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**Subject:** Investment Report

**Staff Report No.** FI-006-26

**Department/  
Commission:** Finance Services Commission

**Date:** April 15, 2026

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**Recommendation:**

- 1) That Council receive Report FI-006-26 for information.

**Report Highlights**

- This report meets the statutory provisions within the Municipal Act with respect to reporting on the Town’s Investment Portfolio.
- Strong portfolio returns in 2025 were driven by strategic reinvestment of realized gains, favourable bond and equity market performance, and redeployment of operating cash not required for day-to-day operations
- As of December 31, 2025, the Town’s investments are in compliance with the Town’s Investment Policy (AP84).

**1. Purpose:**

The purpose of this report is to inform Council with respect to the investment portfolio of the Town. The report meets statutory provisions within the Municipal Act, 2001 and provides additional information to Council with respect to the management of investment funds under the Town’s Investment Policy annual reporting requirement.

**2. Background:**

Investments are governed by the Municipal Act, 2001, Ontario Regulation 438/97 (“the Regulation”), and the Town’s Investment Policy (“the Policy”) dated June 2023. These frameworks define permissible investment types and require regular reporting, all with the objective of prudent risk management.

The Town employs an asset allocation approach designed to improve returns while maintaining risk levels aligned with the investment policy’s objectives, including capital

preservation. Liquidity is a key consideration, ensuring timely access to funds; however, highly liquid investments typically yield lower returns. As such, the Town must carefully balance availability of funds against opportunities for enhanced returns.

Ongoing positive returns in 2025 have enabled the Town to strategically reinvest proceeds, thereby strengthening overall portfolio balances. The Town actively monitors market trends and conducts regular reviews of cash flow requirements to identify reinvestment opportunities. Funds not needed for short-term obligations are allocated to investments that optimize returns and support reserve balances.

### 3. Analysis:

The Treasurer has a responsibility to ensure that funds not required for day-to-day transactions are invested to generate a desirable rate of return, while investing in a manner that is consistent with the Town’s Investment Policy and Provincial regulations under the Municipal Act, 2001.

#### 3.1 The Investment Policy

The Town’s Investment Policy must comply with O. Reg 438/97 and may impose stricter standards but not less restrictive. Both the Regulation and Policy mitigate investment risks by setting clear requirements, including constraints on eligible securities and minimum credit ratings. If an investment’s credit rating falls below the Policy or Regulation standard, it must be sold within a set timeframe. No investments failed to meet these standards in 2025.

Further, investments must be consistent with investment policies and goals adopted by the Town. A key requirement within the Town’s policy speaks to the term limitation of investments. This is in place to ensure that the Town always has adequate liquidity. As shown in Table 1, the Town’s portfolio meets the term limitations established with the Policy and as of December 31, 2025, held 32% (2024 – 40%) of its’ investments with a maturity date deemed to be within one (1) year.

**Table 1: Term Limitation within Investment Portfolio**

Term Limitation	Range of Investment	Actual Portfolio
Less than 90 Days	20% to 100%	23.69%
Less than 1 Year	30% to 100%	32.15%
From 1 year up to, but not including 5 years	0% to 85%	39.17%
From 5 years up to, but not including 10 years	0% to 50%	28.68%
From 10 years up to 20 years	0% to 30%	0%

While maintaining adherence to the Municipal Act, 2001 and Ontario Regulation 438/97, the Town’s investment policy provides flexibility around the investment options available to the Town. The Treasurer has reviewed the Town’s investment policy, and no updates are required as of December 31, 2025. As the Town’s portfolio continues to grow, future

policy revisions may be required to ensure that the Town can continue to make the appropriate strategic investment decisions in a prudent manner and in adherence to the Municipal Act and the Regulation.

### 3.2 Investment Strategy

In 2025, the Town continued to utilize a range of investment options, including the ONE Investment Program (OIP), direct fixed income securities, and High Interest Savings Accounts (HISA). The OIP, managed by external professional investment firms, ensures regulatory compliance for municipal investments.

Liquidity is central to the Town’s allocation strategy, ensuring financial obligations are met in a timely manner. High liquidity is available through pooled funds like OIP, individual bond investments, and short-term vehicles such as HISAs. The Town also keeps sufficient funds in its operating account to cover daily operations and limit reliance on other liquid assets.

