

# City of Hamilton—Reserve Funds Treasurer’s Investment Report 2023 Fiscal Year

April 2024

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## Introduction

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As the acting Investment Consultant, Aon is engaged to prepare, on behalf of the Treasurer of the City of Hamilton (“City”), an investment report, referred to as the Treasurer’s Report (“the report”), relating to the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund (“the Funds”) during the prior fiscal year. The report will be presented to City Council in the second quarter of every calendar year.

The report is part of a broader governance oversight of the Funds, which includes financial audits, used to evaluate and monitor the various responsibilities that have been delegated by the Treasurer of the City of Hamilton (“City Treasurer”) and City Council. More specifically, the overall objective of the report is to ensure that the Funds are managed in accordance with existing legislation that in effect during 2023 and the guidelines set out in the Statement of Investment Policies and Procedures for the City of Hamilton Reserve/Revenue Funds and Trust Accounts (“SIP&P”).

The report has been written in accordance with Section 1.12 of the SIP&P and shall contain:

- A statement about the performance of the portfolio of investments of the City during the period covered by the report;
- A listing of the types of securities in which the portfolio invested during the period covered by the report;
- A listing of the securities and their credit ratings held by the portfolio as at the date of the report;
- A description of the estimated proportion of the total investments of a municipality that are invested in its own long-term and short-term securities to the total investment of the municipality and a description of the change, if any, in that estimated proportion since the previous year’s report;
- A record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale of each security;
- A statement by the Chief Investments Officer (“CIO”) as to whether or not, in his or her opinion, all investments are consistent with the SIP&P adopted by the City;
- A statement by the treasurer as to whether or not, in his or her opinion, all investments are consistent with the SIP&P adopted by the City<sup>1</sup>; and
- Any other information that the council may require or that, in the opinion of the City Treasurer, should be included.

This report addresses only the activities of the City of Hamilton Reserve Fund and the Hamilton Future Fund. The Trust Accounts are not covered by this report.

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<sup>1</sup> In the executive summary of the staff report, Treasurer’s Investment Report 2023 Fiscal Year by Aon (FCS24030) (City Wide), to which this report is attached as Appendix “A”, the City treasurer states whether all investments met the eligibility requirements as prescribed by the Ontario Regulation 438/97 (“O. Reg. 438/97”) and were made in accordance with the investment policies and goals adopted by the City of Hamilton’s SIP&P.

## Reserve Fund Performance and Future Fund Performance

The returns of the Funds are determined by RBC Investor & Treasury Services (“RBC”), who is also the City’s custodian, on a daily basis for the City of Hamilton Reserve Fund and on a monthly basis for the Hamilton Future Fund.

The Funds’ performance objective, as outlined in Section 4.10 of the SIP&P, is to outperform a benchmark portfolio constructed from a blend of returns composed of 62.5% of the FTSE Canada All-Government Short-Term Bond Index, 27.5% of the FTSE Canada All-Government Bond Index and 10.0% of FTSE Canada 91-Day Treasury Bill Index.

| Benchmark  | %           |
|--|-------------|
| FTSE Canada All-Government Short-Term Bond Index | 62.5        |
| FTSE Canada All-Government Bond Index            | 27.5        |
| FTSE Canada 91-Day Treasury Bill Index           | <u>10.0</u> |
|  | 100.0       |

The performance returns of the Funds over each of the quarters of 2023, and over the one-, two-, three- and four-year periods ending December 31, 2023 are as follows:

### City of Hamilton Reserve Fund—Performance<sup>2%</sup>

|              | Q1<br>2023 | Q2<br>2023 | Q3<br>2023 | Q4<br>2023 | One<br>Year | Two Years<br>(annualized) | Three Years<br>(annualized) | Four Years<br>(annualized) |
|--------------|------------|------------|------------|------------|-------------|---------------------------|-----------------------------|----------------------------|
| Reserve Fund | 2.92       | -0.68      | -2.02      | 6.45       | 6.60        | -0.50                     | -0.52                       | 1.35                       |
| Benchmark    | 2.14       | -0.84      | -1.27      | 4.81       | 4.80        | -0.58                     | -0.89                       | 0.67                       |
| Value Added  | 0.78       | 0.16       | -0.75      | 1.64       | 1.80        | 0.08                      | 0.37                        | 0.68                       |

Over a one-year period, the City of Hamilton Reserve Fund’s return of 6.60% outperformed the benchmark return of 4.80% by 180 basis points.

