



Staff Report to Council - for Information

Title: 2024 Annual Investment Report

From: Sam Dinsmore, Director of Corporate Services

Date: May 1, 2025

Report Number: CS-2025-016

Report Purpose:

This report is for information.

Report Summary:

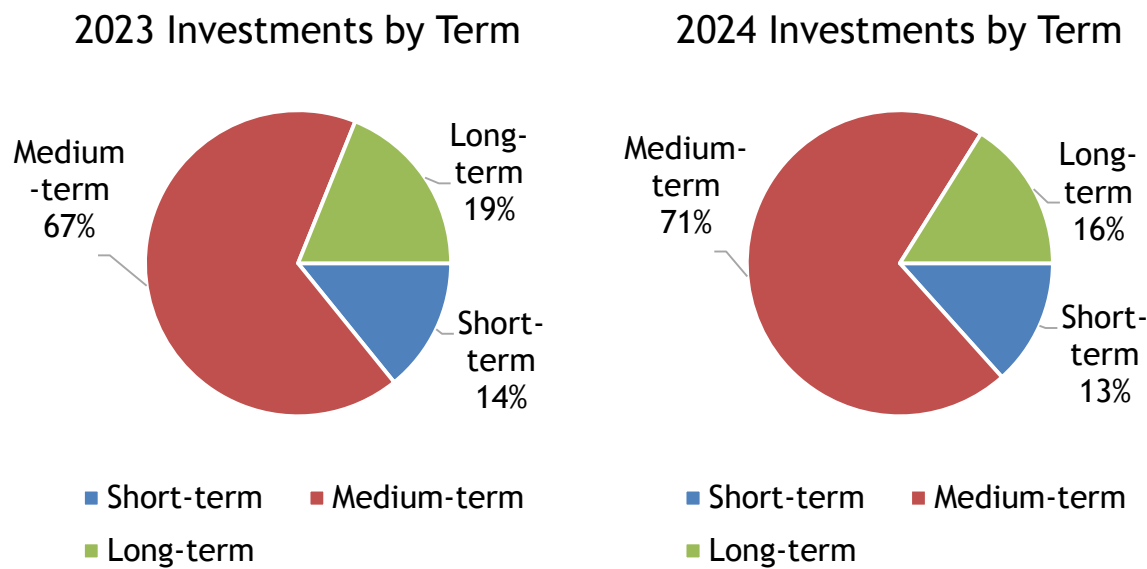
[Ontario Regulation 438/97](#) and as amended by [Ontario Regulation 292/09](#) requires an annual investment report be made to Council as outlined in the criteria in the regulations.

Background/Analysis:

The following report provides details of the investments of the County of Bruce and Bruce County Housing Corporation (BCHC). The funds are invested according to Ontario regulations and in line with the County Investment Policy and cashflow needs. Appendix 1 provides a breakdown of the initial contribution, holdings, and redemption value for each investment.

As the County continues with its investment laddering strategy to diversify timing risk, and provide more flexibility to address changing cashflow needs, the investment term remained comparable to prior year. With minor increases in the medium-term investments being offset by reductions in long and short-term investments. These variations are a result of slight differences in the amount maturing each year. The timing allocations continue to align well with the County's investment strategy.

CHART 1: INVESTMENT CATEGORY FOR ALL BRUCE COUNTY & BCHC CONTROLLED INVESTMENTS



CORPORATION OF THE COUNTY OF BRUCE (COUNTY) INVESTMENTS

The County funds are held in principal protected notes issued by CIBC. These notes can be sold prior to maturity on the secondary market however the only eligible purchaser is CIBC who also reserves the right to set the purchase price as established in the applicable Information Statement and agreed to at the time of purchase. The principal on all the notes held by the county is guaranteed by CIBC if held to maturity.

If the investment is sold prior to maturity, then the sale price may be above or below the purchase price (settlement value). Notes may be sold before maturity if the forecast for the underlying assets is expected to go down before maturity, or to “lock-in” the existing gains as principal. The bank may make these recommendations at any time leading up to the maturity of the investment based on their research and forecasts. At this time the County has only proceeded with early redemptions in scenarios where the sale price was above the initial purchase price.