In 2025, the Town continued to maintain a diversified fixed income portfolio that balanced growth and liquidity. Throughout the year, favourable gains were realized and reinvested, particularly in the CIBC portfolio. By making timely redemptions, the Town enhanced the portfolio’s flexibility and resilience even further.

The portfolio allocation in Figure 1 highlights the breakdown of the Town’s Investment Portfolio, including funds held with its RBC operating account, as of December 31, 2025.

**Figure 1: Investment Portfolio Asset Allocation as of December 31, 2025**

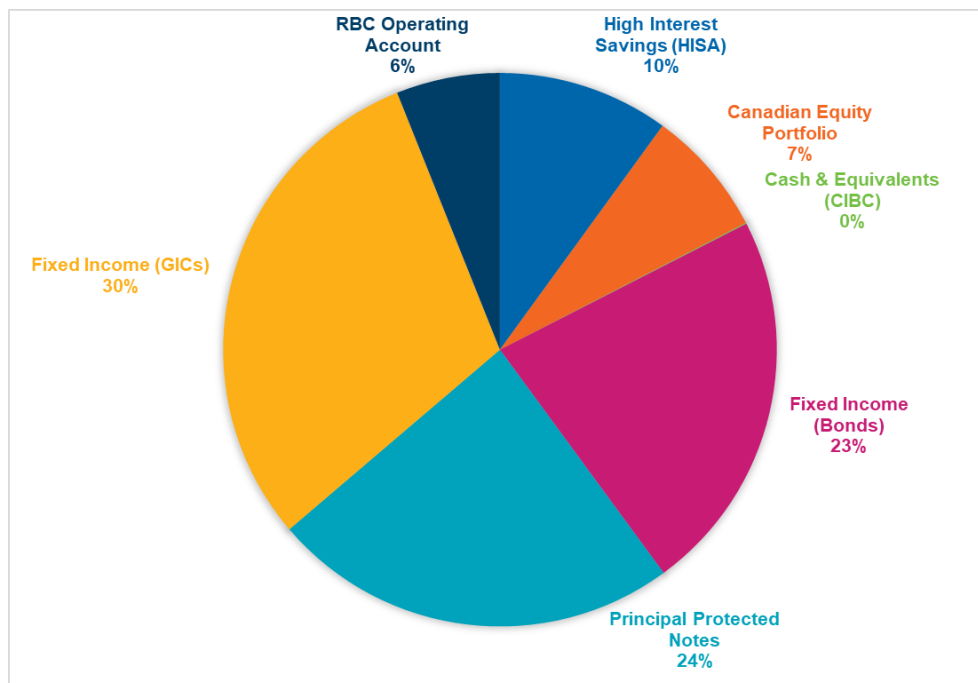


Table 2 compares the portfolio weighting from the start to the end of 2025, using the market value of the holdings. The allocation percentages stayed fairly consistent relative to 2024. Toward the end of 2025, funds that were not required for general operations were reinvested into the CIBC portfolio. This resulted in principal protected notes making up a higher share and the RBC Operating account holding a smaller share compared to 2024.

**Table 2: Portfolio Weighting in 2025**

	Percentage of		Percentage of	
	Market Value at	Total Portfolio	Market Value at	Total Portfolio at
	01/01/2025	01/01/2025	12/31/2025	12/31/2025
<b>ONE Investment Program</b>				
High Interest Savings (HISA)	\$ 13,069,024	10.2%	\$ 13,463,615	10.0%
Canadian Equity Portfolio	9,715,224	7.6%	9,990,186	7.4%
Subtotal	<b>\$ 22,784,248</b>	<b>17.7%</b>	<b>\$ 23,453,801</b>	<b>17.4%</b>
<b>CIBC Wood Gundy**</b>				
Cash & Equivalents (CIBC)	\$ 171,179	0.1%	\$ 80,332	0.1%
Fixed Income (Bonds)	\$ 31,465,528	24.5%	\$ 30,235,177	22.4%
Principal Protected Notes	\$ 16,977,430	13.2%	\$ 32,085,055	23.8%
Subtotal	<b>\$ 48,614,137</b>	<b>37.9%</b>	<b>\$ 62,400,564</b>	<b>46.2%</b>
<b>RBC Dominion Securities</b>				
Cash & Equivalents (RBC)	\$ -	0.0%	\$ 275,833	0.2%
Fixed Income (GICs)	39,428,461	30.7%	40,643,337	30.1%
Subtotal	<b>\$ 39,428,461</b>	<b>30.7%</b>	<b>\$ 40,919,170</b>	<b>30.3%</b>
<b>RBC Banking Services</b>				
RBC Operating Account	\$ 17,568,491	13.7%	\$ 8,156,297	6.0%
<b>Total Portfolio</b>	<b>\$ 128,395,337</b>		<b>\$ 134,929,832</b>	