### Hamilton Future Fund—Performance<sup>2%</sup>

|             | Q1<br>2023 | Q2<br>2023 | Q3<br>2023 | Q4<br>2023 | One<br>Year | Two Years<br>(annualized) | Three Years<br>(annualized) | Four Years<br>(annualized) |
|-------------|------------|------------|------------|------------|-------------|---------------------------|-----------------------------|----------------------------|
| Future Fund | 2.58       | -0.68      | -1.63      | 5.80       | 6.03        | 0.26                      | -0.25                       | 1.69                       |
| Benchmark   | 2.14       | -0.84      | -1.27      | 4.81       | 4.80        | -0.58                     | -0.89                       | 0.67                       |
| Value Added | 0.44       | 0.16       | -0.36      | 0.99       | 1.23        | 0.84                      | 0.64                        | 1.02                       |

Over a one-year period, the Hamilton Future Fund’s return of 6.03% outperformed the benchmark return of 4.80% by 123 basis points.

<sup>2</sup> One Investment Program performances are included. The Reserve Fund has approximately 7.4% and 0.5% of the total Reserve Fund invested in the One Canadian Equity Portfolio and One Corporate Bond Portfolio respectively. The Hamilton Future Fund has approximately 4.7% of the total Future Fund invested in the One Canadian Equity Portfolio.

## Types of Securities

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The City is only allowed to invest in securities permitted under Ontario Regulation 438/97: Eligible Investments, Related Financial Agreements and Prudent Investment under the Municipal Act, 2001, S.O. 2001, c. 25, that in effect during 2023. As per Section 4.02 of the SIP&P, an Approved List of Investments (“Approved List”) has been established by the City Treasurer and the CIO. All investments on the Approved List meet the eligibility requirements as prescribed by Ontario Regulation 438/97. The Approved List is as follows:

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### **Bonds, Debentures, Promissory Notes, Other Evidence of Indebtedness Issued by or Guaranteed by**

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Government of Canada  
Canadian Provincial Government  
Government of Canada Agency  
Canadian Provincial Agency  
Country other than Canada  
Canadian Municipality, including City of Hamilton  
School Board in Canada  
Municipal Finance Authority of British Columbia  
Canadian Corporation  
Banks in Canada  
Infrastructure Ontario  
International Bank for Reconstruction and Development  
Inter-American Development Bank  
Supranational Financial Institution  
Supranational Governmental Organization

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### **Deposit Receipts, Deposit Notes, Certificate of Deposits, Acceptances Issued by or Guaranteed by**

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Banks in Canada  
Credit Union with Guarantee

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### **Asset Backed Securities (ABS)**

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Asset Backed Securities  
Asset Backed Commercial Paper (ABCP)

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### **Negotiable Promissory Notes or Commercial Paper (other than ABS)**

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### **Forward Rate Agreements**

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### **One Investment Program<sup>3</sup>**

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**Security – gift in a will or non-charitable donation, and Shares of a Corporation as per footnotes 13 and 14 in Appendix A of the SIP&P.**

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<sup>3</sup> The One Investment Program is jointly run by CHUMS (a subsidiary of the Municipal Finance Officers’ Association of Ontario) and Local Authority Services (a corporation of the Association of Municipalities of Ontario).

We have reviewed the custodian statements as well as the transactions that have occurred to determine the types of securities that were held by the Funds during the 2023 period. We can confirm that the types of securities that were held in the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2023 are as listed as follows:

The types of securities held by the City of Hamilton Reserve Fund were as follows:

**City of Hamilton Reserve Fund—Types of Securities**

**Bonds, Debentures, Promissory Notes, Other Evidence of  
Indebtedness Issued by or Guaranteed by**

Government of Canada  
Canadian Provincial Government  
Government of Canada Agency  
Canadian Municipality, including City of Hamilton  
Municipal Finance Authority of British Columbia

**Deposit receipts, Deposit Notes, Certificate of Deposits,  
Acceptances Issued by or Guaranteed by**

Banks in Canada

**One Investment Program**

Canadian Equity Portfolio  
Canadian Corporate Bond Portfolio

The types of securities held by the Hamilton Future Fund were as follows:

**Hamilton Future Fund—Types of Securities**

**Bonds, Debentures, Promissory Notes, Other Evidence of  
Indebtedness Issued by or Guaranteed by**

Canadian Provincial Government  
Government of Canada Agency  
Canadian Municipality  
Municipal Finance Authority of British Columbia

**Deposit Receipts, Deposit Notes, Certificate of Deposits,  
Acceptances Issued by or Guaranteed by**

Banks in Canada

**One Investment Program**

Canadian Equity Portfolio

In addition to the above list of securities, the Hamilton Future Fund has some monies invested in a private placement of 2,000 common shares of the Hamilton Utilities Corporation.

All securities were expressed or payable in Canadian dollars. The types of securities held by the City of Hamilton Reserve Fund and the Hamilton Future Fund during 2023 were all part of the Approved List.

## Portfolio Securities as at December 31, 2023

### City of Hamilton Reserve Fund

Below are The City of Hamilton Reserve Fund securities and credit ratings<sup>4</sup> as at December 31, 2023. As shown in the list below, the City of Hamilton Reserve Fund also held equity and fixed income investments through the One Investment Program. The City’s Reserve Fund investment in the One Investment Program Canadian Equity Portfolio had a market value of \$84.7 million and book value of \$69.0 million; the City’s investment in the One Investment Program Canadian Corporate Bond Portfolio had a market value of \$5.4 million and book value of \$6.0 million.

