



City of Barrie

70 Collier Street
P.O. Box 400
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Final Investment Board

Wednesday, July 30, 2025

2:00 PM

Huronion B Boardroom

INVESTMENT BOARD REPORT

**For consideration by Finance and Responsible Governance Committee
on September 17, 2025.**

The meeting was called to order by the Chair, G. Winters at 2:05 p.m. The following were in attendance for the meeting:

Present: 5 - G. Waters, Chair
C. Smith, City Treasurer
P. Belanger
M. Vallee
G. Winter

STAFF:

Coordinator of Elections and Special Projects, T. McArthur
Investment Analyst, J. Bayley
Portfolio Manager, T. Rayaisse
Senior Manager of Corporate Finance and Investments, C. Gillespie.

The Investment Board met and reports as follows:

ASSET ALLOCATION, PERFORMANCE AND MARKET OUTLOOK

J. Bayley, Portfolio Manager, and T. Rayaisse, Chief Investment Officer, discussed the second quarter (Q2) investment results for 2025, focusing on asset allocation, portfolio performance, and market outlook.

Mr. Bayley reported the Prudent Investor Portfolio's allocation as of 30th June:

- Money Market: 20% (5% above the target allocation of 15%)
- Fixed Income: 61% (4% below the target allocation of 65%)

- Equity: 19% (1% below the target allocation of 20%)

The fixed income allocation and equity allocations were tactically reduced in favour of a slightly higher allocation to money markets, reflecting a more opportunistic stance with heightened volatility and expectations for a possibly weaker macroeconomic outlook.

Mr. Bayley discussed the Q2 portfolio performance as of June 30, 2025, highlighting the portfolio return, benchmark return, and relative performance. He noted that considering the volatile start to the year, the portfolio performed well in the second quarter.

Overall Q2 Performance:

- Portfolio Total Return: 1.44%
- Benchmark: 1.43%
- Relative Return: +0.01%

Overall, 4-Year Annualized Performance (Q2 2021 - Q2 2025):

- Portfolio: 5.55%
- Benchmark: 3.82%
- Relative Return: +1.73%

Mr. Bayley discussed the following performances by asset class for the Operating Fund, Capital Fund, and Growth Fund:

- Operating Fund (Money Markets): 1.10% return, +0.47% vs. benchmark 0.63% (Canada 90-Day Treasury Bill Index TR);
- Capital Fund (Fixed Income): 0.14% return, +0.11% vs. benchmark 0.03% (Canada Agg. 1-10 Year Index TR). Maintaining a tilt to duration and the credit sector; and
- Growth Fund (Equities): 6.24% return, -0.34% vs. benchmark 6.57% return (50% S&P/TSX Comp, 50% S&P 500 Index CAD). Growth sectors outperformed the more conservatively, income-focused equity portfolio.

Mr. Bayley and Mr. Rayaisse provided the following insights:

- Bank of Canada likely remains on hold for next 2 meetings;
- Federal Reserve is expected to cut twice before Year End, based on market expectations;
- Long-end rates have trended higher on higher inflation expectations (impact of Tariffs, One Big Beautiful Bill (OBBB));
- Equities remain in rally mode, led by Tech & AI and progress on trade negotiations;
- Volatility is likely to remain for the balance of 2025;
- Geopolitical tension remains; and

- Recent macroeconomic data suggest weaker US and Canada GDP growth ahead; labour markets holding up better than expected; expect impacts of tariffs to begin showing up in the economic data towards the end of Q4 into 2026.

The investment portfolio demonstrated resilience in a challenging market environment, with disciplined strategy and prudent risk management contributing to positive relative returns.

ADJOURNMENT

The meeting adjourned at 2:39 p.m.

CHAIRMAN