Appendix 2 provides brief informal descriptions of the investments with CIBC as they were custom designed for Bruce County and are not available to the public. Comprehensive details are outlined in the official Information Statements issued by CIBC for each investment.

2024 COUNTY INVESTMENT ACTIVITY

In January 2024, the Canadian Financial Growth Note and Canadian Large Capital Index both matured, and were redeemed for \$2,404,200 and \$5,464,000 respectively. This reflected total gains of \$1,868,200 over the initial investment.

Of the matured funds, \$7.5 million were reinvested in principal protected notes with CIBC, allocated as follows; \$1.5 million to Canadian Blue Chip Index maturing in 2031, \$2,000,000 to Canadian Growth Index maturing in 2031, and \$4 million to Canadian Equal Weighted Bank Index maturing in 2029. The \$368,200 was paid out to the County as cash.

County Investment Returns

The Canadian Guaranteed Yield investments earn interest that is deposited to the County’s bank account on an annual basis, while the other investment distribute returns at maturity. The inclusion of this interest results in an adjustment to the annual rate of return and the investment value allows the county to compare investments that provide both yields in the form of an annual payout and those that provide returns in the form of increased value paid out at maturity. The County’s initial investment was \$18 million, and the value received at the end of 2024 had grown to \$23,315,320.

CHART 2: CIBC INVESTMENTS CUMULATIVE ADJUSTED PAR VALUE

NAME	INITIAL	2018	2019	2020	2021	2022	2023	2024
CANADA BANKS	3,000,000	2,974,977	3,155,208	3,408,819	3,474,090	3,762,570	799,800	799,800
CANADA EQUITY	6,000,000	5,424,942	5,873,532	5,975,940	6,239,640	6,026,280	0	0
EUROPE EQUITY	3,000,000	2,598,294	2,922,099	3,112,950	3,444,660	32,100	32,100	32,100
CANADA FINANCE	2,000,000	1,792,440	1,891,390	2,024,100	2,442,280	2,262,340	2,413,480	404,200
CANADA LRG CAP INDEX						961,200	989,410	1,227,690
CANADA BANK INDEX						1,932,540	1,970,180	2,419,660
CANADA LARGE CAP.	4,000,000	3,710,204	4,334,152	4,427,040	5,562,880	5,340,520	5,470,640	0
CANADA YIELD 2028							4,318,245	4,717,980
CANADA YIELD 2030							4,281,705	4,754,880
CANADA EQUAL BANKS								4,890,240
CANADA BLUE CHIP								1,680,690
CANADA GROWTH								2,388,080
TOTAL	18,000,000	16,500,857	18,176,381	18,948,849	21,163,550	20,285,450	20,275,560	23,315,320

