



## City of Hamilton Report for Information

**To:** Chair and Members  
Audit, Finance and Administration Committee

**Date:** May 1, 2025

**Report No:** FCS25018

**Subject/Title:** Hamilton Future Fund Investment Performance Report  
as of December 31, 2024

**Ward(s) Affected:** (City Wide)

---

### Recommendations

- 1) That Report FCS25018 respecting Hamilton Future Fund Investment Performance as of December 31, 2024, **BE RECEIVED** for information.

### Key Facts

- For 2024, the City of Hamilton Future Fund (“Hamilton Future Fund”) investment portfolio had earnings rate of return of 3.56% on market value basis and 3.67% on average cost basis.
- An overall return of 5.74%, market value basis, outperformed the benchmark of 4.49% by 125 basis points.
- Income generated in 2024 was \$2.02 M and five-year average is \$1.54 M.
- The Hamilton Future Fund is governed by Ontario legislation (Ontario Regulation 438/97) and the City’s Statement of Investment Policies and Procedures (Report FCS24004).
- The Hamilton Future Fund Investment portfolio holdings include cash, bonds and ONE Investment Program Canadian Equity Portfolio (“ONE Canadian Equity Portfolio”).
- The Hamilton Future Fund investment portfolio holdings had a market value of \$56.66 M as at December 31, 2024.

### Financial Considerations

There are no budgetary or financial implications to the recommendations.

## Background

Report FCS25018 provides transparency on the financial management of the City's Hamilton Future Fund investments.

## Analysis

The Hamilton Future Fund investment portfolio holdings include cash, bonds and ONE Canadian Equity Portfolio of \$56.66 M on market value basis and \$56.16 M on cost basis as at December 31, 2024.

The portfolio weighted term to maturity was 3.96 years as of December 31, 2024 compared with 4.81 years as of December 31, 2023.

### Earnings Rate, Return on Average Cost Basis, and Overall Market Value Return

The Hamilton Future Fund portfolio of investments had an earnings rate of 3.56% for the 12 months ending December 31, 2024 and an average earnings rate of 2.89% over the past five years. The earnings rate includes investment income and bond lending revenues but excludes realized and unrealized capital gains/losses.

The Hamilton Future Fund's portfolio generated approximately \$2,022,867 in investment income, net realized capital gains/losses and bond lending revenue over the 12 months ending December 31, 2024. Income generated of \$2,022,867 was realized on assets at an average cost of \$55,047,974, giving a percentage return on average cost of 3.67%. Investment income, net realized capital gains/losses and bond lending revenue over the last five years have averaged \$1.54 million annually.

As of December 31, 2024, the market value of the Hamilton Future Fund was \$56,659,420 compared with \$53,593,628 as of December 31, 2023, an increase of \$3,065,792. As of December 31, 2024, net unrealized capital gain was \$498,627.

For the 12 months ending December 31, 2024, the overall market value return (includes investment income, bond lending revenue, realized and unrealized capital gains/losses) for the Hamilton Future Fund was 5.74%, outperforming the benchmark return of 4.49% by 125 basis points. Over the past five years, the overall market value return has averaged 2.61% per annum, outperforming the average benchmark return over the same five-year period of 1.52% by 109 basis points.

The market value return for the ONE Canadian Equity Portfolio for the year ending December 31, 2024 was 20.57%.

The outperformance of the Hamilton Future Fund versus the benchmark for the year ending December 31, 2024 is mostly attributed to the holdings in short-term and mid-term maturity bonds, which outperformed bonds with longer maturity over the year. ONE Canadian Equity Portfolio holdings posted significant positive returns in 2024, which also contributed to the outperformance.

Our benchmark or Policy target return of 4.49% is comprised of returns on a portfolio of 62.5% FTSE Canada Short Term Government Bond index, 27.5% FTSE Canada All Government index and 10.0% FTSE Canada 91 Day T-Bill index. FTSE refers to Financial Times Stock Exchange.

