

To: Corporate and Finance Services Committee

From: Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department

Report Number: CF-25-24

Date of Report: April 2, 2025

Date of Meeting: April 7, 2025

Subject: 2024 Annual Investment Report

Ward: All Wards

File: 03-05

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## **1.0 Purpose**

Regulation 43/18 amending O. REG. 438/97 of the Municipal Act, 2001 (the Act) and the City's Investment policy requires the Treasurer to provide an annual report of investments made by the City. The report must include the following:

- a) A statement outlining the performance of the investments during the period covered by the report.
- b) A description of the estimated proportion of the total investments invested in its own long-term and short-term securities in relation to the total investment held by the City. A description of material changes, if any, in that proportion since the previous year's report.
- c) A statement by the Treasurer, in their opinion, all investments are consistent with the investment policies and goals adopted by the City.
- d) A record of the date of acquisition or disposal of securities, including a statement of the purchase and sale price of each security.
- e) Such other information that Council may require or in the opinion of the Treasurer, should be included.
- f) A statement by the Treasurer as to whether any of the following investments fall below the standard required by the Act for that investment during the period covered by the report.

## **2.0 Recommendation**

That the Corporate and Finance Services Committee recommend to City Council:

That Report CF-25-24, dated April 2, 2025, concerning the 2024 annual investment activity be received for information.

## **3.0 Input From Other Sources**

Investment Advisors from the City's banking institutions.

## **4.0 Analysis**

The requirements of the City's investment policy are to ensure:

- Legality of Investments.
- Risk tolerance and the preservation of principal.
- Maintenance of Liquidity.
- Maximization of Return on Investment.

Investments held by the City as at December 31, 2024, totaled \$198,533,883. Short-term investments, with maturity dates less than one year and are reported as cash equivalents in the financial statements, totaled \$89,459,206 (2023 – \$109,747,278) while long-term investments totaled \$109,074,677 (2023 – \$85,311,883).

The annual average rate of return earned on long-term investments in 2024 was 4.80% (2023 - 3.77%). Short-term investments returned an annual average rate of 5.48% (2023 - 5.80%). The City's investments generated \$15.90 million (2023 – \$15.05 million) in gross interest revenue.

Interest revenue is bolstered by the high-interest rate environment of 2023 that extended into 2024 before the Bank of Canada began cutting interest rates in response to cooling inflation and soft economic data. The City was able to capitalize on these elevated rates through longer-term investments, following its investment strategy, and ensuring a more resilient portfolio amid changing market conditions.

In 2024 interest income was allocated as follows:

- \$3,262,391 to development charge reserves.
- \$7,871,724 to reserves and reserve funds.
- \$4,767,794 to the operating fund.

The City's investments are diversified across cash, structured products such as step-up, linear and accrual notes, bonds, and Guaranteed Investment Certificates (GICs). The City will continue its strategy of diversification.

The City's investment transactions and listing of current investments are outlined in the following chart:

City of Oshawa  
Investment Summary as of December 31, 2024

**2024 Maturities**

Investment Type	Institution	Investment Number	Purchase Date	Maturity Date	Yield to Maturity	Cost of Initial Investment
CIBC - GIC	CIBC	1514	19-Jan-22	18-Jan-24	1.85%	\$200,000
RBC - GIC	RBC	2307	16-Feb-23	16-Feb-24	6.20%	\$12,500,000
Province of Manitoba Bond	RBC	1302	05-May-17	05-Mar-24	2.18%	\$2,759,264
Scotiabank - GIC	BNS	1701	28-Mar-22	28-Mar-24	3.37%	\$15,000,000
Scotiabank - GIC	BNS	2712	29-Mar-23	29-Mar-24	5.72%	\$7,500,000
RBC - GIC	CIBC	1516	08-Apr-22	08-Apr-24	3.03%	\$100,000
RBC - GIC	RBC	2311	03-Aug-23	29-Apr-24	6.60%	\$21,000,000
RBC - GIC	RBC	2318	03-Apr-24	03-May-24	5.60%	\$50,000,000
RBC - GIC	RBC	2320	23-May-24	24-Jun-24	5.49%	\$50,000,000
RBC - GIC	RBC	2310	27-Jun-23	27-Jun-24	6.55%	\$7,500,000
Scotiabank - GIC	BNS	2713	30-Apr-24	30-Aug-24	5.69%	\$21,000,000
RBC - GIC	RBC	2313	18-Sep-23	18-Sep-24	6.60%	\$7,500,000
RBC - GIC	RBC	2320	28-Aug-24	27-Sep-24	5.00%	\$40,000,000
RBC - GIC	RBC	2314	25-Nov-23	24-Nov-24	6.60%	\$25,000,000
RBC - GIC	RBC	2315	14-Dec-23	13-Dec-24	6.60%	\$7,500,000