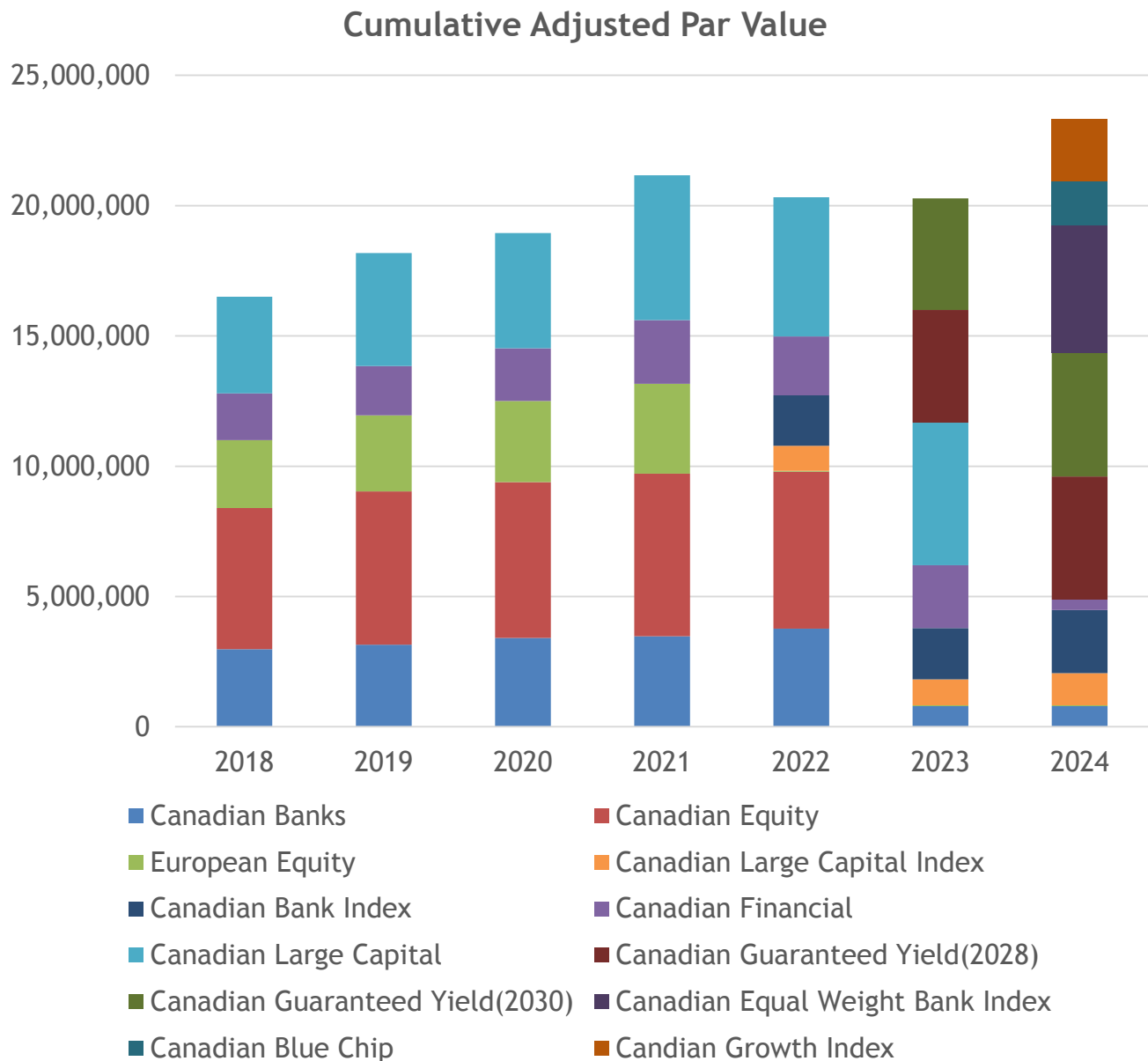


CHART 3: CIBC INVESTMENTS ANNUAL RATE OF RETURN

Term	1 Year (2024)	3 Year (2022-2024)	5 Year (2020-2024)	Lifetime (Since December 2017)
Per Year	15.92%	3.39%	5.27%	3.88%

Chart 3 represents the change in the value of the investments over the prior years. On average the county investments saw an increase of 15.92% in 2024.

In early 2024, long term GIC rates were starting to decline. The Treasurer reviewed, in conjunction with the County’s investment manager, and identified reasonable likelihood that the principal protected notes would meet or exceed the GIC rates over the short and long

term. The County also reviewed the Bond market but without principal guarantees found this to be outside of the County’s risk profile. After reviewing the cashflow needs of the County and investment policy the decision was made to reinvest in the principal protected notes.

The County holds short term funds outside of its investments in the County bank account with CIBC, which receives a competitive interest rate that exceeds all short term (less than one year) interest rates and GIC rates offered to the county, and provides increased flexibility to access funds without penalty. In 2024 \$1,556,465 in interest was earned on the County’s bank balance.

