Town of Newmarket
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Second Quarter 2026 Investment Summary

Information Report

Report Number: INFO-2026-26

Department(s): Financial Services

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In accordance with the Procedure By-law, any member of Council may make a request to the Town Clerk that this Report be placed on an upcoming Committee of the Whole agenda for discussion.

Purpose

The purpose of this report is to inform the second quarter 2026 investment results.

Background

The Town's investment financial results are reported every quarter.

Investments are categorized as short-term and long-term. Expectation for short-term investments is to meet the annual budget of $1.2 million. For long-term investments, return on investments are measured against the Non-Residential Building Construction Price Index ("NRBPCI") (formerly known as the Non-Residential Construction Price Index) as the benchmark.

Discussion

The Investment return for the six months ending June 30, 2026, was performing higher than the benchmark by $0.4 million.

Short-Term Investments

Short-term investments had a $0.2 million surplus when compared to the year-to-date budget. Interest earned on bank balances averaged 2.95%.

Long-Term Investments

Long-term investments were $0.2 million above the benchmark at 3.50% (based on the second quarter of 2026 NRBPCI).

At the end of the second quarter of 2026, the fair market value (“FMV”) exceeded the book value.
The long-term investment portfolio of $113.1 million as of June 30, 2026, included:

i) $41.7 million (36.8%) in Guaranteed Investment Certificates (“GICs”) with major banks
ii) $32.0 million (28.3%) in Canadian equities
iii) $13.3 million (11.8%) Principal Protected Notes (“PPNs”)
iv) $20.0 million (17.7%) in Bonds
v) $6.1 million (5.4%) in non-traditional investments (internal loans)

During the quarter, a portion of the CIBC and National Bank Principal Protected Notes (PPNs) were sold following favourable market performance. Capital gains of $2.7 million arising from the sale were allocated to the Growth Reserve.

The sale proceeds were reinvested in GICs, increasing the Town’s fixed-return holdings while reducing exposure to potential market value fluctuations.

PPNs have a guaranteed rate, and a potential capital gain is realized based on their underlying products – usually a stock market index (cost $13.3 million against FMV $23.1 million). Capital gains are recognized when sold or at maturity.

GICs were purchased through major Canadian banks on the primary and secondary market (cost $41.6 million against FMV $43.8 million).

Canadian Equities are a basket of shares that are actively bought and sold by ONE Investment (cost $32.0 million against FMV $37.5 million).

Bonds are similar to Canadian equities with an active market, but only the principal is guaranteed at maturity. They are also similar to PPNs with underlying products where the unrealized gains may fluctuate (cost $20.0 million against FMV $21.1 million). Capital gains are recognized at maturity.

Non-traditional investments are 20-year internal loans and are not subject to market valuation. Repayment of the loans for solar panel installations across multiple sites, as well as the streetlight projects, is anticipated by 2033. The Ray Twinney solar panel initiative is expected to be repaid by 2034, while the Magna solar panel project is scheduled for full repayment by 2035.

Consultation

Not applicable.

Conclusion

In the opinion of the Treasurer, all investments made were in line with the investment policies, strategies and goals adopted by the Town. As per the goals approved in staff report 2022-09, the Town's investment in the equity market does not exceed 40% of the total investment portfolio.

Council Priority Association

This report aligns with the following Council Priority: Financial Sustainability.

Human Resource Considerations

Not applicable.

Budget Impact

All investment returns on reserves have been allocated to the corresponding reserves.

Capital gains of $2.7 million arising from the sale of PPNs were allocated to the Growth Reserve.

Attachments

Attachment 1: Investment Summary for the Six Months Ending June 30, 2026

Attachment 2: Investment Details for the Six Months Ending June 30, 2026

Approval for Distribution

Andrea Tang, CPA, CA, Director, Financial Services / Treasurer

Esther Armchuk, LL. B, Commissioner, Corporate Services

Report Contact

For more information on this report, contact info@newmarket.ca.