**2024 Purchases**

Investment Type	Institution	Investment Number	Purchase Date	Maturity Date	Yield to Maturity	Cost of Initial Investment
Scotiabank - GIC	BNS	1703	23-Feb-24	23-Feb-26	5.42%	\$12,500,000
RBC - GIC	RBC	2316	23-Feb-24	18-Feb-25	6.20%	\$5,000,000
RBC - GIC	RBC	2317	27-Mar-24	24-Mar-25	6.00%	\$7,500,000
RBC - GIC	RBC	2318	03-Apr-24	03-May-24	5.60%	\$50,000,000
RBC - GIC	RBC	2319	04-Apr-24	31-Mar-25	5.90%	\$15,000,000
RBC - Linear Accrual Note	CIBC	1210	09-Apr-24	09-Apr-29	5.47%	\$10,000,000
RBC - GIC	RBC	1705	30-Apr-24	30-Apr-26	5.46%	\$10,000,000
Scotiabank - GIC	BNS	2713	30-Apr-24	30-Aug-24	5.69%	\$21,000,000
RBC - GIC	RBC	2320	21-Jun-24	23-Jun-25	5.50%	\$7,500,000
RBC - GIC	RBC	2321	24-Sep-24	24-Sep-25	4.30%	\$7,500,000
RBC - GIC	RBC	2322	04-Dec-24	04-Dec-25	4.08%	\$7,500,000
RBC - GIC	RBC	2323	23-May-24	24-Jun-24	5.49%	\$50,000,000
RBC - GIC	RBC	2324	28-Aug-24	27-Sep-24	5.00%	\$40,000,000
BMO - Linear Accrual Note	BMO	1409	13-Dec-24	13-Dec-27	4.17%	\$12,500,000
BMO - Linear Accrual Note	BMO	2420	13-Dec-24	13-Dec-27	4.29%	\$12,500,000

**Current Outstanding Investments**

**Short Term Investments**

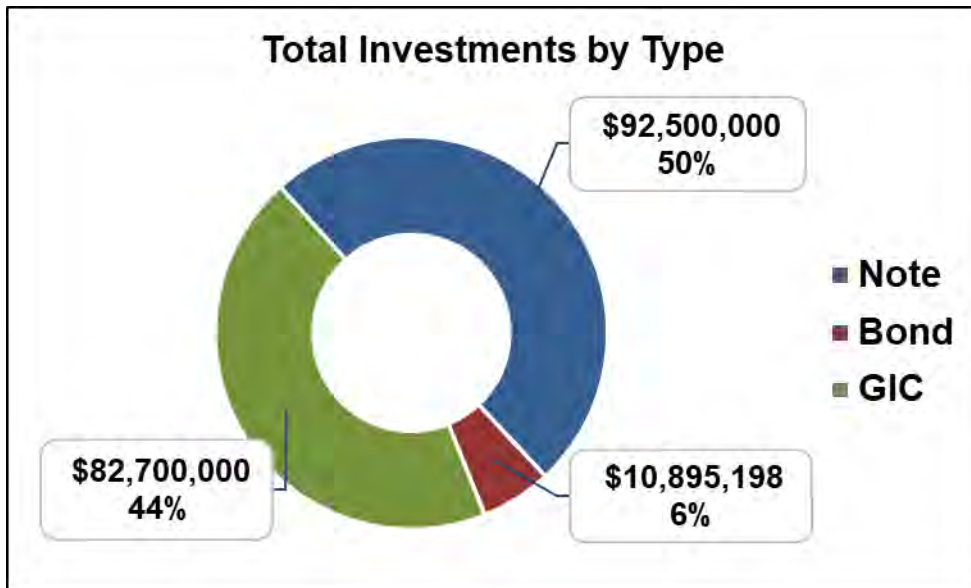
<b>Investment Type</b>	<b>Institution</b>	<b>Investment Number</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Yield to Maturity</b>	<b>Cost of Initial Investment</b>
Scotiabank - Strip Bond	RBC	1205	24-Oct-16	20-Jun-25	2.52%	\$1,851,845
Scotiabank - Strip Bond	RBC	1208	11-Apr-17	20-Jun-25	2.68%	\$1,374,376
Laurentian - GIC	CIBC	1515	19-Jan-22	18-Jan-25	2.15%	\$200,000
National Bank - Accrual Note	NBC	1605	10-May-22	10-May-25	5.25%	\$10,000,000
BNS - GIC	BNS	1702	16-Feb-23	18-Feb-25	5.72%	\$10,000,000
RBC - GIC	RBC	2316	23-Feb-24	18-Feb-25	6.20%	\$5,000,000
RBC - GIC	RBC	2317	27-Mar-24	24-Mar-25	6.00%	\$7,500,000
RBC - GIC	RBC	2319	04-Apr-24	31-Mar-25	5.90%	\$15,000,000
RBC - GIC	RBC	2321	21-Jun-24	23-Jun-25	5.50%	\$7,500,000
RBC - GIC	RBC	2323	24-Sep-24	24-Sep-25	4.30%	\$7,500,000
RBC - GIC	RBC	2324	04-Dec-24	04-Dec-25	4.08%	\$7,500,000
BMO - Linear Accrual Note	BMO	2420	13-Dec-24	13-Dec-25	4.29%	\$12,500,000
Accumulated and accrued interest since inception of investments						\$3,532,985
<b>Total Short-Term Investments</b>						<b>\$89,459,206</b>