BRUCE COUNTY HOUSING CORPORATION (BCHC) INVESTMENTS

BCHC is restricted by regulation as to how it may invest its funds as according to the [Housing Services Act, 2011, Ontario Regulation 367/11 Section 98](#). [Encasa](#) Financial Inc. (Encasa) is a registered Investment Fund Manager specifically created to administer the Social Housing Investment Program. The program enables affordable housing providers to effectively invest their capital reserves and operating dollars.

The BCHC investment portfolio has 100% of its funds invested in the Encasa Canadian Short-Term Bond Fund (CSTBF). Encasa also offers a Canadian Bond Fund (CBF) and an Equity Fund (EF). Descriptions of the available funds are provided in Appendix 2.

All of the Encasa funds are no-load funds which means there are no sales fees to purchase or sell. The fees of the fund are charged through the management expense ratio (MER) which is expressed as a percentage of a fund’s average net assets for that year.

The BCHC funds are invested in accordance with Ontario Regulation 367/11 Section 98 and it is the opinion of the Treasurer that the investments meet the guidelines set by the legislation. BCHC does not currently have a separate investment policy. At this time the County policy is utilized to provide direction. No changes to BCHC investment holdings were made in 2024. BCHC has 100% of its funds in one investment and could consider diversification. A review of its investment goals and investment timelines plus the establishment of an investment policy would provide guidance for updating the asset mix.

CHART 4: ENCASA INVESTMENT FUNDS ANNUAL RETURNS AS % AND CUMULATIVE RETURNS

FUND	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CSTBF	1.9	0.7	-0.4	1.2	3.0	5.0	-1.8	-5.0	4.5	5.1
CBF	3.0	1.4	1.7	0.6	6.6	8.6	-3.5	-12.9	6.2	3.9
EF	20.0	13.6	14.4	-6.4	14.2	8.6	20.5	-15.7	13.6	33.9

INVESTMENTS OVERSEEN BUT NOT MANAGED BY BRUCE COUNTY

Bruce County, as the service system manager for housing and homelessness, has oversight responsibility for two non-profit housing corporations: Formosa Seniors Non-Profit Housing Corporation (Formosa Seniors) and Russell Meadows Non-Profit Accommodations Inc. (Russell Meadows). As Bruce County is only providing oversight, the investment funds are considered owned by Formosa Seniors and Russell Meadows as they are still incorporated as separate and distinct entities. As such, these funds are not included in this report. Staff will continue to monitor and provide oversight.

Financial/Staffing/Legal/IT Considerations:

There are no additional financial, staffing, legal or IT considerations associated with this report.

Interdepartmental Consultation:

The CAO's Office is kept up-to-date of any early redemptions or major investment decisions throughout the year.

Link to Strategic Goals and Objectives:

Growth and Innovation - Promote responsible growth

Link to Departmental Plan Goals and Objectives, if any:

None identified.

Report Author:

Lynn Hatten, Deputy Treasurer

Departmental Approval:

Sam Dinsmore, Director of Corporate Services

Approved for Submission:

Sean Morphy, Deputy Chief Administrative Officer

Appendix 1: Investment Holdings

CORPORATION OF THE COUNTY OF BRUCE

Purchase Date	Maturity Date	Term	Settlement Value	Par Value	Maturity Value	Investment or Number	Issuer
2018-01-10	2023-01-10	Short	3,000,000	-	3,000,000	CDN BKS CPN DEP NTS	CIBC
2018-01-10	2023-01-10	Short	6,000,000	-	6,000,000	CDN EQ GTD YLD DEP NTS	CIBC
2018-01-10	2022-10-27	Short	3,000,000	-	3,032,100	EURO IDX GROWTH DEP NTS	CIBC
2018-01-10	2024-01-10	Short	2,000,000	-	2,404,200	CDN FIN GROWTH DEP NTS	CIBC
2022-11-30	2027-11-30	Medium	1,000,000	1,227,690		GTH DPNT LKD CDN IDX AR CLF	CIBC
2022-11-30	2027-11-30	Medium	2,000,000	2,419,660		CDN BK IDX AR GTH DPNT CLF	CIBC
2018-02-16	2024-02-16	Short	4,000,000	-	5,464,000	CDN LG CAP SELECT IDX GWTH	CIBC
2023-02-10	2028-02-10	Medium	4,500,000	4,627,980		CDN IDX AR PFL GTD YLD DPNT (2028)	CIBC
2023-02-11	2030-02-11	Medium	4,500,000	4,664,880		CDN IDX AR PFL GTD YLD DPNT (2030)	CIBC
2024-02-01	2029-02-01	Medium	4,000,000	4,890,240		EQ WT CDN BK IDX AR GTH DPNT	CIBC
2024-02-03	2031-02-03	Long	1,500,000	1,680,690		CDN BC AR IDX GTH DPNT CLF	CIBC
2024-02-03	2031-02-03	Long	2,000,000	2,388,080		CDN IDX AR GTH DPNT CLF	CIBC
				21,899,220			