Attachment 1: Investment Summary for the Six Months Ended June 30, 2026

	Short-term Investments				Long-term Investments				Consolidated			
	Principal June 30, 2026	Return on Investment	Benchmark	Incremental Income	Principal June 30, 2026	Return on Investment	Benchmark	Incremental Income	Principal June 30, 2026	Return on Investment	Benchmark	Incremental Income
<u>Active Investments:</u>												
Guaranteed Investment Certificates (GIC)				$ -	$ 41,644,505	$ 715,484	$ 768,904	-$ 53,420	$ 41,644,505	$ 715,484	$ 768,904	-$ 53,420
Canadian Equities				-	31,992,206	555,262	555,262	-	31,992,206	555,262	555,262	-
Principal-Protected notes (PPN)				-	13,299,200	354,406	230,823	123,583	13,299,200	354,406	230,823	123,583
Bonds				-	20,000,000	495,890	347,123	148,767	20,000,000	495,890	347,123	148,767
Non-traditional Investments (Internal Loans)				-	6,125,644	83,518	106,318	- 22,800	6,125,644	83,518	106,318	- 22,800
Total Active Investments	**$ -**	**$ -**	**$ -**	**$ -**	**$ 113,061,555**	**$ 2,204,561**	**$ 2,008,430**	**$ 196,131**	**$ 113,061,555**	**$ 2,204,561**	**$ 2,008,430**	**$ 196,131**
<u>Passive Investments:</u>												
Bank account interest		$ 785,266	$ 592,500	$ 192,766				$ -		$ 785,266	$ 592,500	$ 192,766
Total Passive Investments	**$ -**	**$ 785,266**	**$ 592,500**	**$ 192,766**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 785,266**	**$ 592,500**	**$ 192,766**
Total Investments	**$ -**	**$ 785,266**	**$ 592,500**	**$ 192,766**	**$ 113,061,555**	**$ 2,204,561**	**$ 2,008,430**	**$ 196,131**	**$ 113,061,555**	**$ 2,989,827**	**$ 2,600,930**	**$ 388,897**

Attachment 2: Investment Details for the Six Months Ended June 30, 2026

LONG-TERM INVESTMENTS:

GUARANTEED INVESTMENT CERTIFICATES (GIC)

Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to June 30, 2026			
	2026-01-01	2026-06-30					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
Royal Bank	$11,347,556	$11,403,063	$10,655,714	2017-09-21	Various	Various	Various	$65,107	$244,029	-$178,922
CIBC - Senior Notes	$2,000,000	$2,000,000	$1,963,940	2024-11-18	2030-11-18	6 Years	4.00%	$39,671	$34,712	$4,959
CIBC - Callable	$6,000,026	$6,000,000	$6,635,940	2023-12-22	2028-12-22	5 years	5.05%	$150,255	$104,137	$46,118
CIBC - National Trust	$0	$5,072,828	$5,072,828	2026-04-14	2027-04-14	1 year	3.41%	$85,781	$88,045	-$2,264
National Bank - BMO	$4,000,000	$4,000,000	$4,256,920	2024-11-01	2028-11-01	4 Years	4.14%	$82,119	$69,425	$12,695
National Bank -Laurentian Bank	$0	$5,168,614	$5,205,958	2026-04-15	2027-04-15	1 year	3.47%	$88,938	$89,707	-$769
Canacord Genuity Corp. - DUCA Financial - GIC	$2,000,000	$2,000,000	$2,292,130	2023-12-15	2028-12-15	5 years	5.50%	$54,548	$34,712	$19,836
Canacord Genuity Corp. - DUCA Financial - GIC	$2,000,000	$2,000,000	$2,297,681	2023-12-15	2027-12-15	4 years	5.60%	$55,540	$34,712	$20,827
Canacord Genuity Corp. - DUCA Financial - GIC	$2,000,000	$2,000,000	$2,308,809	2023-12-15	2026-12-15	3 years	5.80%	$57,523	$34,712	$22,811
Canacord Genuity Corp. - Generan Bank of Canada	$2,000,000	$2,000,000	$2,113,000	2024-12-16	2026-12-16	2 years	3.63%	$36,002	$34,712	$1,289
Sub-Total	**$31,347,582**	**$41,644,505**	**$42,802,921**					**$715,484**	**$768,904**	**-$53,420**