## Comparators

By comparison, over the 12-month period ending December 31, 2024 the overall market value returns were 4.85% for the ONE Investment Program Canadian Government Bond Portfolio (bonds with term to maturity 18 months to three years) and 7.17% for the ONE Investment Program Money Market / HISA Portfolio.

If the City's Policy had been used in these ONE Investment Program Portfolios (i.e., 90% in ONE Investment Program Canadian Government Bond Portfolio and 10% in ONE Investment Program Money Market / HISA Portfolio), then the overall return would have been 5.08%, or 0.66% less than the actual overall return of 5.74%.

On an average investment portfolio market value of \$54.79 M this incremental return of 0.66% would translate to an improved market value of approximately \$0.361 M.

Table 1 summarizes the investment return indicators for the Hamilton Future Fund and other comparators over the past five years.

Table 1: Investment Return Indicators

	12 Months ended 12/31/2024	12 Months ended 12/31/2023	12 Months ended 12/31/2022	12 Months ended 12/31/2021	12 Months ended 12/31/2020
Policy Target	4.49%	4.80%	-5.70%	-1.49%	5.51%
Hamilton Future Fund Portfolio	5.74%	6.03%	-5.20%	-1.25%	7.75%
Comparators (1 to 4)					
1 One Investment Program - Canadian Government Bond Portfolio	4.85%	4.61%	-4.04%	-1.44%	5.29%
2 One Investment Program – Money Market / HISA *	7.17%	4.65%	1.57%	0.04%	0.85%
3 FTSE TMX – Short Government	4.92%	4.19%	-3.88%	-1.12%	4.85%
4 FTSE TMX – Mid Government	4.00%	5.65%	-10.33%	-3.07%	9.69%
Earnings Rate (Excludes Capital Gains/ Losses)	3.56%	3.11%	2.73%	2.60%	2.43%
Hamilton Future Fund - Return on ONE Canadian Equity Portfolio **	20.57%	20.55%	17.07%	33.56%	19.56%

Notes to Table 1:

\* 2024 CoH calculation based on One Investment Program Money Market (Jan to Sept) and One Investment Program HISA (Oct to Dec); 2020-2023 as per One Investment Program Money Market (MM). One Investment Program MM was discontinued in Oct 2024.

\*\* 2023 & 2024 market returns as per RBCITS; 2020 to 2022 returns calculated by COH

Table 2 shows the changes in Canadian interest rates from January 2023 to January 2025.

Table 2 – Canadian Interest Rates

Canada Benchmark Bond	Interest Rate January 2, 2025	Interest Rate January 2, 2024	Interest Rate January 3, 2023
One Month (T-Bill)	3.19%	5.03%	4.10%
2 year	2.93%	3.96%	4.02%
5 year	2.96%	3.35%	3.34%
10 year	3.22%	3.18%	3.21%

## Looking Forward

Market and economic expectations drive interest rates and return on assets. The current global issues including tariffs affect growth, investment, employment and inflation. Staff will continue to monitor the current situation and make adjustments to the investment strategy and asset mix accordingly.

## Alternatives

There are no alternatives for consideration.

## Relationship to Council Strategic Priorities

Report FCS25018 enforces and supports the following:

1. Sustainable Economic & Ecological Development
  - 1.1 Reduce the burden on residential taxpayers
3. Responsiveness & Transparency
  - 3.1 Prioritize customer service and proactive communication

## Previous Reports Submitted

The two most recent reports include:

FCS54066 - [Hamilton Future Fund Investment Performance Report – December 31, 2023](#) – AF&A, December 5, 2024

FCS23050 - [Hamilton Future Fund Investment Performance Report -December 31, 2022](#) – AFA, May 18, 2023

## Consultation

None.

## **Appendices and Schedules Attached**

None.

**Prepared by:** Gerald T. Boychuk, Chief Investment Officer  
Corporate Services Department, Finance / Administration,  
Investments and Special Projects

Brandon A. Teglas, Investment Assistant  
Corporate Services Department, Finance / Administration,  
Investments and Special Projects

**Submitted and recommended by:** Brian McMullen, Director  
Corporate Services Department, Finance / Administration,  
Investments and Special Projects