Canadian Investor Protection Fund

2024 Annual Report

Future-Ready

AS YOUR PARTNER IN INVESTOR PROTECTION

TABLE OF CONTENTS

CIPF's Mission

To contribute to the security and confidence of customers of Members by maintaining adequate sources of funds to return property to eligible customers in cases where a Member becomes insolvent.

Message from the Chair

As I approach the end of my tenure as Chair, I reflect on a year of progress and evolution for CIPF. The organization has continued to strengthen its foundation under the leadership of our CEO, Toni Ferrari, since its integration in 2023.

The past year has been marked by both achievements and opportunities. Our team's resilience and adaptability were put to the test, particularly during a period of additional senior leadership transformation. I must highlight the exceptional service to CIPF of our former CFO, Linda Pendrill, who retired late in the year. Linda's dedication throughout her tenure with CIPF and particularly during the merger of the Former CIPF and the MFDA Investor Protection Corporation (MFDA IPC) was invaluable to the Board and management team. I wish Linda a happy and healthy retirement. We will miss her but know that all is in good hands with our new CFO, Odarka Decyk.

CIPF has remained steadfast in its mission to protect investors. Under Toni's strong leadership, substantial progress has been made on several fronts, including the development and approval of a new three-year Strategic Plan, the first since the integration of CIPF and MFDA IPC. This plan sets a clear direction for the organization, aligning our efforts with the evolving needs of the investment industry and the investors we serve.

Another area of focus has been optimizing our Board structure. We have achieved a balance that maintains a simple majority of public directors while ensuring crucial industry expertise. This composition allows us to benefit from diverse perspectives and in-depth knowledge, enhancing our decision-making processes and governance.

Peter Virvilis and Bernard Turgeon will leave a strong legacy behind as they finish their terms at CIPF. On behalf of the Board, I want to thank Peter and Bernard for their valuable contributions and dedication throughout their tenures.

As I reflect on my time as Chair, I am proud of the team-based approach we have fostered. Our Board meetings are characterized by engaged discussions and thorough consideration of all viewpoints. This collaborative spirit has been instrumental in navigating the complexities and challenges we face.

As I have often said, CIPF is a linchpin in the Canadian financial framework. Our focused mission and mandate of protecting investors in the event of Member insolvency and being a critical part of the framework designed to reduce the risk of such an insolvency is vital to maintaining confidence in Canada's investment industry.

To future leaders, I emphasize the importance of listening to all voices, maintaining transparency, and never losing sight of our fundamental purpose: protecting investors.

As I prepare to pass the torch to Ann Davis, I am grateful for the opportunity to have served CIPF and its stakeholders and to have worked with so many dedicated and thoughtful individuals. The organization's strength lies in its people, and I have no doubt that CIPF will continue to play a vital role in preserving the integrity of our financial markets for years to come.

Donna Howard
CHAIR

Message from the President and CEO

As we reflect on 2024, I am proud of the significant progress CIPF has made in strengthening our organization and advancing our investor protection mission. 2024 marked the development of our first three-year Strategic Plan post-merger, setting a clear direction for our future.

Our new Strategic Plan renews and updates our commitment to operational strength and insolvency readiness, optimized liquidity resources and adaptive coverage and assessment models. The plan ensures adequate coverage for investors at reasonable pricing. We remain dedicated to fostering strong stakeholder relationships and a thriving workplace culture. We continued to progress as the industry evolves, adapting our approach to meet new challenges and opportunities. This Annual Report will discuss each of our five key strategic priorities in more detail.

Over the course of the year, we enhanced our cybersecurity posture through a board cyber attack simulation and implemented our enhanced Enterprise Risk Management Framework. In addition, we devoted significant effort toward aligning our risk assessment approach across all Members as we continue to develop a credit-risk based model for mutual fund dealers. We completed an RFP for an external Portfolio Manager to oversee our investment portfolios for our Investment Dealer Fund and Mutual Fund Dealer Fund. This further aligns and enhances our investment management practices across the two funds.

We also ensured our coverage and assessment policies remained relevant and effective while actively engaging with domestic and international peer groups to foster valuable relationships. We prioritized employee well-being and development with our new CFO transition, cultural assessment, enhanced Human Resources capabilities, and a new office with improved collaboration spaces.

As we reflect on our achievements and progress in 2024, I sincerely thank our outgoing Chair, Donna Howard, for her exceptional leadership and guidance. Her commitment to ensuring all voices are heard, and her strategic insight has been invaluable in steering CIPF through this period of transformation and growth.

Looking to 2025, CIPF remains focused on several key initiatives that will further strengthen our organization and its ability to protect investors. A primary area of focus will be the ongoing work on the Cooperative Operating Agreement, which will solidify our critical relationship with CIRO and enhance our collective ability to serve the investment community while minimizing the burden to Members.

We will also maintain our unwavering commitment to insolvency readiness. This ongoing focus ensures that CIPF remains prepared to respond swiftly and effectively in the event of a Member insolvency, reinforcing investor confidence in Canada's financial markets.