Overall, liquidity remains high within the portfolio, maximizing flexibility and ensuring that the Town has sufficient funds to meet operating and capital needs.

### 3.3 Performance of the Portfolio to December 31, 2025

Portfolio performance saw continued growth in 2025, driven by favourable market conditions that enabled the Town to realize and reinvest gains. The OIP Canadian Equity Portfolio continued to grow, reflecting Canada's strong equity market despite U.S. tariff impacts globally.

Although Bank of Canada rate cuts led to lower returns for operating accounts, HISA accounts, and reinvested GICs, the Town maintained competitive earnings.

2025 was also a significant year of growth within the CIBC portfolio, as active management allowed staff to realize and reinvest substantial gains to grow the portfolio.

Staff continued to look for opportunities to diversify and maximize returns, while also insulating the overall portfolio from volatility of the global economic climate.

Notable transactions included \$1.5M withdrawn from the OIP Canadian Equity Portfolio and \$6M withdrawn from the RBC operating account, both reinvested in the CIBC portfolio.

Table 3 provides a comparison between book value and market value as of December 31, 2025, and highlights the unrealized gains and losses associated with each of the Town's investments.

**Table 3: Book Value vs. Market Value Comparison**

	Book Value at 12/31/2025	Market Value at 12/31/2025	Unrealized Gains (losses) at Year end
<b>ONE Investment Program</b>			
High Interest Savings (HISA)	\$ 13,463,615	\$ 13,463,615	\$ -
Canadian Equity Portfolio	6,791,153	9,990,186	3,199,033
Subtotal	<b>\$ 20,254,768</b>	<b>\$ 23,453,801</b>	<b>\$ 3,199,033</b>
<b>CIBC Wood Gundy**</b>			
Cash & Equivalents (CIBC)	\$ 80,332	\$ 80,332	\$ -
Fixed Income (Bonds)	\$ 27,964,591	\$ 30,235,177	\$ 2,270,585
Principal Protected Notes	\$ 30,484,000	\$ 32,085,055	1,601,055
Subtotal	<b>\$ 58,528,923</b>	<b>\$ 62,400,564</b>	<b>\$ 3,871,640</b>
<b>RBC Dominion Securities</b>			
Cash & Equivalents (RBC)	\$ 275,833	\$ 275,833	\$ -
Fixed Income (GICs)	39,956,000	40,643,337	687,337
Subtotal	<b>\$ 40,231,833</b>	<b>\$ 40,919,170</b>	<b>\$ 687,337</b>
<b>RBC Banking Services</b>			
RBC Operating Account	\$ 8,156,297	\$ 8,156,297	-
<b>Total Portfolio</b>	<b>\$ 127,171,822</b>	<b>\$ 134,929,832</b>	<b>\$ 7,758,010</b>

The unrealized gains represent increases in the market value of securities held within the Town's portfolio. These securities are still invested; thus, this amount will fluctuate until the time that the security either matures or is sold.

Canadian equities delivered strong results in 2025 despite global uncertainty, supported by stable inflation, declining interest rates, and modest economic growth. ONE Investment's Canadian Equity Portfolio generated a strong full-year return, although it modestly lagged the broader market in the fourth quarter. This difference largely reflects the portfolio's deliberate emphasis on high-quality, financially resilient companies and

lower exposure to volatile commodity sectors. This performance allowed the Town to achieve growth in the equity portion of its' portfolio of 15.73%.

