



Peter Chisholm
Investment Advisor

RBC Dominion Securities Inc.
45 O'Connor Street
Suite 900
Ottawa, ON K1P 1A4

613-566-4512
peter.chisholm@rbc.com

October 28th, 2025

2025 Portfolio Recommendations:

The investment process for the portfolio management of the CIPP Reserve Fund in 2025 has been to continue to focus on the preservation of capital with the goal of outpacing inflation. While interest rates have declined in the last 12 to 14 months, we have laddered out the fixed income over the next number of years, taking advantage of current interest yields. This allowed us to gain both capital preservation with enhanced fixed income yields.

Beginning in 2024, once inflation declined to the Bank of Canada target rate of 2 to 2.5%, interest rates began to decline. With the lowering of interest rates, equity markets have performed well in 2025 despite the current and ongoing geopolitical backdrop. We saw dramatic volatility in equity markets in early April with the so called "Liberation Day", beginning a more pronounced trade war between the USA and the rest of the world. Equity markets have rebounded since early April, but we are still cautious as markets could prove to be volatile if the economic tariffs set against Canada's trade with the US have a more pronounced impact to the Canadian economy. We are also cautious with valuations in certain sectors such as mines and metals (such as gold) and the technology sector. The market has seen strong moves in technology stocks as investors try to evaluate the impact of artificial intelligence (AI).

In October 2024, the Reserve fund was 90% fixed income, cash, and cash equivalents, and 10% equity. As of October 2025, this allocation has not changed. Adhering to the investment policy goals around levels of risk and the overall desire for risk aversion, we felt it important to focus on the goal of capital protection.

The management of the reserve fund over the 12 months beginning October 1st, 2024, and ending Sept 30th, 2025, has been consistent. Any fixed income that had matured was laddered out over the next 3 years generally.

The 1-year performance for the reserve fund is positive 5.59% to September 30th, 2025.

Nov 2024 – Maturity of Royal Bank Bond with proceeds of \$418,000 to GIC's laddered out 3 years and \$100,000 to a 7 year RBC Principle Protected note with the potential to pay 5.75% annually when called. This note is considered fixed income.

Feb 2025 - Any GIC's that matured and new investment (\$435,000) were laddered to a 3 year term.

Apr/ May 2025 – Any GIC's that matured (\$440,000) were added to GIC laddering.

June 2025 - Any GIC's that matured and new investment (\$200,000) were laddered to a 3 year term.

July 2025 - Any GIC's that matured (\$200,000) were added to GIC laddering

CIPP's Current Asset Allocation vs. Investment Policy:

Fixed Income Percentage: 48%. Policy target = 50%, minimum = 0%, Max = \$100,000 less than 65%.

Cash and Cash Equivalents: 43%. Policy targets = 15%, minimum \$100,000, Max 100%.

Equity Percentage: 9%, Policy Target 35%, min = 0%, max = 45%.

Canadian equity is 9% and US equity is 1%.

Equity Exposure is expressed through low-cost Vanguard and iShares ETF's.

Fixed income is expressed primarily through laddered GIC's that are fully insured by the Canadian Deposit Insurance Corporation (CDIC) and short duration high quality bonds.

Cash and cash equivalents are expressed through a High Interest Savings account, GIC's and bonds that mature within a 1-year period

Portfolio Management Costs:

The overall portfolio management costs for 2025 represents approximately 0.25% of the portfolio's value. The investment policy sets a ceiling of 1.1% on how much our team charges the reserve account for management. The lower fee reflects the purchases of short-term money market, GIC's and fixed income.

Main Portfolio Objectives

Preserve CIPP's Capital and Purchasing power vs. inflation.

Grow money as best as possible within the constraints of the investment policy.

Over the past 12 months, we continue to ladder out fixed income returns. We felt those fixed rates offered were in line with the objectives of the reserve fund with the benefit of capital preservation. Having generated a positive 5.59% for 1 year ending Sept 2025, we continue to feel we have achieved the main portfolio objectives and look forward to a positive 2026.

Peter Chisholm | Investment Advisor | Chisholm and Henry Wealth Management Group | RBC Dominion Securities Inc.