I would be remiss if I did not highlight the exceptional quality of our CIPF team. Though small in size, our team is comprised of seasoned professionals whose expertise and dedication are the bedrock of our organization. Their deep industry knowledge and commitment to our mandate positions us to face future challenges in the ever-evolving landscape of investor protection in the capital markets.

I want to thank the entire CIPF team for a successful 2024.

Toni Ferrari
PRESIDENT AND CEO

CIPF's Role in the Canadian Regulatory System

In 2023, an enhanced regulation of the investment industry was formed by the amalgamations of:

- the Investment Industry Regulatory Organization of Canada (IIROC), which regulated investment dealers, and the Mutual Fund Dealers Association of Canada (MFDA), which regulated mutual fund dealers, to form the Canadian Investment Regulatory Organization (CIRO)/Organisme canadien de réglementation des investissements (OCRI), which regulates both investment and mutual fund dealers, and
- the Former Canadian Investor Protection Fund (Former CIPF), which had been the approved compensation fund for investment dealers regulated by IIROC since 1969 and the MFDA Investor Protection Corporation (MFDA IPC), which had been the approved compensation fund for mutual fund dealers regulated by the MFDA since 2002, to form the Canadian Investor Protection Fund (CIPF)/Fonds canadien de protection des investisseurs (FCPI).

Since January 1, 2023, CIPF is the compensation fund approved by the Canadian Securities Administrators (CSA) to provide protection to customers of CIRO Members who have suffered or may suffer financial losses as a result of the insolvency of a CIRO Member.

CIPF provides protection to CIRO Members which are:

- investment dealers, referred to as Investment Dealer Members, and/or
- mutual fund dealers, referred to as Mutual Fund Dealer Members

  (collectively, referred to as Members or individually as a Member).

As of December 31, 2024, customers of 163 investment dealers and 81 mutual fund dealers across Canada were eligible for CIPF coverage. All Members are listed on the CIPF website.

Since 1969, there have been

23 Member insolvencies

involving claims to CIPF or its predecessor organizations. All eligible customers with missing property have had their property returned to them by CIPF within the limits and the guidelines of the Former CIPF and MFDA IPC Coverage Policies.

CIPF's Role in the Canadian Regulatory System

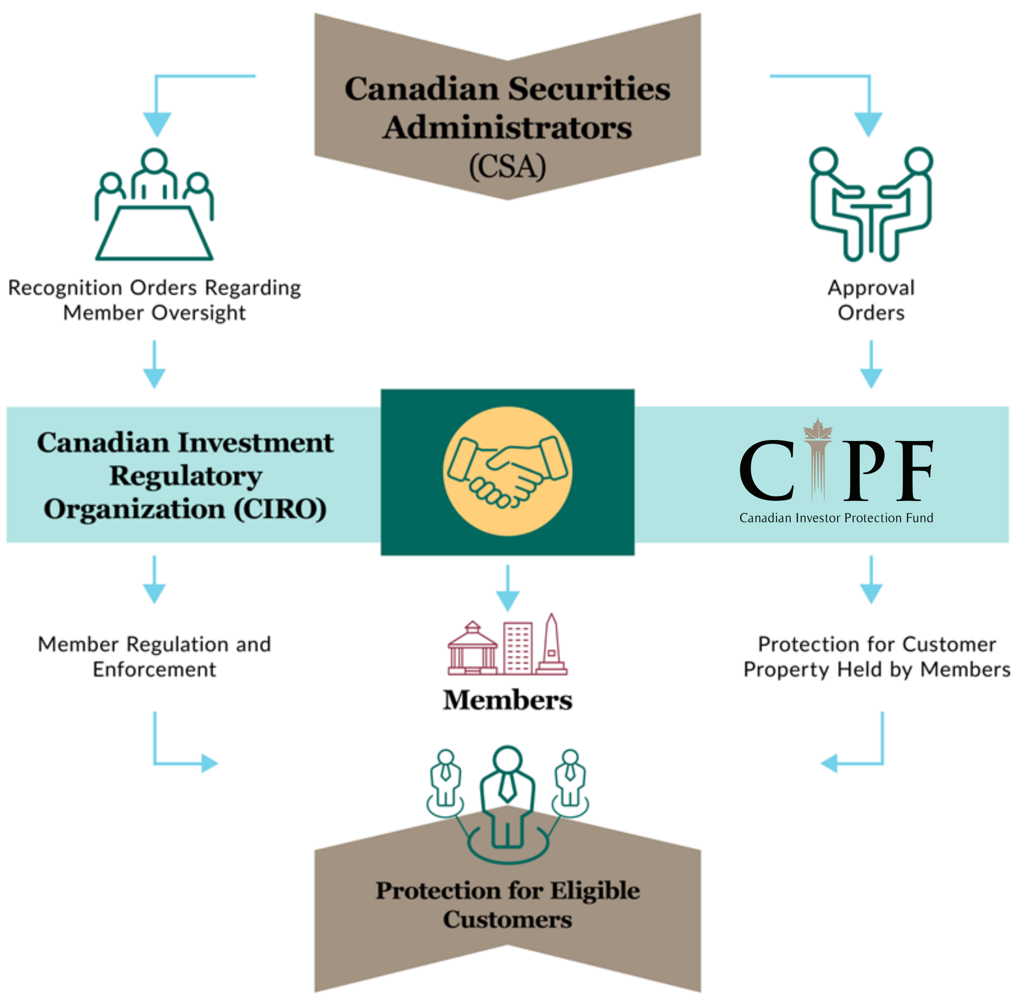
CIPF continues to be funded by Members through two separate funds to protect eligible customers, namely the Investment Dealer Fund (IDF) and the Mutual Fund Dealer Fund (MFDF).

