.2%	AC - Corporate Bonds - FI			1,967,960.41		2,067,437.52	19,386.32	17,238.34	4.35%	2.99%
1.8%	ALGONQUIN PWR 4.09%17FB27	70,000	101.00	70,700.00	108.944	76,260.80	181.90	1,431.50	3.97%	2.47%
2.0%	AUTOCD A INC RD8.75%11FB25	80,000	100.46	80,368.00	106.75	85,400.00	560.77	3,500.00	8.64%	6.80%
2.7%	BRKFLD REN RD 4.25%15JA29	100,000	100.432	100,432.00	112.516	112,516.00	657.46	2,125.00	4.20%	2.50%
1.5%	CASCADES RD 5.125% 15JA25	60,000	100.00	60,000.00	105.00	63,000.00	475.69	1,537.52	5.13%	3.73%
1.4%	CI FINL CB24 3.215%22JL24	56,000	100.00	56,000.00	104.079	58,284.24	243.70	900.20	3.21%	1.96%
1.1%	CROMBIE REIT-E 4.8%31JA25	40,000	102.258	40,903.20	111.016	44,406.40	212.15	960.00	4.38%	1.87%
2.6%	METRO INC CB 3.39% 6DC27	100,000	96.7195	96,719.50	107.557	107,557.00	894.07	0.00	3.80%	2.19%
3.7%	NBC C25 NVCC FX-FR 15NV80	150,000	102.80	154,200.00	103.633	155,449.50	2,084.67	-1,378.36	4.19%	4.16%
2.1%	QUE 144A RST 6.625%15JA23	83,000	103.4925	85,898.74	108.50	90,055.00	1,314.26	0.00	6.15%	1.94%
2.0%	RBC 2.352% 2JL24	80,000	100.00	80,000.00	103.707	82,965.60	358.65	940.80	2.35%	1.21%
4.5%	RBC-1 NVCC C25 4.5%24NV80	180,000	105.4375	189,787.50	105.149	189,268.20	2,416.57	-1,320.41	4.29%	4.30%
0.9%	RELIANCE LP 3.75% 15MR26	37,000	99.676	36,880.12	106.859	39,537.83	682.25	0.00	3.80%	2.30%
1.9%	RUSS MTL S C22 5.75%27OC25	75,000	107.00	80,250.00	106.166	79,624.50	1,611.26	-1,283.90	4.12%	4.29%
2.5%	SAPUTO CB 3.603% 14AG25	99,000	103.07	102,039.30	108.043	106,962.57	256.19	1,783.49	3.07%	1.72%
1.8%	SHAW COMM C23 4.35%31JA24	70,000	106.44	74,508.00	108.264	75,784.80	336.46	1,522.50	3.18%	1.43%
1.3%	SIENNA SNR-A 3.109% 4NV24	53,000	100.00	53,000.00	101.966	54,041.98	582.63	0.00	3.11%	2.55%
2.3%	SMARTCTR-S CB3.834%21DC27	90,000	97.402	87,661.80	106.339	95,705.10	767.85	0.00	4.16%	2.81%
1.8%	SOBEYS CB-23 4.7% 8AG23	70,000	101.9371	71,356.00	107.653	75,357.10	290.83	1,645.00	4.38%	1.46%
1.5%	SUPERIOR RED 5.125%27AG25	60,000	96.125	57,675.00	104.139	62,483.40	110.43	1,537.50	5.78%	4.11%
1.7%	SUPERIOR RED 5.25% 27FB24	70,000	100.5393	70,377.50	102.875	72,012.50	131.98	1,837.50	5.14%	4.22%

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Account Position Report

FOR: STUDENTS' SOCIETY OF MCGILL UNIV. (2) (#Q1O2-491KML)

