



Town of Newmarket
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Fourth Quarter 2024 Investment Summary Information Report

Report Number: INFO-2025-08

Department(s): Financial Services

Author(s): Andrea Tang, Director of Financial Services / Treasurer

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Purpose

To inform the fourth quarter 2024 investment results.

Background

Financial Services reports on the Town's financial results on a quarterly basis. As recommended by the Fiscal Strategy, investment results are shown separately from the general quarterly financial update.

Investments are categorized as short-term and long-term. Expectation for short-term investments is to meet the annual budget of \$785,000. For long-term investments, return on investments are measured against the Non-Residential Construction Price Index as the benchmark.

Discussion

The Investment Summary for the twelve months ended December 31, 2024, shows a \$3.2 million surplus above benchmark.

Short-Term Investments

Short-term investments for the 2024 fiscal year had a \$1.5 million surplus with interest earned on bank balances averaged 5.17%. It is important to note that as the Bank of Canada interest rate starts to come down, interest being earned from bank balances will decline.

Long-Term Investments

Long-term investments were \$1.6 million above the benchmark at 3.7% (based on the fourth quarter 2024 non-residential construction price index).

At the end of the fourth quarter 2024, the fair market value (FMV) of our investments exceeded their principal value.

The long-term investment portfolio of \$106.8 million as of December 31, 2024 included:

- i) \$31.9 million (29.9%) Guaranteed Investment Certificates (“GIC”) with major banks
- ii) \$28.0 million (26.2%) in Canadian equities
- iii) \$20.0 million (18.7%) Principal-Protected Notes (“PPN”)
- iv) \$20.0 million (18.7%) in Bonds
- v) \$6.9 million (6.5%) in non-traditional investments (internal loans)

Guaranteed Investment Certificates (GIC) include purchases on the secondary market (cost \$31.9 million against Fair Market Value (FMV) \$33.0 million).

Canadian Equities are a basket of shares that are actively bought and sold by ONE Investment (cost \$28.0 million against FMV \$30.5 million). Capital gains or losses are recognized when units are sold.

Principal-Protected Notes (PPN) have a guaranteed rate, which is realized, and a potential capital gain based on its underlying products – usually a stock market index (cost \$20.0 million against FMV \$26.2 million). Gains or losses are recognized at maturity.

Bonds are similar to Canadian equities with an active market, but only the principal is guaranteed at maturity. They are also similar to PPNs with underlying products that unrealized gains or losses may fluctuate. Gains and losses are recognized at maturity (cost \$20.0 million against FMV \$20.7 million).

Non-traditional investments are internal loans with no FMV.

Consultation

Not applicable.

Conclusion

In the opinion of the Treasurer, all investments made were in line with the investment policies, strategies and goals adopted by the Town. As per the goals approved in staff report 2022-09, the Town’s investment in the equity market does not exceed 40% of the total investment portfolio.

Council Priority Association

This report aligns with Council's core values for Financial Sustainability.

Human Resource Considerations

Not applicable.

Budget Impact

All investment returns on reserves have been allocated to the corresponding reserves.

Attachments

Attachment 1: Investment Summary for the Twelve Months Ended December 31, 2024

Attachment 2: Investment Details for the Twelve Months Ended December 31, 2024

Approval for Distribution

Andrea ang, CPA, CA

Director, Financial Services / Treasurer

Esther Armchuk, LL. B

Commissioner, Corporate Services

Report Contact

For more information on this report, contact info@newmarket.ca.

Attachment 1: Investment Summary for the Twelve Months Ended Dec 31, 2024

	Short-term investments				Long-term Investments				Consolidated			
	Principal Dec 31, 2024	Return on Investment	Benchmark	Surplus / shortfall (-)	Principal Dec 31, 2024	Return on Investment	Benchmark	Surplus / shortfall (-)	Principal Dec 31, 2024	Return on Investment	Benchmark	Surplus / shortfall (-)
Active investments												
Guaranteed Investment Certificates (GIC)				\$ -	\$ 31,885,056	\$ 1,300,561	\$ 967,211	\$ 333,350	\$ 31,885,056	\$ 1,300,561	\$ 967,211	\$ 333,350
Canadian equities				-	28,005,173	960,435	960,435	-	28,005,173	960,435	960,435	-
Principal-Protected notes (PPN)				-	20,000,000	1,847,400	742,027	1,105,373	20,000,000	1,847,400	742,027	1,105,373
Bonds				-	20,000,000	1,000,000	742,027	257,973	20,000,000	1,000,000	742,027	257,973
Non-traditional investments (internal loans)				-	6,918,013	207,924	256,668	- 48,744	6,918,013	207,924	256,668	- 48,744
	\$ -	\$ -	\$ -	\$ -	\$ 106,808,242	\$ 5,316,320	\$ 3,668,368	\$ 1,647,951	\$ 106,808,242	\$ 5,316,320	\$ 3,668,368	\$ 1,647,951
Passive Investments												
Bank account interest		\$ 2,317,642	\$ 785,000	\$ 1,532,642		\$ 5,316,320	\$ 3,668,368	\$ 1,647,951		\$ 7,633,962	\$ 4,453,368	\$ 3,180,593
Total		\$ 2,317,642	\$ 785,000	\$ 1,532,642		\$ 5,316,320	\$ 3,668,368	\$ 1,647,951		\$ 7,633,962	\$ 4,453,368	\$ 3,180,593