As at December 31, 2023, City of Hamilton Reserve Fund held a market value of \$2.8 million or 0.25% of the Fund in City of Hamilton securities. Over the last year, the market value of City of Hamilton securities increased by \$0.1 million from \$2.7 million as at December 31, 2022.

| Date   | Issuer Name                  | Coupon Rate | Maturity Date | Market Price | Credit Rating | Portfolio Market Value (\$) | (%)   |
|--|------------------------------|-------------|---------------|--------------|---------------|-----------------------------|-------|
| <b>Federal and Federal Guarantee Bonds</b>       |                              |             |               |              |               |                             |       |
| 31-Dec-23  | Government of Canada         | 3.00%       | 01-Nov-24     | 98.65        | AAA           | 29,595,083.10               | 2.57% |
| 31-Dec-23  | Canada Housing Trust         | 2.55%       | 15-Mar-25     | 97.92        | AAA           | 9,791,737.90                | 0.85% |
| 31-Dec-23  | Canada Housing Trust         | 1.90%       | 15-Sep-26     | 95.39        | AAA           | 10,492,985.14               | 0.91% |
| 31-Dec-23  | Canada Housing Trust         | 2.35%       | 15-Jun-27     | 96.14        | AAA           | 4,807,184.80                | 0.42% |
| 31-Dec-23  | Canada Housing               | 1.40%       | 15-Mar-31     | 87.13        | AAA           | 13,069,521.30               | 1.13% |
| 31-Dec-23  | Canada Housing               | 1.90%       | 15-Mar-31     | 90.29        | AAA           | 18,058,791.00               | 1.57% |
| 31-Dec-23  | Canada Housing               | 2.15%       | 15-Dec-31     | 90.99        | AAA           | 9,099,020.30                | 0.79% |
| <b>Provincial and Provincial Guarantee Bonds</b> |                              |             |               |              |               |                             |       |
| 31-Dec-23  | Province of Alberta          | 2.35%       | 01-Jun-25     | 97.38        | AA            | 7,303,821.83                | 0.63% |
| 31-Dec-23  | Province of Alberta          | 2.20%       | 01-Jun-26     | 96.22        | AA            | 5,773,259.40                | 0.50% |
| 31-Dec-23  | Province of Alberta          | 2.55%       | 01-Jun-27     | 96.54        | AA            | 7,723,161.36                | 0.67% |
| 31-Dec-23  | Province of Alberta          | 2.90%       | 01-Dec-28     | 97.20        | AA            | 3,887,983.52                | 0.34% |
| 31-Dec-23  | Province of Alberta          | 2.90%       | 20-Sep-29     | 96.79        | AA            | 14,033,962.90               | 1.22% |
| 31-Dec-23  | Province of Alberta          | 1.65%       | 01-Jun-31     | 87.13        | AA            | 8,712,928.30                | 0.76% |
| 31-Dec-23  | Province of Alberta          | 3.05%       | 01-Dec-48     | 84.14        | AA            | 8,414,221.20                | 0.73% |
| 31-Dec-23  | Province of British Columbia | 2.30%       | 18-Jun-26     | 96.45        | AAA           | 9,644,980.40                | 0.84% |
| 31-Dec-23  | Province of British Columbia | 2.55%       | 18-Jun-27     | 96.56        | AAA           | 7,724,950.64                | 0.67% |
| 31-Dec-23  | Province of British Columbia | 1.55%       | 18-Jun-31     | 86.44        | AAA           | 8,643,839.20                | 0.75% |