As at March 12, 2021

Currency: CAD

Advisor: Q1O2

Created on March 15, 2021

% of Total	Position	Quantity	Average Cost	Book Value	Close Price	Market Value	Accrued Interest	Income on Current Positions YTD	Yield At Purchase**	Yield At Last Closing**
1.3%	SYSCO CDA RED 3.65%25AP25	50,000	98.603	49,301.50	106.957	53,478.50	691.90	0.00	3.96%	1.90%
2.1%	TELUS-CQ C24 3.75% 17JA25	80,000	104.14	83,312.00	108.03	86,424.00	447.51	1,500.00	3.11%	1.60%
2.0%	VIDEOTRN C25 5.625%15JN25	75,000	100.4287	75,321.50	112.75	84,562.50	1,715.32	0.00	5.58%	2.47%
1.9%	VIDEOTRON RED 4.5% 15JA30	75,000	100.00	75,000.00	107.00	80,250.00	1,372.25	0.00	4.50%	3.58%
0.9%	VIDEOTRON RGS 5.75%15JA26	35,000	103.625	36,268.75	103.00	36,050.00	989.57	0.00	5.16%	5.06%
0.1%	AD - Convertible Bonds - FI			6,000.00		5,758.80	77.14	195.04	6.50%	8.40%
0.1%	BAYLIN E23 CV 6.5% 10JL23	6,000	100.00	6,000.00	95.98	5,758.80	77.14	195.04	6.50%	8.40%
9.0%	AP - Preferreds			364,547.01		376,266.00		843.75	4.63%	4.48%
0.6%	ALGONQUIN PWR&UTL 5%-D PF	1,100	21.0236	23,126.00	23.62	25,982.00		0.00	6.05%	5.39%
1.8%	BK OF MTL NVCC4.5%-B40 PF	3,000	24.7037	74,111.00	25.15	75,450.00		843.75	4.55%	4.47%
1.8%	BROOKFIELD INF-A11 PFD LP	3,000	24.423	73,269.01	24.84	74,520.00		0.00	1.31%	1.28%
1.3%	BROOKFIELD OFFC-AAA-GG PF	2,500	19.846	49,615.00	21.38	53,450.00		0.00	6.11%	5.67%
1.8%	BROOKFIELD RENW-A13 LP PF	3,000	24.475	73,425.00	25.02	75,060.00		0.00	5.11%	5.00%
1.7%	BROOKFLD OFFCE-AAA-CC PFD	2,900	24.4831	71,001.00	24.76	71,804.00		0.00	6.13%	6.06%
3.5%	Consumer Discretionary			57,469.68		145,017.70		137.70	1.26%	0.50%
0.3%	DOLLARAMA INC	260	40.0171	10,404.45	50.07	13,018.20		12.22	0.47%	0.38%
1.2%	GOODFOOD MARKET CORP	5,030	2.0899	10,512.36	9.64	48,489.20		0.00		
0.8%	PARK LAWN CORP	1,130	13.9606	15,775.43	30.01	33,911.30		85.88	3.27%	1.52%
1.2%	POLLARD BANKNOTE LTD	990	20.9873	20,777.44	50.10	49,599.00		39.60	0.76%	0.32%
2.6%	Consumer Staples			78,722.99		111,058.30		312.04	2.38%	1.69%
1.4%	ANDREW PELLER LTD-A NV	5,800	3.7413	21,699.38	10.38	60,204.00		312.04	6.03%	2.17%
0.6%	DIAMOND EST WINE&SPIRITS	133,300	0.2128	28,369.35	0.175	23,327.50		0.00		
0.7%	LOBLAW COMPANIES LTD	420	68.2244	28,654.26	65.54	27,526.80		0.00	1.96%	2.04%
2.7%	Financials			58,176.38		114,053.70		699.20	6.50%	3.31%
0.3%	FIERA CAPITAL CORP-A SVS	1,170	11.3842	13,319.51	11.01	12,881.70		0.00	7.38%	7.63%
1.5%	GUARDIAN CAP GROUP-A NV	2,000	8.70	17,400.00	30.99	61,980.00		320.00	7.36%	2.07%
0.9%	TORONTO DOMINION BANK	480	57.2018	27,456.87	81.65	39,192.00		379.20	5.52%	3.87%
1.9%	Healthcare			104,043.46		81,270.20		393.12	2.27%	2.90%

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Account Position Report

FOR: STUDENTS' SOCIETY OF MCGILL UNIV. (2) (#Q1O2-491KML)

As at March 12, 2021

Currency: CAD

Advisor: Q1O2

Created on March 15, 2021

% of Total	Position	Quantity	Average Cost	Book Value	Close Price	Market Value	Accrued Interest	Income on Current Positions YTD	Yield At Purchase**	Yield At Last Closing**
0.8%	CARERX CORP	6,820	7.0563	48,123.87	5.15	35,123.00		0.00		
0.9%	SIENNA SENIOR LIVING INC ⁱ	2,520	16.1564	40,714.09	14.16	35,683.20		393.12	5.79%	6.61%
0.3%	THINK RESEARCH CORP	3,270	4.65	15,205.50	3.20	10,464.00		0.00		
6.7%	Industrial			188,368.79		280,836.90		1,111.02	2.97%	1.99%
1.5%	AG GROWTH INTL INC	1,600	36.116	57,785.52	40.11	64,176.00		240.00	1.66%	1.50%
0.5%	CALIAN GROUP LTD ⁱ	370	35.0129	12,954.78	60.39	22,344.30		103.60	3.20%	1.85%
0.8%	CANADIAN NATIONAL RAILWAY	240	96.887	23,252.88	144.29	34,629.60		0.00	2.54%	1.70%
0.9%	K-BRO LINEN INC	900	38.1174	34,305.66	39.61	35,649.00		180.00	3.15%	3.03%
1.1%	LOGISTEC CORP CL-B SV	1,200	9.1394	10,967.30	37.38	44,856.00		123.42	4.50%	1.10%
0.6%	MORNEAU SHEPELL INC	800	28.34	22,672.00	33.69	26,952.00		104.00	2.75%	2.32%
1.2%	SAVARIA CORPORATION	3,000	8.8102	26,430.65	17.41	52,230.00		360.00	5.45%	2.76%
0.9%	Materials			29,189.24		36,047.40		0.00	1.50%	1.22%
0.9%	STELLA JONES INC	730	39.9853	29,189.24	49.38	36,047.40		0.00	1.50%	1.22%
0.9%	Real Estate			34,004.83		37,272.99		121.95	3.12%	2.85%
0.5%	CDN APT PPTYS REIT T/U	400	45.6184	18,247.36	54.49	21,796.00		92.00	3.03%	2.53%
0.4%	FLAGSHIP COMMUNITIES REIT	800	USD 15.011	15,757.47	USD 15.51	15,476.99		29.95	3.23%	3.29%
5.0%	Technology			119,030.57		209,204.90		90.35	0.30%	0.17%
0.3%	BAYLIN TECHNOLOGIES INC	9,891	2.3687	23,428.96	1.20	11,869.20		0.00		
0.0%	BAYLIN TECHS INC 1MAY21	265	0.736	195.04	1.20	318.00		0.00		
0.2%	BAYLIN TECHS INC 16APR21	6,900	0.75	5,175.00	1.20	8,280.00		0.00		
0.7%	CGI INC CL-A SUB VTG	300	64.3427	19,302.82	100.29	30,087.00		0.00		
0.3%	KINAXIS INC	100	81.54	8,154.00	136.43	13,643.00		0.00		
1.4%	MDF COMMERCE INC	4,600	4.7609	21,900.14	12.88	59,248.00		0.00		
0.5%	PIVOTREE INC	2,080	10.5521	21,948.37	9.00	18,720.00		0.00		
1.6%	TECSYS INC	1,390	13.616	18,926.24	48.23	67,039.70		90.35	1.91%	0.54%
0.0%	WTS-BAYLIN TECHS 15DEC22	3,450	0.00	0.00	0.00	0.00		0.00		
3.2%	Telecommunication Services			108,581.35		132,954.00		1,464.22	5.49%	4.48%
0.8%	BCE INC	600	35.6826	21,409.57	56.48	33,888.00		499.50	9.81%	6.20%

