



City of Hamilton

Report for Information

To: Chair and Members
Audit, Finance & Administration Committee

Date: May 7, 2026

Report No: FCS26026

Subject/Title: Hamilton Future Fund Investment Performance Report as of
December 31, 2025

Ward(s) Affected: (City Wide)

Recommendations

That Report FCS26026, respecting Hamilton Future Fund Investment Performance as of December 31, 2025, **BE RECEIVED** for information.

Key Facts

- For 2025, the City of Hamilton Future Fund (“Hamilton Future Fund”) earned a 3.43% return on market value and 3.65% on average cost.
- The Fund’s overall return was 4.79%, market value basis, versus a benchmark of 2.99%, outperforming by 1.80%. Income generated in 2025 was \$2.08 M and five-year average is \$1.71 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 \$59.36 M as at December 31, 2025.

Financial Considerations

There are no budgetary or financial implications to the recommendation.

Background

Report FCS26026 provides transparency on the financial management of the City’s Hamilton Future Fund investments.

Analysis

The Hamilton Future Fund investment portfolio holdings comprise cash, bonds and ONE Canadian Equity Portfolio of \$59.36 M on market value basis and \$58.23 M on cost basis as at December 31, 2025.

The portfolio weighted term to maturity was 4.27 years as of December 31, 2025 compared with 3.96 years as of December 31, 2024.

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

The Hamilton Future Fund portfolio of investments had an earnings rate of 3.43% for the 12 months ending December 31, 2025 and an average earnings rate of 3.09% 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 \$2,082,819 in investment income, net realized capital gains / losses and bond lending revenue over the 12 months ending December 31, 2025. This amount was generated on assets with an average cost of \$57,090,055, resulting in an 3.65% return on average cost. Investment income, net realized capital gains/losses and bond lending revenue over the last five years have averaged \$1.71 M annually.

As of December 31, 2025, the market value of the Hamilton Future Fund was \$59,361,970, an increase of \$2,702,550 versus the prior year. As of December 31, 2025, net unrealized capital gain was \$1,128,877.

For the 12 months ending December 31, 2025, the overall market value return was 4.79%, outperforming the benchmark return of 2.99% by 1.80%. Over the past five years, its average annual return was 2.02% , outperforming the average benchmark return over the same five-year period of 1.02% by 1.00%.

The market value return for the ONE Canadian Equity Portfolio for the year ending December 31, 2025 was 21.19%.

The Hamilton Future Fund outperformed its benchmark for the year ending December 31, 2025, mainly due to the holdings in mid-term maturity bonds, which outperformed bonds with short-term and long-term maturity. Additionally, ONE Canadian Equity Portfolio holdings further contributed to the outperformance.

Our benchmark or Policy target return of 2.99% 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.

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 12/31/2025	12 Months ended 12/31/2024	12 Months ended 12/31/2023	12 Months ended 12/31/2022	12 Months ended 12/31/2021
Policy Target	2.99%	4.49%	4.80%	-5.70%	-1.49%
Hamilton Future Fund Portfolio	4.79%	5.74%	6.03%	-5.20%	-1.25%
Comparators (1 to 4)					
1 One Investment Program - Canadian Government Bond Portfolio	2.98%	4.85%	4.61%	-4.04%	-1.44%
2 One Investment Program – Money Market / HISA *	3.328%	7.17%	4.65%	1.57%	0.04%
3 FTSE TMX – Short Government	3.42%	4.92%	4.19%	-3.88%	-1.12%
4 FTSE TMX – Mid Government	3.75%	4.00%	5.65%	-10.33%	-3.07%
Earnings Rate (Excludes Capital Gains / Losses)	3.43%	3.56%	3.11%	2.73%	2.60%
Hamilton Future Fund - Return on ONE Canadian Equity Portfolio **	21.19%	20.57%	20.55%	17.07%	33.56%

Notes to Table 1:

- * 2025 CoH calculation based on average of One Investment Program HISA monthly rates (Jan to Dec)
- * 2024 CoH calculation based on One Investment Program Money Market (Jan to Sept) and One Investment Program HISA (Oct to Dec)
- * 2021-2023 as per One Investment Program Money Market (MM). One Investment Program Money Market (MM) was discontinued in Oct 2024
- ** 2023-2025 market returns as per RBCITS; 2021 to 2022 returns calculated by COH

Table 2 shows the changes in Canadian interest rates from January 2024 to January 2026.

Table 2 – Canadian Interest Rates

Canada Benchmark Bond	Interest Rate January 2, 2026	Interest Rate January 2, 2025	Interest Rate January 2, 2024
One Month (T-Bill)	2.07%	3.19%	5.03%
2 year	2.61%	2.93%	3.96%
5 year	3.00%	2.96%	3.25%
10 year	3.47%	3.22%	3.18%

Looking Forward

Market and economic expectations drive interest rates and returns on assets. The current global issues including tariffs and geopolitical events, as well as, domestic issues such as the Bank of Canada’s monetary policy, affects growth, investment, employment and inflation. Staff will continue to monitor the current situation and will make adjustments to the investment strategy, accordingly.

Alternatives

There are no alternatives for consideration.

Relationship to Council Strategic Priorities

Report FCS26026 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 three most recent reports include:

[FCS25018 – Hamilton Future Fund Investment Performance Report –
December 31, 2024 – Audit, Finance and Administration Committee May 1, 2025](#)

[FCS24066 – Hamilton Future Fund Investment Performance Report as of
December 31, 2023 – Audit, Finance and Administration Committee December 5, 2024](#)

[FCS23050 – Hamilton Future Fund Investment Performance Report –
December 31, 2022 – Audit, Finance and Administration Committee May 18, 2023](#)

Consultation

None.

Appendices and Schedules Attached

None.

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