| 31-Dec-23  | Province of British Columbia | 3.20%       | 18-Jun-32     | 96.36        | AAA           | 4,817,982.25                | 0.42% |
| 31-Dec-23  | Province of British Columbia | 3.55%       | 18-Jun-33     | 98.27        | AAA           | 15,723,970.88               | 1.36% |
| 31-Dec-23  | Province of Manitoba         | 2.45%       | 02-Jun-25     | 97.52        | AA            | 11,214,225.23               | 0.97% |
| 31-Dec-23  | Province of Manitoba         | 2.55%       | 02-Jun-26     | 97.01        | AA            | 14,065,841.44               | 1.22% |
| 31-Dec-23  | Province of Manitoba         | 2.60%       | 02-Jun-27     | 96.66        | AA            | 2,899,748.40                | 0.25% |
| 31-Dec-23  | Province of Manitoba         | 2.75%       | 02-Jun-29     | 96.16        | AA            | 4,807,789.30                | 0.42% |
| 31-Dec-23  | Province of Manitoba         | 2.05%       | 02-Jun-31     | 89.50        | AA            | 9,397,520.48                | 0.82% |
| 31-Dec-23  | Province of New Brunswick    | 2.60%       | 14-Aug-26     | 97.08        | AA            | 4,854,161.55                | 0.42% |
| 31-Dec-23  | Province of New Brunswick    | 2.35%       | 14-Aug-27     | 95.65        | AA            | 6,216,926.43                | 0.54% |
| 31-Dec-23  | Province of New Brunswick    | 4.45%       | 14-Aug-33     | 104.92       | A             | 20,983,195.20               | 1.82% |
| 31-Dec-23  | Province of Newfoundland     | 2.35%       | 02-Jun-25     | 97.24        | A             | 4,861,911.65                | 0.42% |
| 31-Dec-23  | Province of Newfoundland     | 2.30%       | 02-Jun-26     | 97.91        | A             | 14,686,657.50               | 1.27% |
| 31-Dec-23  | Province of Newfoundland     | 3.00%       | 02-Jun-28     | 96.80        | A             | 18,392,458.47               | 1.60% |
| 31-Dec-23  | Province of Newfoundland     | 2.85%       | 02-Jun-29     | 96.18        | A             | 4,809,229.25                | 0.42% |
| 31-Dec-23  | Province of Newfoundland     | 1.75%       | 02-Jun-30     | 88.83        | A             | 7,106,619.68                | 0.62% |
| 31-Dec-23  | Province of Newfoundland     | 2.05%       | 02-Jun-31     | 88.70        | A             | 8,869,927.70                | 0.77% |
| 31-Dec-23  | Province of Newfoundland     | 3.30%       | 17-Oct-46     | 84.32        | A             | 10,961,423.33               | 0.95% |
| 31-Dec-23  | Province of Nova Scotia      | 2.15%       | 01-Jun-25     | 97.11        | AA            | 2,913,170.82                | 0.25% |
| 31-Dec-23  | Province of Nova Scotia      | 2.10%       | 01-Jun-27     | 95.11        | AA            | 6,657,990.29                | 0.58% |
| 31-Dec-23  | Province of Ontario          | 2.60%       | 02-Jun-27     | 96.73        | AA            | 20,313,816.18               | 1.76% |
| 31-Dec-23  | Province of Ontario          | 2.90%       | 02-Jun-28     | 97.47        | AA            | 14,620,387.05               | 1.27% |
| 31-Dec-23  | Province of Ontario          | 3.60%       | 08-Mar-28     | 100.25       | AA            | 30,074,602.20               | 2.61% |
| 31-Dec-23  | Province of Ontario          | 3.40%       | 08-Sep-28     | 99.52        | AA            | 14,927,896.80               | 1.30% |