BRUCE COUNTY HOUSING CORPORATION

Settlement Date	Maturity Date	Term in days	Settlement Value	Par Value	Maturity Value	Investment or Number	Issuer
2019-07-31		Short	3,133,203	3,376,792		Class A Short-term Bond Fund	Worldsource Financial via Encasa
				3,376,792			

Appendix 2: Investment Fund Details

Canadian Banks Coupon Deposit Notes (Canadian Banks) - Matured in 2023

There were no funds held in this investment during 2024, as the investment was redeemed early in 2023.

Canadian Equity Guaranteed Yield Notes (Canadian Equity) - Matured in 2023

There were no funds held in this investment during 2024, as the investment was redeemed early in 2023.

European Index Growth Notes (European Equity) - Early Redemption 2022

There were no funds held in this investment during 2023, as the investment was redeemed early in 2022 for a small profit. The county decided on early redemption due to the uncertainty with regards to the war in Ukraine.

Canadian Financials Growth Deposit Notes (Canadian Finance) - Matured in 2024

Canadian dollar denominated investment with guaranteed principal in addition to variable interest, if any, based on the price performance of a notional equally weighted portfolio of common shares in even proportions in the following 5 Canadian financial companies: Bank of Montreal, The Bank of Nova Scotia, National Bank of Canada, Royal Bank of Canada, The Toronto-Dominion Bank.

Canadian Growth Linked Canadian Index (Canadian Large Capital Index)

Canadian dollar denominated investment with guaranteed principal in addition to variable interest, if any, based on 150% of the performance of the Solactive Canadian large-Cap 100 AR Index. The reference index aims to track the gross total return performance of the index, subject to a reduction of a synthetic dividend of 100 index points per annum.

Canadian Banks Index Growth Deposit Notes (Canadian Bank Index)

Canadian dollar denominated investment with guaranteed principal in addition to variable interest, if any, based on 370% of the performance of the Solactive Canada Bank 40 AR Index, provided that the maximum amount of Variable Interest that is payable is 60% of the Principal Amount. The Reference Index aims to track the gross total return performance of the Solactive Canada Bank TR Index, subject to a reduction of a synthetic dividend of 40 index points per annum.

Canadian Large Cap Select Index Notes (Canadian Large Capital) - Matured in 2024

Canadian dollar denominated investment with guaranteed principal in addition to variable interest, if any, based on 120% of the price return of the CIBC Canadian Large-Cap Select Index. The reference index is a proprietary rules-based index comprised of an equally weighted portfolio of equity securities of TSX-listed issues that exhibit low beta (low sensitivity to market fluctuations). The price return percentage is capped based on a variety of market factors at the time the notes were issued.

Canadian Index Portfolio Guaranteed Yield Notes 2028 maturity (Canadian Guaranteed Yield)

Canadian dollar denominated investment with guaranteed principal plus coupon payments between 2% and 6.7% annually, resulting in a maximum 33.5% payout over the life of the investment. The coupon rate will be determined based on an average of the 5 Reference Index Returns. The 5 indices cover 5 major Canadian industries: banking, insurance, pipelines, telecommunications, and utilities. In order to received the maximum return all 5 indices must have experienced positive returns in the year.