CANADIAN EQUITIES

Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to June 30, 2026			
	2026-01-01	2026-06-30					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
One Investment	$31,992,206	$31,992,206	$37,512,465					$555,262	$555,262	$0
Sub-Total	**$31,992,206**	**$31,992,206**	**$37,512,465**					**$555,262**	**$555,262**	**$0**

PRINCIPAL PROTECTED NOTES

Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to June 30, 2026			
	2026-01-01	2026-06-30					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
CIBC	$10,000,000	$6,632,500	$11,493,459	2023-11-09	2030-11-12	7 Years	5.80%	$190,762	$115,115	$75,647
National Bank (Royal Bank)	$10,000,000	$6,666,700	$11,608,725	2023-12-07	2033-12-07	10 Years	4.95%	$163,645	$115,708	$47,936
Sub-Total	**$20,000,000**	**$13,299,200**	**$23,102,184**					**$354,406**	**$230,823**	**$123,583**

Attachment 2: Investment Details for the Six Months Ended June 30, 2026

Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to June 30, 2026			
	2026-01-01	2026-06-30					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
BONDS										
Royal Bank - Bonds Callable 5Y+1Y	$10,000,000	$10,000,000	$11,060,500	2023-12-22	2031-12-22	8 years	4.95%	$245,466	$173,562	$71,904
Royal Bank - Bonds Callable 5Y+1Y	$10,000,000	$10,000,000	$11,073,359	2023-12-22	2032-12-22	9 years	5.05%	$250,425	$173,562	$76,863
Sub-Total	**$20,000,000**	**$20,000,000**	**$22,133,859**					**$495,890**	**$347,123**	**$148,767**
NON-TRADITIONAL INVESTMENTS (Internal loans)										
Internal Loan -Solar Panels (2013, Various Facilities)	$126,777	$120,410		2013-12-01	2033-12-01	20 years	3.00%	$1,664	$2,090	-$426
Internal Loan - Honeywell Streetlights Retrofit Project	$5,080,807	$4,879,727		2013-12-10	2033-12-10	20 years	2.70%	$66,115	$84,693	-$18,579
Internal Loan - RJT Solar Panels (2014)	$335,583	$319,095		2015-01-01	2035-01-01	20 years	3.00%	$4,808	$5,538	-$730
Internal Loan - Magna Solar Panels (2015)	$843,662	$806,412		2016-01-01	2036-01-01	20 years	2.70%	$10,931	$13,996	-$3,065
Sub-Total	**$6,386,828**	**$6,125,644**						**$83,518**	**$106,318**	**-$22,800**
LONG-TERM INVESTMENTS:	**$109,726,616**	**$113,061,555**						**$2,204,561**	**$2,008,430**	**$196,131**

SHORT TERM INVESTMENTS:

Description	Principal Amount		FMV	Starting Date	Maturity Date	Term	January 1 to June 30, 2026			
	2026-01-01	2026-06-30					Interest Rate	Return on Investment	Benchmark Return*	Incremental Income
PASSIVE INVESTMENTS (Bank account interest)										
Bank Account Interest	-	-	-	-	-	-	Prime - 1.5%	$785,266	$592,500	$192,766
SHORT TERM INVESTMENTS:	**$ -**	**$ -**						**$ 785,266.18**	**$ 592,500.00**	**$ 192,766.18**
Grand Total	**$109,726,616**	**$113,061,555**						**$2,989,827**	**$2,600,930**	**$388,897**