**Long Term Investments**

<b>Investment Type</b>	<b>Institution</b>	<b>Investment Number</b>	<b>Purchase Date</b>	<b>Maturity Date</b>	<b>Yield to Maturity</b>	<b>Cost of Initial Investment</b>
Canadian Province of Manitoba Bond	RBC	1206	22-Dec-16	05-Mar-27	3.02%	\$2,568,978
Canadian Province of Ontario Bond	RBC	1207	27-Mar-17	02-Dec-26	2.79%	\$5,000,000
CIBC - Bond	RBC	1511	13-Dec-19	07-Jan-26	2.55%	\$99,999
RBC - Linear Accrual Note	RBC	1210	09-Apr-24	09-Apr-29	5.47%	\$10,000,000
BNS - GIC	BNS	1703	23-Feb-24	23-Feb-26	5.42%	\$12,500,000
National Bank - Linear Accrual Note	NBC	1606	04-Apr-23	25-Feb-26	5.40%	\$7,500,000
National Bank - Step-up Note	NBC	1600	07-Apr-16	07-Apr-26	2.82%	\$10,000,000
BNS - GIC	BNS	1705	30-Apr-24	30-Apr-26	5.46%	\$10,000,000
National Bank - Accrual Note	NBC	1604	12-Mar-20	12-Mar-27	2.26%	\$10,000,000
BMO - Accrual Note	BMO	1408	02-May-22	02-May-27	4.21%	\$10,000,000
BMO - Accrual Note	BMO	1407	22-Mar-21	22-Mar-28	2.06%	\$10,000,000