<sup>4</sup> Credit ratings are provided by RBC. Credit rating data is collected from 3 major rating agencies (S&P, Moody’s and DBRS) if available. “AA” includes AA-, AA, AA+ or an equivalent rating. “A” includes A-, A, A+ or an equivalent rating. Rating field will be blank if no rating is available. All results are based on highest available rating.

|   |       |           |        |     |                            |                |
|---|-------|-----------|--------|-----|----------------------------|----------------|
| 31-Dec-23 Province of Ontario               | 1.55% | 01-Nov-29 | 89.69  | AA  | 8,072,386.11               | 0.70%          |
| 31-Dec-23 Province of Ontario               | 2.15% | 02-Jun-31 | 90.37  | AA  | 9,037,239.80               | 0.78%          |
| 31-Dec-23 Province of Ontario               | 4.05% | 02-Feb-32 | 102.64 | AA  | 10,263,939.80              | 0.89%          |
| 31-Dec-23 Province of Ontario               | 3.75% | 02-Jun-32 | 100.30 | AA  | 60,181,176.00              | 5.22%          |
| 31-Dec-23 Province of Ontario               | 3.65% | 02-Jun-33 | 99.06  | AA  | 29,718,636.00              | 2.58%          |
| 31-Dec-23 Province of Prince Edward Island  | 1.85% | 27-Jul-31 | 87.52  | AA  | 14,878,504.04              | 1.29%          |
| 31-Dec-23 Province of Quebec                | 3.75% | 01-Sep-24 | 99.32  | AA  | 4,966,212.40               | 0.43%          |
| 31-Dec-23 Province of Quebec                | 2.60% | 06-Jul-25 | 97.71  | AA  | 2,110,519.17               | 0.18%          |
| 31-Dec-23 Province of Quebec                | 2.50% | 01-Sep-26 | 96.96  | AA  | 19,392,005.40              | 1.68%          |
| 31-Dec-23 Province of Quebec                | 2.75% | 01-Sep-27 | 97.25  | AA  | 9,724,965.00               | 0.84%          |
| 31-Dec-23 Province of Quebec                | 2.75% | 01-Sep-28 | 96.82  | AA  | 5,809,499.64               | 0.50%          |
| 31-Dec-23 Province of Saskatchewan          | 3.20% | 03-Jun-24 | 99.26  | AA  | 13,896,780.66              | 1.21%          |
| 31-Dec-23 Province of Saskatchewan          | 2.65% | 02-Jun-27 | 96.85  | AA  | 15,495,237.76              | 1.34%          |
| 31-Dec-23 Province of Saskatchewan          | 2.15% | 02-Jun-31 | 90.26  | AA  | 22,565,249.25              | 1.96%          |
| 31-Dec-23 Province of Saskatchewan          | 3.90% | 02-Jun-33 | 100.93 | AA  | 12,111,099.12              | 1.05%          |
| <b>Municipal Bonds</b>                      |       |           |        |     |                            |                |
| 31-Dec-23 City of Hamilton                  | 1.75% | 03-Nov-32 | 82.50  | AAA | 2,843,706.06               | 0.25%          |
| 31-Dec-23 City of Barrie                    | 2.40% | 20-Jun-29 | 91.09  | AA  | 3,007,907.37               | 0.26%          |
| 31-Dec-23 City of London                    | 2.10% | 16-Mar-24 | 99.38  | AAA | 993,775.00                 | 0.09%          |
| 31-Dec-23 City of London                    | 2.65% | 02-Apr-27 | 96.55  | AAA | 5,039,753.40               | 0.44%          |
| 31-Dec-23 City of Montreal                  | 3.00% | 01-Sep-25 | 98.08  | AA  | 5,884,713.00               | 0.51%          |
| 31-Dec-23 City of Montreal                  | 2.75% | 01-Sep-26 | 97.22  | AA  | 3,888,654.76               | 0.34%          |
| 31-Dec-23 City of Montreal                  | 3.00% | 01-Sep-27 | 97.58  | AA  | 3,903,045.16               | 0.34%          |
| 31-Dec-23 City of Montreal                  | 2.30% | 01-Sep-29 | 92.98  | AA  | 9,298,181.20               | 0.81%          |
| 31-Dec-23 City of Montreal                  | 3.15% | 01-Dec-36 | 90.25  | AA  | 3,610,042.28               | 0.31%          |
| 31-Dec-23 City of Montreal                  | 3.50% | 01-Dec-38 | 92.19  | AA  | 9,219,168.70               | 0.80%          |
| 31-Dec-23 City of Montreal                  | 2.40% | 01-Dec-41 | 76.64  | AA  | 7,663,894.10               | 0.67%          |
| 31-Dec-23 Municipal Finance Authority of BC | 2.15% | 03-Jun-24 | 98.84  | AAA | 5,179,054.24               | 0.45%          |
| 31-Dec-23 Municipal Finance Authority of BC | 3.35% | 01-Jun-27 | 98.99  | AAA | 20,589,907.52              | 1.79%          |