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Account Position Report

FOR: STUDENTS' SOCIETY OF MCGILL UNIV. (2) (#Q1O2-491KML)

As at March 12, 2021

Currency: CAD

Advisor: Q1O2

Created on March 15, 2021

% of Total	Position	Quantity	Average Cost	Book Value	Close Price	Market Value	Accrued Interest	Income on Current Positions YTD	Yield At Purchase**	Yield At Last Closing**
2.0%	TELUS CORP	3,100	11.6314	36,057.28	26.61	82,491.00		964.72	10.70%	4.68%
0.4%	TVA GROUP INC CL-B NV	7,500	6.8153	51,114.50	2.21	16,575.00		0.00		
6.6%	Utilities			113,853.76		276,654.00		900.00	5.87%	2.42%
3.5%	BORALEX INC CL-A	3,600	11.3727	40,941.88	41.17	148,212.00		0.00	5.80%	1.60%
0.7%	BROOKFIELD INFRA PTNR LPU	420	54.7802	23,007.67	66.35	27,867.00		0.00	4.65%	3.84%
2.4%	INNERGEX RENEWABLE ENERGY	4,500	11.0898	49,904.21	22.35	100,575.00		900.00	6.49%	3.22%

ⁱ: There is a note on record for this holding.

** The yields displayed are the Yields to Maturity for the Fixed Income and the Current Yields for the Stocks.

Account Summary

Account ID	T/D cash balance	S/D cash balance	Loan Value	Funds available	Market Value	Total Value
Cash-A (491KMLA)	36,046.25	36,046.25	N/A	36,046.25	4,167,370.91	4,203,417.16
Totals	36,046.25	36,046.25	0.00	36,046.25	4,167,370.91	4,203,417.16

Accrued Interest:	19,463.46
Total Value (Including Accrued Interest):	4,222,880.62



Internal Rate of Return Report

FOR: STUDENTS' SOCIETY OF MCGILL UNIV. (2) (#Q1O2-491KML)

As at December 31, 2020

Advisor: Q1O2

Currency: CAD

Created on March 15, 2021

Period	1 Month	3 Months	YTD	1 Year	2 Years	3 Years	5 Years	10 Years	Inception
Beginning date	2020/11/30	2020/09/30	2019/12/31	2019/12/31	2018/12/31	2017/12/29	2015/12/31	2010/12/31	2007/09/28
Beginning Market Value (incl. Accrued Interest)	4,090,038	4,038,446	3,832,095	3,832,095	3,477,071	3,613,330	2,855,427	2,258,269	0
Inflows	0	0	0	0	0	0	0	0	1,800,210
Outflows	-17,296	-74,227	-74,227	-74,227	-74,227	-74,227	-74,227	-74,227	-74,227
Ending Market Value as of 2020/12/31 (incl. Accrued Interest)	4,200,936	4,200,936	4,200,936	4,200,936	4,200,936	4,200,936	4,200,936	4,200,936	4,200,936
Internal Rate of Return (annualized)	3.14%	5.92%	11.59%	11.59%	10.88%	5.75%	8.40%	6.59%	6.74%
Internal Rate of Return (cumulative)	3.14%	5.92%	11.59%	11.59%	22.98%	18.33%	49.75%	89.35%	137.51%

- The Internal Rate of Return (IRR) is a money-weighted return.