



Final Investment Board

Wednesday, May 14, 2025

2:00 PM

7th Floor Boardroom

INVESTMENT BOARD REPORT For consideration by Finance and Responsible Governance Committee on June 4, 2025.

The meeting was called to order by the Chair, G. Winters at 2:01 p.m. The following were in attendance for the meeting:

Present: 5 - G. Waters, Chair
C. Smith, City Treasurer
P. Belanger
M. Vallee
G. Winter

STAFF:

Coordinator of Elections and Special Projects, T. McArthur
Investment Analyst, J. Bayley
Portfolio Manager, T. Rayaisse
Senior Manager of Corporate Finance and Investments, C. Gillespie.

The Investment Board met and reports as follows:

ASSET ALLOCATION

G. Waters, Chair, provided an overview of the 2024 Investment Management Report presented at the April 9, 2025, Finance and Responsible Governance Committee meeting. He advised that the presentation was well received by the Committee and Council members who attended the meeting.

J. Bayley, Investment Analyst, and T. Rayaisse, Portfolio Manager, discussed the first quarter (Q1) investment results for 2025, focusing on asset allocation, portfolio performance, and market outlook.

Mr. Bayley reported the Prudent Investor Portfolio's allocation:

- Fixed Income: 63%
- Equity: 19%
- Money Market: 17%

The money market allocation increased slightly from Q4 2024 to enhance portfolio liquidity.

PORTFOLIO PERFORMANCE

Mr. Bayley discussed the Q1 portfolio performance as of March 31, 2025, highlighting the portfolio return, benchmark return, and relative performance. He noted that despite a volatile start to the year, the portfolio performed well and outperformed its benchmark in the first quarter.

Overall Performance:

- Prudent Investor Total Return: 1.31%
- Benchmark: 1.17%
- Relative Return: +0.14%

Mr. Bayley discussed the following performances by asset class for the Operating Fund, Capital Fund, and Growth Fund:

- Operating Fund (Money Markets): 1.12% return, +0.31% vs. benchmark 0.81% (Canada 90-Day Treasury Bill Index TR);
- Capital Fund (Fixed Income): 2.06% return, +0.01% vs. benchmark 2.05% (Canada Agg. 1-10 Year Index TR). Maintained strong credit quality and favorable curve positioning; and
- Growth Fund (Equities): -1.34% return, +0.09% vs. benchmark -1.43% return (50% S&P/TSX Comp, 50% S&P 500 Index CAD). Outperformance achieved despite market volatility.

All three funds outperformed their benchmarks.

MARKET OUTLOOK

Mr. Bayley and Mr. Rayaisse provided the following insights:

- Global markets remain volatile amid continued U.S. political uncertainty;
- Bank of Canada expected to remain cautious; rate cuts anticipated;
- U.S. equity markets are underperforming due to economic and inflation concerns;
- Canadian and international equities showing relative strength; and
- Tariffs heavily impacting growth sectors (e.g., technology and discretionary).

The investment portfolio demonstrated resilience in a challenging market environment, with disciplined strategy and prudent risk management contributing to positive relative returns.

ADJOURNMENT

The meeting adjourned at 2:33 p.m.

CHAIRMAN