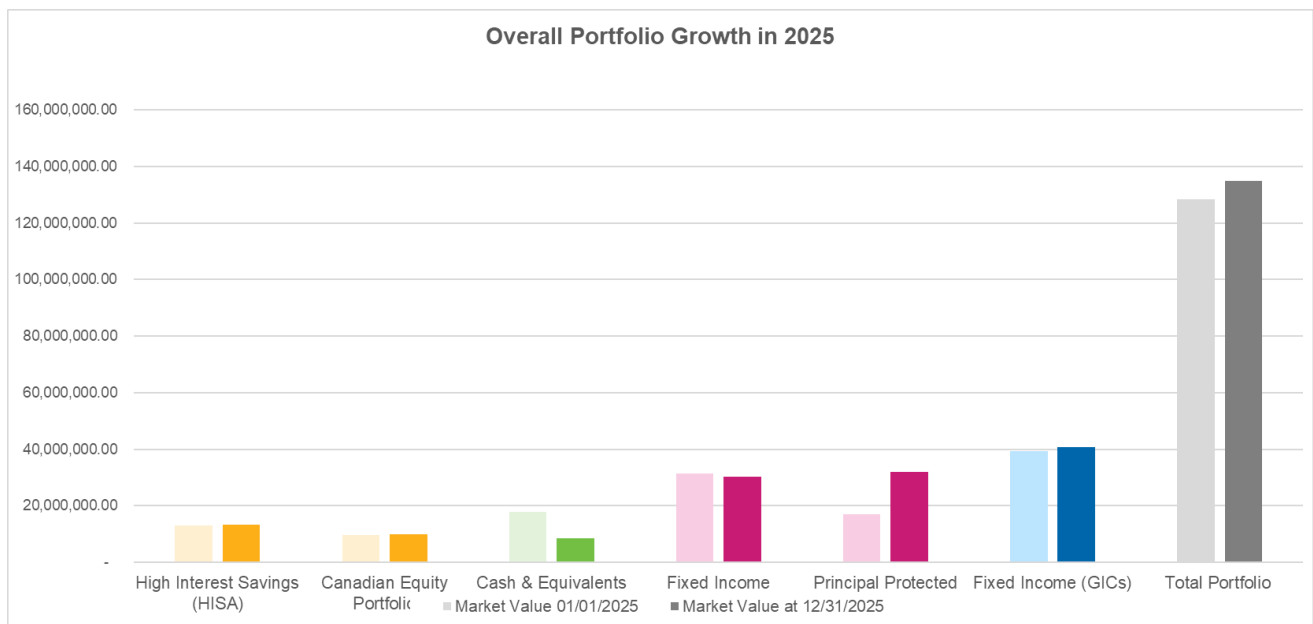
Table 4 outlines the year over year growth that each portion of the portfolio earned in 2025.

**Table 4: Portfolio Performance**

<b>Actual Returns Received (%)</b>		
	<b>2024</b>	<b>2025</b>
<b>ONE Fund HISA</b>	5.17	3.33
<b>ONE Fund Equity</b>	12.84	15.73
<b>RBC GIC</b>	3.67	3.78
<b>CIBC Portfolio</b>	4.13	7.96

In 2025, portfolio growth is attributed to interest income, appreciation in the bond and equity markets, and an additional contribution of \$6M in cash which was not required for ongoing operations. Figure 2 provides a visual of the overall growth in the portfolio. The total portfolio had a market value of \$134.9 million, including the RBC Operating account at year end. Invested funds had a market value of \$126.8 million with this money continuing to be invested to ultimately fund the projects identified within the Town's Operating and Capital budget and forecast.

**Figure 2: Overall Portfolio Growth in 2025**



### 3.4 2025 Portfolio Transactions

Ontario Regulation 438/97 stipulates that all portfolio transactions over the course of the year must be presented as part of the annual report. Table 6 outlines the transactions that took place within each of the Town’s investment accounts during 2025. Notable transactions included \$1.5M withdrawn from the OIP Canadian Equity Portfolio and \$6M withdrawn from the RBC operating account, both reinvested in the CIBC portfolio.