Attachment 2: Investment Details for the Twelve Months Ended December 31, 2024

GUARANTEED INVESTMENT CERTIFICATES (GIC)										
Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to Dec 31,2024			
	2024-01-01	2024-12-31					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
Royal Bank	\$15,205,029	\$9,885,030	\$10,228,504	2017-09-21	Various	Various	Various	\$376,698	\$412,209	-\$35,511
CIBC - Callable	\$6,000,000	\$6,000,026	\$6,256,116	2023-12-22	2028-12-22	5 years	5.05%	\$303,001	\$222,001	\$81,000
CANACORD GENUITY CORP - DUCA FINANCIAL - GIC	\$2,000,000	\$2,000,000	\$2,115,087	2023-12-15	2028-12-15	5 years	5.50%	\$110,000	\$74,000	\$36,000
CANACORD GENUITY CORP - DUCA FINANCIAL - GIC	\$2,000,000	\$2,000,000	\$2,117,185	2023-12-15	2027-12-15	4 years	5.60%	\$112,000	\$74,000	\$38,000
CANACORD GENUITY CORP - DUCA FINANCIAL - GIC	\$2,000,000	\$2,000,000	\$2,121,380	2023-12-15	2026-12-15	3 years	5.80%	\$116,000	\$74,203	\$41,797
CANACORD GENUITY CORP - DUCA FINANCIAL - GIC	\$2,000,000	\$2,000,000	\$2,125,576	2023-12-15	2025-12-15	2 years	6.00%	\$120,000	\$74,203	\$45,797
CANACORD GENUITY CORP - DUCA FINANCIAL - GIC	\$2,000,000			2023-12-15	2024-12-16	1 years	6.10%	\$122,689	\$0	\$122,689
NATIONAL BANK - BMO		\$4,000,000	\$3,995,480	2024-11-01	2026-11-01	2 Years	4.14%	\$27,600	\$24,667	\$2,933
CIBC - SENIOR NOTES		\$2,000,000	\$2,010,540	2024-11-18	2030-11-18	6 Years	4.00%	\$9,399	\$8,694	\$705
CANACORD GENUITY CORP - GENERAL BANK OF CANADA		\$2,000,000	\$2,002,984	2024-12-16	2026-12-16	2 years	3.63%	\$3,174	\$3,235	-\$61
Sub-Total	\$31,205,029	\$31,885,056	\$32,972,852					\$1,300,561	\$967,211	\$333,350

CANADIAN EQUITIES										
Description	Principal Amount		FMV	Starting Date		Term	January 1 to Dec 31,2024			
	2024-01-01	2024-12-31					Interest Rate	Return on Investment	Benchmark Return	Incremental Income
ONE INVESTMENT	\$23,910,220	\$28,005,173	\$30,501,399					\$960,435	\$960,435	\$0
Sub-Total	\$23,910,220	\$28,005,173	\$30,501,399					\$960,435	\$960,435	\$0

PRINCIPAL PROTECTED NOTES										
Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to Dec 31, 2024			
	2024-01-01	2024-12-31					Interest Rate	Return on Investment	Benchmark Return	Incremental Income
CIBC	\$2,000,000		\$2,772,700	2019-09-30	2024-09-30	5 years		\$772,400	\$0	\$772,400
CIBC	\$10,000,000	\$10,000,000	\$11,653,000	2023-11-09	2030-11-12	7 Years	5.80%	\$580,000	\$371,014	\$208,986
National Bank (Royal Bank)	\$10,000,000	\$10,000,000	\$11,787,000	2023-12-07	2033-12-07	10 Years	4.95%	\$495,000	\$371,014	\$123,986
Sub-Total	\$22,000,000	\$20,000,000	\$26,212,700					\$1,847,400	\$742,027	\$1,105,373

BONDS										
Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to Dec 31, 2024			
	2024-01-01	2024-12-31					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
ROYAL BANK - Bonds Callable 5Y+1Y	\$10,000,000	\$10,000,000	\$10,289,400	2023-12-22	2031-12-22	8 years	4.95%	\$495,000	\$371,014	\$123,986
ROYAL BANK - Bonds Callable 5Y+1Y	\$10,000,000	\$10,000,000	\$10,437,922	2023-12-22	2032-12-22	9 years	5.05%	\$505,000	\$371,014	\$133,986
Sub-Total	\$20,000,000	\$20,000,000	\$20,727,322					\$1,000,000	\$742,027	\$257,973

NON-TRADITIONAL INVESTMENTS (Internal loans)										
Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to Dec 31, 2024			
	2024-01-01	2024-12-31					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
Internal Loan -Solar Panels (2013, Various Facilities)	\$151,576	\$139,849		2013-12-01	2033-12-01	20 years	3.00%	\$4,335	\$5,189	-\$854
Internal Loan - RJT Solar Panels (2014)	\$398,591	\$368,449		2015-01-01	2035-01-01	20 years	3.00%	\$12,451	\$13,670	-\$1,219
Internal Loan - Magna Solar Panels (2015)	\$986,670	\$917,960		2016-01-01	2036-01-01	20 years	2.70%	\$27,652	\$34,058	-\$6,406
Internal Loan - Honeywell Streetlights Retrofit Project	\$5,862,657	\$5,491,755		2013-12-10	2033-12-10	20 years	2.70%	\$163,486	\$203,752	-\$40,266
Sub-Total	\$7,399,494	\$6,918,013						\$207,924	\$256,668	-\$48,744

Grand Total	\$104,514,743	\$106,808,242						\$5,316,320	\$3,668,368	\$1,647,951
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