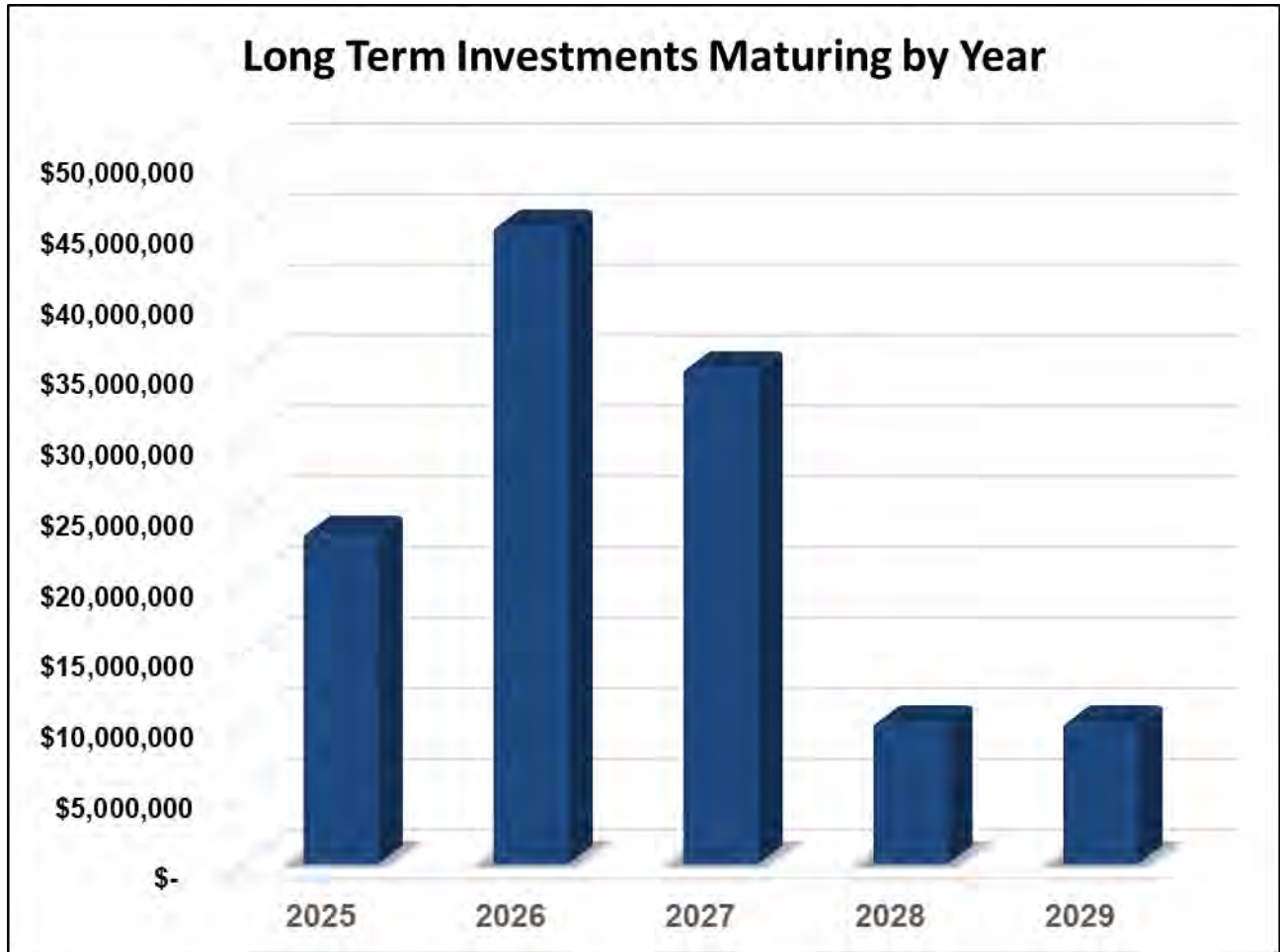
Investment Type	Institution	Investment Number	Purchase Date	Maturity Date	Yield to Maturity	Cost of Initial Investment
BMO - Linear Accrual Note	BMO	1409	13-Dec-24	13-Dec-27	4.17%	\$12,500,000
Accumulated and accrued interest since inception of investments						\$8,905,700
<b>Total Long-term Investments</b>						<b>\$109,074,677</b>
<b>Total Investment</b>						<b>\$198,533,883</b>

The chart below illustrates the distribution of the City's investment portfolio by principal across bonds, GICs, and Notes:



In 2024 as a result of declining interest rates for GICs the City began shifting its investment portfolio towards Notes to maintain secure investments with consistent returns. This shift aligns with the City's strategy by increasing longer-term investments to safeguard against declining interest rates and market uncertainty. Throughout 2025, both the cash flow budget and investment strategy will continue to be monitored to ensure the portfolio matures effectively using a multi-laddering approach.

The following graph indicates the maturity of long-term investments by principal:



#### 4.1 Future Prospective

There are eight monetary announcements scheduled in 2025. The Bank of Canada ended its aggressive rate hike strategy of recent years by cutting interest rates in the second half of 2024 in response to cooling inflation and weak economic indicators, signaling further rate cuts are likely in 2025. However, economic uncertainty remains, with the potential for tariffs and trade disruptions between the U.S. and Canada, along with an uncertain political climate, adding volatility to financial and bond markets. This environment makes forecasting interest rates challenging for 2025.

In response, the City is prioritizing a laddered long-term investment strategy to protect against market fluctuations and economic instability while ensuring stable financial returns. By staggering maturities, the City can capitalize on stable yields while mitigating reinvestment risk in an uncertain rate environment.

At the same time, the short-term investment portfolio remains a key liquidity tool for meeting immediate financial obligations. Through comprehensive cash flow tracking and ongoing rate monitoring, the City will continue to adapt its investment strategies to maintain financial

stability amid unpredictable economic conditions. The City anticipates approximately \$11.6 million in gross interest revenue for 2025.

## **5.0 Financial Implications**

There are no financial implications arising from this report.

## **6.0 Relationship to the Oshawa Strategic Plan**

This report responds to the Oshawa Strategic Plan Priority Area “Lead: Governance and Service Excellence” with the goal to provide transparent, efficient, and responsible fiscal stewardship and use of resources.



Stephanie Sinnott, Commissioner,  
Corporate and Finance Services Department