

# Staff Report

Presented By: Daniel Waechter, Chief Financial Officer/Treasurer  
Meeting Date: February 9, 2026  
Subject: 2025 Annual Investment Report  
Attachment(s): Appendix A -Town of Saugeen Shores Investment Portfolio

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## **Recommendation**

That Council receive the 2025 Annual Investment Report for information.

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## **Report Summary**

This report provides Council with an annual update on the Town's investment activities for 2025, including detailed portfolio composition, performance, and compliance with the Town's Investment Policy and applicable legislation. As of December 31, 2025, the Town held cash of \$40,461,979.23 and non-cash investments worth \$6,976,921.62.

## **Background/Analysis**

The purpose of this report is to provide Council with an annual update, for information purposes, on the status of the Town's investment activities.

This reporting is required under the Town's Investment Policy (effective January 1, 2025) and in accordance with the Provisions of the *Municipal Act*, 2001, S.O. 2001, c. 25 as amended (the "Act") and regulations thereto, including the current O.Reg. 438/97 – Eligible Investments and Related Financial Agreements as amended.

Regulation 438/97 requires the Treasurer to provide an annual report of investments made by the Municipality. The report is to include:

- A statement outlining the performance of the investments during the period covered by the report;
- 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 of the municipality and a description of material changes, if any, in that proportion since the previous year's report;
- A statement by the Treasurer, as to whether or not, in their opinion, that all investments are consistent with the investment policies and goals adopted by the municipality;

- A record of the date of acquisition or disposal of securities; including a statement of the purchase and sale price of each security; and
- Such other information that Council may require or in the opinion of the Treasurer, should be included.

This report and the attached Appendix satisfy these requirements.

### **Investment Composition and Strategy**

As of December 31, 2025, most of the Town's monetary assets were held in cash, with the balance invested in pooled bond funds, Guaranteed Investment Certificates (GICs) and Principal Protected Notes (PPNs).

PPNs provided exposure to market-linked returns while preserving principal, allowing the Town to enhance its potential yield while maintaining a conservative risk profile.

The Town also holds investments in both Canadian Corporate and Canadian Government pooled bond funds. These funds provide diversified exposure to fixed income securities across multiple issuers and maturities and are managed by professional portfolio managers. While their market values may fluctuate in response to interest rate movements, bond funds are intended to be held over multi-year periods to reduce volatility and support stable long-term returns. These investments enhance diversification and yield within the portfolio while remaining consistent with the Town's conservative risk profile and capital preservation objectives.

The Town maintained significant cash balances throughout 2025 to support ongoing spending related to the Aquatic and Wellness Centre (AWC) project prior to the final debenture being received. It is recommended that the Town continue to maintain significant cash portion of overall investments due to planned use of Town reserves over the next 2-3 years.

The Town continues to earn competitive returns on cash balances through its banking arrangements, such that the incremental return from moving these funds into short-term instruments such as GICs may be minimal relative to the loss of liquidity.

Looking ahead to 2026, the Town expects to moderately increase its equity holdings. The Town's 2026 Business Plan projected reserve balances through each year of the Plan, and a portion of the Town's cash held reserve balances will be converted to the OneInvestment Canadian Equity Portfolio based on the funds that will not be used in the next 5+ years. This approach will continue prioritizing liquidity and capital preservation given anticipated reserve usage and capital commitments, while selectively pursuing higher-yield opportunities within policy limits.

### **2025 Investment Performance**

During 2025, the Town's investment portfolio performed in line with the objectives of the Town's Investment Policy, prioritizing safety of principal and liquidity while seeking to optimize returns within those constraints.

Appendix A contains the details of the Town's 2025 investment performance.

## Westario Power

The Town owns 24.98% of the outstanding common shares of Westario Power Holdings Inc., equaling 2.498 Common Shares with a book value of \$4,563,579. Dividends received during the year totaled \$199,838 (2024 - \$99,919).

## Investment Breakdown by Term

Term	Timeline	Market Value as of Dec 31, 2025	% of Portfolio
Liquid	Flexible	40,431,979.23	85.28%
Short-term	1 year or less	2,297,155.22	4.85%
Medium-term	1 to 5 years	4,679,766.40	9.87%
Long-term	6 years or greater	-	-
<b>Total</b>		<b>47,408,900.85</b>	<b>100.00%</b>

The Town's bond funds have been classified within the medium-term category based on their recommended investment timelines and underlying duration profiles, rather than their daily liquidity. Although these funds are redeemable on short notice, they are intended to be held over multi-year periods to mitigate interest rate risk and realize their return potential.

The Town maintains a very strong liquidity position, with **85.28%** of the Town's investment portfolio held in liquid assets. This approach supports operational flexibility and the Town's ability to meet shorter-term financial obligations, particularly during periods of significant capital expenditure, such as the construction of the AWC.

There were no material changes in the Town's overall investment maturity profile compared to the prior year.

## Treasurer's Statement on Policy Compliance

It is the Treasurer's opinion, that all investments held by the Town during 2025 were made in accordance with the Town's Investment Policy and O.Reg 438/97 of the *Municipal Act*, 2001.

## Linkages

- Strategic Plan Alignment: Pillar 1: Meeting the Needs of a Growing Community
- Business Plan Alignment: Corporate Services Business as Usual

## Financial Impacts/Source of Funding

No costs or revenue is associated with this report.

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Approved By: Kara Van Myall, Chief Administrative Officer