| 31-Dec-23 Municipal Finance Authority of BC | 3.05% | 23-Oct-28 | 97.77  | AAA | 9,336,837.79               | 0.81%          |
| 31-Dec-23 Municipal Finance Authority of BC | 4.50% | 03-Dec-28 | 104.18 | AAA | 10,417,957.20              | 0.90%          |
| 31-Dec-23 Municipal Finance Authority of BC | 2.55% | 09-Oct-29 | 94.74  | AAA | 9,379,603.83               | 0.81%          |
| 31-Dec-23 Municipal Finance Authority of BC | 2.30% | 15-Apr-31 | 91.25  | AAA | 6,387,532.69               | 0.55%          |
| 31-Dec-23 Municipal Finance Authority of BC | 3.30% | 08-Apr-32 | 96.89  | AAA | 1,453,315.50               | 0.13%          |
| 31-Dec-23 Niagara Regional Municipality     | 3.00% | 03-Jul-25 | 98.12  | AA  | 2,943,687.00               | 0.26%          |
| 31-Dec-23 City of Ottawa                    | 4.45% | 04-Jun-33 | 104.57 | AAA | 15,684,788.55              | 1.36%          |
| 31-Dec-23 City of Ottawa                    | 3.05% | 23-Apr-46 | 82.41  | AAA | 2,884,478.73               | 0.25%          |
| 31-Dec-23 Regional Municipality of Peel     | 2.30% | 02-Nov-26 | 96.02  | AAA | 5,281,161.66               | 0.46%          |
| 31-Dec-23 Regional Municipality of Peel     | 2.60% | 07-Mar-30 | 92.20  | AAA | 4,610,150.00               | 0.40%          |
| 31-Dec-23 Quebec City                       | 3.15% | 08-Dec-25 | 97.89  | AA  | 2,447,155.08               | 0.21%          |
| 31-Dec-23 City of Toronto                   | 3.40% | 21-May-24 | 99.40  | AA  | 12,921,970.49              | 1.12%          |
| 31-Dec-23 City of Toronto                   | 2.40% | 07-Jun-27 | 95.90  | AA  | 9,589,923.90               | 0.83%          |
| 31-Dec-23 City of Toronto                   | 3.25% | 20-Apr-32 | 96.42  | AA  | 4,821,051.50               | 0.42%          |
| 31-Dec-23 City of Toronto                   | 3.50% | 02-Jun-36 | 94.45  | AA  | 2,833,629.54               | 0.25%          |
| 31-Dec-23 City of Toronto                   | 2.15% | 25-Aug-40 | 75.42  | AA  | 13,386,542.00              | 1.16%          |
| 31-Dec-23 City of Vancouver                 | 3.75% | 03-Nov-27 | 97.13  | AAA | 9,713,388.30               | 0.84%          |
| 31-Dec-23 City of Vancouver                 | 2.85% | 05-Nov-31 | 90.38  | AAA | 903,812.32                 | 0.08%          |
| 31-Dec-23 City of Vancouver                 | 2.30% | 03-Nov-33 | 108.69 | AAA | 3,804,036.01               | 0.33%          |
| 31-Dec-23 City of Winnipeg                  | 4.10% | 01-Jun-45 | 96.76  | AA  | 3,096,352.61               | 0.27%          |
| <b>Schedule I Banks</b>                     |       |           |        |     |                            |                |
| 31-Dec-23 Bank of Montreal                  | 2.70% | 11-Sep-24 | 98.39  | AA  | 4,919,656.85               | 0.43%          |
| 31-Dec-23 Bank of Montreal                  | 4.61% | 10-Sep-25 | 100.09 | AA  | 3,503,069.57               | 0.30%          |
| 31-Dec-23 Bank of Montreal                  | 3.19% | 01-Mar-28 | 96.55  | AA  | 40,066,944.83              | 3.48%          |
| 31-Dec-23 Bank of Nova Scotia               | 2.29% | 28-Jun-24 | 98.65  | AA  | 13,811,041.30              | 1.20%          |
| 31-Dec-23 Bank of Nova Scotia               | 2.62% | 02-Dec-26 | 95.82  | AA  | 15,331,245.12              | 1.33%          |
| 31-Dec-23 Bank of Nova Scotia               | 3.10% | 02-Feb-28 | 96.25  | AA  | 46,949,295.71              | 4.07%          |
| 31-Dec-23 Canadian Imperial Bank            | 3.30% | 26-May-25 | 98.23  | AA  | 19,646,185.20              | 1.70%          |
| 31-Dec-23 Royal Bank of Canada              | 4.93% | 16-Jul-25 | 100.57 | AA  | 5,028,339.10               | 0.44%          |
| 31-Dec-23 Toronto Dominion Bank             | 3.23% | 24-Jul-24 | 98.97  | AA  | 30,681,508.79              | 2.66%          |
| <b>One Investment Program</b>               |       |           |        |     |                            |                |
| 31-Dec-23 Canadian Equity Portfolio         |       |           |        |     | 84,704,739.89              | 7.35%          |
| 31-Dec-23 Canadian Corporate Bond Portfolio |       |           |        |     | 5,404,766.90               | 0.47%          |
| <b>Total Fund</b>                           |       |           |        |     | <b>\$ 1,152,405,228.55</b> | <b>100.00%</b> |