Canadian Index Portfolio Guaranteed Yield Notes 2030 maturity (Canadian Guaranteed Yield)

Canadian dollar denominated investment with guaranteed principal plus coupon payments between 2% and 7.3% annually, resulting in a maximum 51.1% payout over the life of the investment. The coupon rate will be determined based on an average of the 5 Reference Index Returns. The 5 indices cover 5 major Canadian industries: banking, insurance, pipelines, telecommunications, and utilities. In order to received the maximum return all 5 indices must have experienced positive returns in the year.

Canadian Equally Weighted Banks Index Growth Deposit Notes (Canadian Equal Bank) - New 2024

Canadian dollar denominated investment with guaranteed principal in addition to variable interest paid out at maturity, if any, based on 170% of the performance of the Solactive Equal Weight Canada Bank 21 AR Index, which aims to track the returns of the Canadian “Major Banks” returns including dividends. If the index return is negative the interest payment will be nil.

Canadian Index Growth Deposit Notes (Canadian Growth Index) - New 2024

Canadian dollar denominated investment with guaranteed principal in addition to variable interest at maturity, if any, based on 180% of the performance of the Solactive Canadian Large-Cap 100 AR Index, which aims to track the returns including dividends of the largest and most liquid companies on the Toronto Stock Exchange. If the index return is negative the interest payment will be nil.

Canadian Blue Chip Index (Canadian Blue Chip) - New 2024

Canadian dollar denominated investment with guaranteed principal in addition to variable interest at maturity, if any, based on 320% of the performance of the Solactive Canada Blue Chip AR Index, which aims to provide match returns inclusive of dividends of 10 blue chip companies on the Canadian Stock Market. If the index return is negative the interest payment will be nil.

Bruce County Housing Corporation**Encasa Canadian Short-Term Bond Fund (CSTBF)**

The Encasa Canadian Short-Term Bond Fund is managed by Encasa Financial and governed by the Encasa Responsible Investment Policy.

The investment objective of the Fund is to obtain a relatively high level of current interest income consistent with preserving capital and maintaining liquidity. It is suitable for shorter-term capital where there is a more immediate need for liquidity. The Fund invests primarily in high-quality debt obligations issued or guaranteed by the Government of Canada, provincial or territorial governments or their agencies, Canadian chartered banks, Canadian loan or trust companies, and Canadian corporations that meet the responsible investment criteria set for the Fund. It may also invest in debt instruments issued or guaranteed by international or supranational agencies, such as the World Bank.

The Fund is sub advised by Addenda Capital Management, a leading fixed income investment manager in Canada with a long-standing commitment to the principles of responsible and sustainable investing.

Encasa Canadian Bond Fund (CBF)

The Encasa Canadian Bond Fund is managed by Encasa Financial and governed by the Encasa Responsible Investment Policy.

The investment objective of the Fund is to generate a total investment return that is comprised of both income and realized/unrealized capital gains. It is suitable for medium term capital where there is no immediate need for liquidity.

The investments of the Fund are primarily bonds of Canadian governments and corporations with longer maturities, with a credit rating not lower than BBB and that meet the responsible investment criteria set for the Fund. The Fund may also invest in bonds or other debt instruments which are issued or guaranteed by international or supranational agencies, such as the World Bank, and other foreign issuers.

The Fund is sub advised by Addenda Capital Management.

Encasa Equity Fund (EF)

The Encasa Equity Fund is managed by Encasa Financial and governed by the Encasa Responsible Investment Policy.

The investment objective of the Fund is long-term capital growth achieved by investing in a diversified portfolio of companies largely located outside of Canada. The companies in the Fund are measurably working to improve the planet, minimize negative social and environmental impacts, and tend to be larger companies. In keeping with the Responsible Investment Policy, the Fund has a reduced exposure to companies in fossil fuel industries. The Fund is suitable for longer term capital where liquidity is not required.

The Fund is sub advised by Genus Capital Management, a long-standing leader in the Canadian investment industry in following the principles of responsible and sustainable investment.