**Table 6: 2025 Portfolio Transactions**

**Table 8: Portfolio Transactions - January 1 to December 31, 2025**

Account	Opening	Deposits / Withdrawals <sup>(1)</sup>	Reinvested Income	Market Value Gains (Losses)	Closing
<b>ONE Investment Program</b>					
HISA	\$ 13,069,024	(45,776)	440,367	-	\$ 13,463,615
<b>Canadian Equity</b>					
Book Value	\$ 6,733,640	(1,500,000)	1,557,512	-	\$ 6,791,153
Market Value	\$ 9,715,224	(1,500,000)	1,077,578	697,384	\$ 9,990,186
Account	Opening	Deposits/ Reinvestments	Redeemed/ Withdrawals	Interest	Closing
<b>RBC Dominion Securities</b>					
Cash	-	8,444,041	(9,912,536)	1,468,496	-
Mutual Funds	324,505	926,536	(981,041)	5,833	275,833
Fixed Income	39,103,956	8,986,000	(7,463,000)	16,381	40,643,337
Account	Opening	Deposits / Reinvestments <sup>(2)</sup>	Redeemed/ Withdrawals	Interest	Closing
<b>CIBC Wood Gundy</b>					
Cash	\$ 80,225.75	45,435,113	(49,301,882)	3,861,785	\$ 75,242
Fixed Income	\$ 31,465,528.26	3,324,000	(5,379,904)	825,552	\$ 30,235,177
Mutual Funds	\$ 90,953.63	15,493,882	(15,592,209)	12,465	\$ 5,091
Principal Protected Notes (PPN's)	\$ 16,977,429.64	30,484,000	(16,963,000)	1,586,625	\$ 32,085,055

Notes:

ONE Investment Program

(1) \$1.5M was withdrawn from ONE Fund and reinvested in the CIBC portfolio in 2025. \$45,776 was also withdrawn to invest activity attributable to the Stouffville Cemetery in separate GIC.

CIBC Wood Gundy:

(2) Deposits/Reinvestments figures include reinvested income and matured principal, as well as \$6M investment of cash from the RBC Operating Account.

### 3.5 2026 Outlook

As planned, a portion of the Town’s fixed income investments will mature in 2026. Proceeds will be reinvested with consideration given to liquidity requirements, prevailing market conditions, and available investment options.

Canada is expected to experience modest economic growth in 2026, reflecting slower population growth, a soft labour market, and ongoing trade uncertainty. Inflation has largely returned to the Bank of Canada's 2% target, supported by easing domestic demand, though risks remain from energy prices and geopolitical events. Overall, economic conditions point to a low-growth, low-inflation environment rather than a pronounced expansion or recession.

This outlook supports a prudent and diversified investment approach, emphasizing capital preservation, liquidity, and stable income. Relative interest rate stability reduces reinvestment risk compared to prior years, while continued economic uncertainty reinforces the importance of high-quality credit exposure and a cautious approach to equities, consistent with the Town's Investment Policy.

The Town remains well positioned to manage this environment and any market volatility that may arise in 2026. Staff actively monitor cash balances to ensure liquidity needs are met, continue to realize and reinvest favourable gains where appropriate, and invest in securities that help mitigate volatility risk. Should suitable investment opportunities arise, staff will work with the Town's investment advisors to further strengthen the portfolio in alignment with Council-approved policy.

### **3.6 Compliance to Investment Policy**

As of December 31, 2025, the Town's investments are in compliance with the Town's Investment Policy AP84. The Treasurer has reviewed the policy, and no updates are required at this time.

### **4. Financial Implications:**

There are no direct financial implications arising from this report.

### **5. Broader Intergovernmental Impacts and/or Considerations:**

None.

### **6. Communication:**

None.

### **7. Alignment with Strategic Plan:**

1. Good Governance  
Provide Good Governance

**8. Attachments:**

None

**9. Related Reports:**

None

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**For further information on this report, please contact the Department Head:** Jeremy Harness, Commissioner of Finance / Treasurer at 905-640-1910 or 1-855-642-8697 ext. 2243 or via email at [jeremy.harness@townofws.ca](mailto:jeremy.harness@townofws.ca).

**Review Confirmation:**

Reviewing Division	Review Required?				Reviewed By
Finance	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>	Yes	JH
Legal	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	
Communications	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	
Clerks	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>	Yes	