## Hamilton Future Fund

Below are the Hamilton Future Fund securities and credit ratings<sup>5</sup> as at December 31, 2023. As shown in the list below, the Hamilton Future Fund also held equity investments through the One Investment Program. The Hamilton Future Fund investment in the One Investment Program Canadian Equity Portfolio had a market value of \$2.5 million and book value of \$1.9 million.

| Date   | Issuer Name                       | Coupon Rate | Maturity Date | Market Price | Credit Rating | Portfolio Market Value (\$) | (%)            |
|--|-----------------------------------|-------------|---------------|--------------|---------------|-----------------------------|----------------|
| <b>Federal and Federal Guarantee Bonds</b>       |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Canada Housing                    | 1.25%       | 15-Jun-26     | 94.16        | AAA           | 2,448,161.69                | 4.59%          |
| 31-Dec-23  | Canada Housing                    | 4.25%       | 15-Dec-28     | 103.84       | AAA           | 3,945,781.19                | 7.40%          |
| <b>Provincial and Provincial Guarantee Bonds</b> |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Province of Alberta               | 2.35%       | 01-Jun-25     | 97.38        | AA            | 1,947,685.82                | 3.65%          |
| 31-Dec-23  | Province of Alberta               | 2.20%       | 01-Jun-26     | 96.22        | AA            | 1,924,419.80                | 3.61%          |
| 31-Dec-23  | Province of British Columbia      | 3.55%       | 18-Jun-33     | 98.27        | AAA           | 3,930,992.72                | 7.37%          |
| 31-Dec-23  | Province of Manitoba              | 2.60%       | 02-Jun-27     | 96.66        | AA            | 1,933,165.60                | 3.62%          |
| 31-Dec-23  | Province of Manitoba              | 3.00%       | 02-Jun-28     | 97.79        | A             | 2,933,685.87                | 5.50%          |
| 31-Dec-23  | Province of Manitoba              | 2.05%       | 02-Jun-31     | 89.50        | AA            | 1,342,502.93                | 2.52%          |
| 31-Dec-23  | Province of Newfoundland          | 3.00%       | 02-Jun-26     | 97.91        | A             | 1,958,221.00                | 3.67%          |
| 31-Dec-23  | Province of Newfoundland          | 3.30%       | 17-Oct-46     | 84.32        | A             | 843,186.41                  | 1.58%          |
| 31-Dec-23  | Province of Nova Scotia           | 2.15%       | 01-Jun-25     | 97.11        | AA            | 1,942,113.88                | 3.64%          |
| 31-Dec-23  | Province of Nova Scotia           | 2.00%       | 01-Sep-30     | 90.57        | AA            | 1,811,405.44                | 3.40%          |
| 31-Dec-23  | Province of Ontario               | 2.65%       | 05-Feb-25     | 98.04        | AA            | 2,058,890.99                | 3.86%          |
| 31-Dec-23  | Province of Ontario               | 2.60%       | 02-Jun-27     | 96.73        | AA            | 1,934,649.16                | 3.63%          |
| 31-Dec-23  | Province of Ontario               | 3.75%       | 02-Jun-32     | 100.30       | AA            | 2,407,247.04                | 4.51%          |
| 31-Dec-23  | Province of Quebec                | 2.75%       | 01-Sep-27     | 97.25        | AA            | 2,431,241.25                | 4.56%          |
| <b>Municipal Bonds</b>                           |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Regional Municipality of Durham   | 4.10%       | 05-Jul-29     | 100.57       | AAA           | 2,011,320.00                | 3.77%          |
| 31-Dec-23  | City of London                    | 2.55%       | 07-Mar-25     | 97.88        | AAA           | 293,642.10                  | 0.55%          |
| 31-Dec-23  | City of Montreal                  | 3.00%       | 01-Sep-25     | 98.08        | AA            | 2,035,129.91                | 3.82%          |
| 31-Dec-23  | City of Montreal                  | 3.00%       | 01-Sep-27     | 97.58        | AA            | 975,761.29                  | 1.83%          |
| 31-Dec-23  | City of Montreal                  | 3.15%       | 01-Dec-36     | 90.25        | AA            | 902,510.57                  | 1.69%          |
| 31-Dec-23  | City of Toronto                   | 2.40%       | 24-Jun-26     | 96.48        | AA            | 1,736,570.56                | 3.26%          |
| 31-Dec-23  | City of Toronto                   | 2.40%       | 07-Jun-27     | 95.90        | AA            | 958,992.39                  | 1.80%          |
| 31-Dec-23  | Municipal Finance Authority of BC | 3.30%       | 08-Apr-32     | 96.89        | AAA           | 1,453,315.50                | 2.72%          |
| <b>Schedule I Banks</b>                          |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Bank of Nova Scotia               | 3.10%       | 02-Feb-28     | 96.25        | AA            | 1,925,019.30                | 3.61%          |
| 31-Dec-23  | Bank of Montreal                  | 3.19%       | 01-Mar-28     | 96.55        | AA            | 1,674,122.47                | 3.14%          |
| 31-Dec-23  | Canadian Imperial Bank            | 3.30%       | 26-May-25     | 98.23        | AA            | 491,154.63                  | 0.92%          |
| <b>Cash and Cash Equivalents</b>                 |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Cash                              |             |               |              |               | 573,628.74                  | 1.08%          |
| <b>One Investment Program</b>                    |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Canadian Equity Portfolio         |             |               |              |               | 2,509,957.98                | 4.71%          |
| <b>Other Equity</b>                              |                                   |             |               |              |               |                             |                |
| 31-Dec-23  | Hamilton Utilities Corp           |             |               |              |               | 2,000.00                    | 0.00%          |
| <b>Total Fund</b>                                |                                   |             |               |              |               | <b>\$53,336,476.23</b>      | <b>100.00%</b> |

<sup>5</sup> Credit ratings are provided by RBC. Credit rating data is collected from 3 major rating agencies (S&P, Moody's and DBRS) if available. "AA" includes AA-, AA, AA+ or an equivalent rating. "A" includes A-, A, A+ or an equivalent rating. Rating field will be blank if no rating is available. All results are based on highest available rating.

| <b>Restrictions</b>   |            |                                   |
|---|------------|-----------------------------------|
| <b>Constraints</b>  |            | Policy<br>Complied with<br>Yes/No |
| The City shall not invest more than 25% of the portfolio in short-term debt issued or guaranteed by the City.   |            | Yes                               |
| Total Investment in 'A' or equivalent rated debt on purchase most not exceed 35% of the market value of the City's bond portfolio.  |            | Yes                               |
| The City shall not invest in a security that is expressed or payable in any currency other than Canadian dollars with exception of investments specified in Section 4.07 and footnote 6 of Appendix “A” of the SIP&P. |            | Yes                               |
| The City shall not invest in a security issued or guaranteed by a school board or similar entity unless the money raised by issuing the security is to be used for school purposes.                                   |            | Yes                               |
| <b>Permitted ranges</b>   | <b>(%)</b> |                                   |
| Federal issues  | 0-100      | Yes                               |
| Provincial holdings in aggregate  | 0-100      | Yes                               |
| Single province exposure  | 0-50       | Yes                               |
| Individual non-federal/non provincial holdings *  | 0-10       | Yes                               |
| Non-federal/non provincial holdings in aggregate  | 0-50       | Yes                               |
| Municipal issues *  |            |                                   |
| - individual muni issue rated “AAA”   | 0-10       | Yes                               |
| - individual muni issue rated “AA”  | 0-10       | Yes                               |
| - individual muni issue rated “A”   | 0-5        | Yes                               |
| Municipal holdings in aggregate   | 0-30       | Yes                               |
| Banks and Credit Unions in aggregate  | 0-50       | Yes                               |
| Short-term securities   | 0-50       | Yes                               |
| Portfolio duration  | 1-6 Years  | Yes                               |

\* Except for City of Hamilton issues which have a limit of 25%

As at December 31, 2023 on a combined basis, the Funds were being managed in a manner that is consistent with the minimum quality requirements, maximum quantity restrictions and all other restrictions imposed on the Funds. Securities lending is allowed, and as such, monies were loaned during the year for

the purpose of generating revenues for the Funds. In managing the securities lending program, RBC complied with the constraints described in the Securities Lending Letter Agreement dated as of January 6, 2003, as amended. The ratings were assumed to be the same for all issues of an issuer. Throughout the year, reports are provided by RBC to the CIO on a weekly basis, showing the securities that the City invested in for the Reserve Fund and the Hydro Fund together with each security’s market value.

In addition, on monthly basis, RBC provides CIO with compliance reports<sup>6</sup>, indicating whether or not the Funds were consistent with terms, conditions and guidelines stipulated in the SIP&P. Securities that not consistent with the terms, conditions and guidelines stipulated in the SIP&P are reviewed and action is taken to remedy the situation as soon as possible.

Aon has reviewed these compliance reports for 2023 and confirms the compliance reports indicate the Funds were consistent with the terms, condition and guidelines stipulated in the SIP&P at each month end throughout 2023.

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<sup>6</sup> Starting in 2019, the City engaged RBC as an independent third party to provide monthly compliance reports as part of their overall engagement with RBC. These reports assist the City to identify any potential deviations from a compliance perspective.

## Activity and Transactions

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Activity every month consists of:

- 1) Cash Inflows: Proceeds from bond maturities and sales, contributions/transfers and investment income; and
- 2) Cash Outflows: Funds for bond purchases, distributions and other required outflows.

For the City of Hamilton Reserve Fund, cash inflows were \$307.0million, consisting of \$135.8 million in sales and maturities, \$35.2 million in investment income and \$136.0 million in contributions/transfers. Cash outflows were also \$307.0 million and consisted of \$153.4 million in purchases, and \$153.6 million in distributions.

For the Hamilton Future Fund, cash inflows were \$14.8 million, consisting of \$13.1 million in sales and maturities, \$1.6 million in investment income and \$0.1 million in contribution/transfers. Cash outflows were also \$14.8 million and consisted of \$14.7 million in purchases and \$0.1 million in distributions.

The records of each activity are summarized in the custodial statements of RBC on a monthly basis. Aon uses these monthly statements to record and reconcile all of the transactions noted above.

## Certificate by Chief Investments Officer

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This Certificate by the Chief Investments Officer applies to the City of Hamilton Reserve Fund and the Hamilton Future Fund ("the Funds").

The undersigned hereby confirms that throughout the reporting period of 2023:

1. The management of the Funds was in accordance with all the terms, conditions and guidelines stipulated in the SIP&P in effect during 2023.
2. The Funds were managed in compliance with the Municipal Act, 2001, S.O. 2001, c. 25, and Ontario Regulation 438/97 that in effect during 2023.
3. The Chief Investments Officer, who manages the Funds, complied at all times and in all respects with the Code of Ethics and Standard of Professional Conduct as promulgated by the CFA Institute.
4. The Chief Investments Officer managed the Funds' assets with the care, diligence and skill that an investment manager of ordinary prudence would use in dealing with the assets of these types of Funds.

Certified by,



Gerald T. Boychuk  
Chief Investments Officer  
City of Hamilton