CIPF's role in the Canadian regulatory system is governed as follows:

- As articulated in provincial or territorial approval orders (Approval Orders), CIPF is approved by all CSA members as the investor protection fund for CIRO Members. The CSA is the umbrella organization of Canada's provincial and territorial securities regulators. Each regulator is responsible for promoting investor protection and fair and efficient capital markets.

A Memorandum of Understanding (MOU) among CSA members set out the terms of their oversight framework for CIPF. CIPF's mandate and responsibilities are established through these documents.

- The Industry Agreement between the Former CIPF and IIROC and the Services Agreement and Information Sharing Agreement between the MFDA IPC and the MFDA, each as modified by the Transitional Agreement between CIPF and CIRO, describe the relationship between CIPF and CIRO. It is the intention of CIPF and CIRO to negotiate and enter into a new Cooperative Operating Agreement.



2024

Year in Review

This year marked significant progress across CIPF, with each team member contributing their expertise and commitment to our shared goals. Let's take a look at some notable accomplishments and highlights achieved this year:

STRATEGIC PLANNING

Building upon the foundation established since the amalgamation of the Former CIPF and MFDA IPC, senior management and the Board collaborated to achieve a significant milestone: developing and approving our first post-merger three-year Strategic Plan. This collective effort marked a pivotal moment in our history, as it set a clear and unified direction for the organization, aligning our mission with the evolving needs of the investment industry.

INVESTMENT MANAGEMENT

We assessed our investment strategy approach across our two funds and decided to align our investment policies and move to a single third-party investment manager. As a result, we completed an RFP to hire a third-party investment manager to manage both funds and are mobilizing to transition the portfolios.

OPERATIONAL RESILIENCY, EFFECTIVENESS, AND EFFICIENCY

Negotiations on the Cooperative Operating Agreement with CIRO continued, with guidance sought from the CSA as needed. This agreement ensures that we maximize information sharing to reduce burdens on the industry.

We streamlined reporting, assessment processes, and administrative functions. We conducted cybersecurity simulations with senior management and the Board and developed action plans for cybersecurity and business continuity to remain vigilant in these evolving risk areas. We also assessed our data standards and controls and have centralized within the IT team the mandate of ensuring that CIPF has adequate data governance and management policies, standards, and controls. This will be an area of further focus in 2025.

CORPORATE GOVERNANCE

We centralized the corporate secretarial function, onboarded key personnel and implemented various process efficiencies, including updating the Board and Committee mandates and amending our Board Committee size and structure to optimize resources while continuing to benefit from diverse perspectives and the in-depth knowledge of our Board members.

LIQUIDITY RESOURCES/RISK MANAGEMENT

We developed a risk monitoring program and advanced the credit-risk based model methodology for Mutual Fund Dealer Members. This work will continue as we increase alignment in our methodologies across Mutual Fund Dealer Member and Investment Dealer Member categories. We also engaged a third-party actuarial firm to refresh the MFDF's liquidity resource requirements projection.

We implemented our new Enterprise Risk Management Framework, which consolidated enterprise risks for both the IDF and MFDF and implemented enhanced controls where needed.

CULTURE AND PEOPLE

With our refreshed focus on people strategies, staff participated in a comprehensive cultural assessment survey, mobilized an Employee Engagement Committee, and elevated communication, knowledge-sharing, and training initiatives. Also, following the expiry of our lease, we completed an office move that optimizes workspace and collaboration.

Throughout 2024, CIPF continued to evolve as the industry did, adapting its approach to meet new challenges and opportunities. We reinforced strong relationships with key stakeholders, including active engagement with domestic and international peer groups.

In 2024,

Senior Management and the Board

collaborated to achieve a significant milestone: developing and approving our first post-merger three-year Strategic Plan.

EXECUTIVE TEAM

Left to right

Joseph Campos, CFA, FRM
SVP & Chief Risk Officer

Linda Pendrill, CPA, CA
SVP, CFO & Corporate Services

Toni Ferrari, CPA, CA
President & CEO

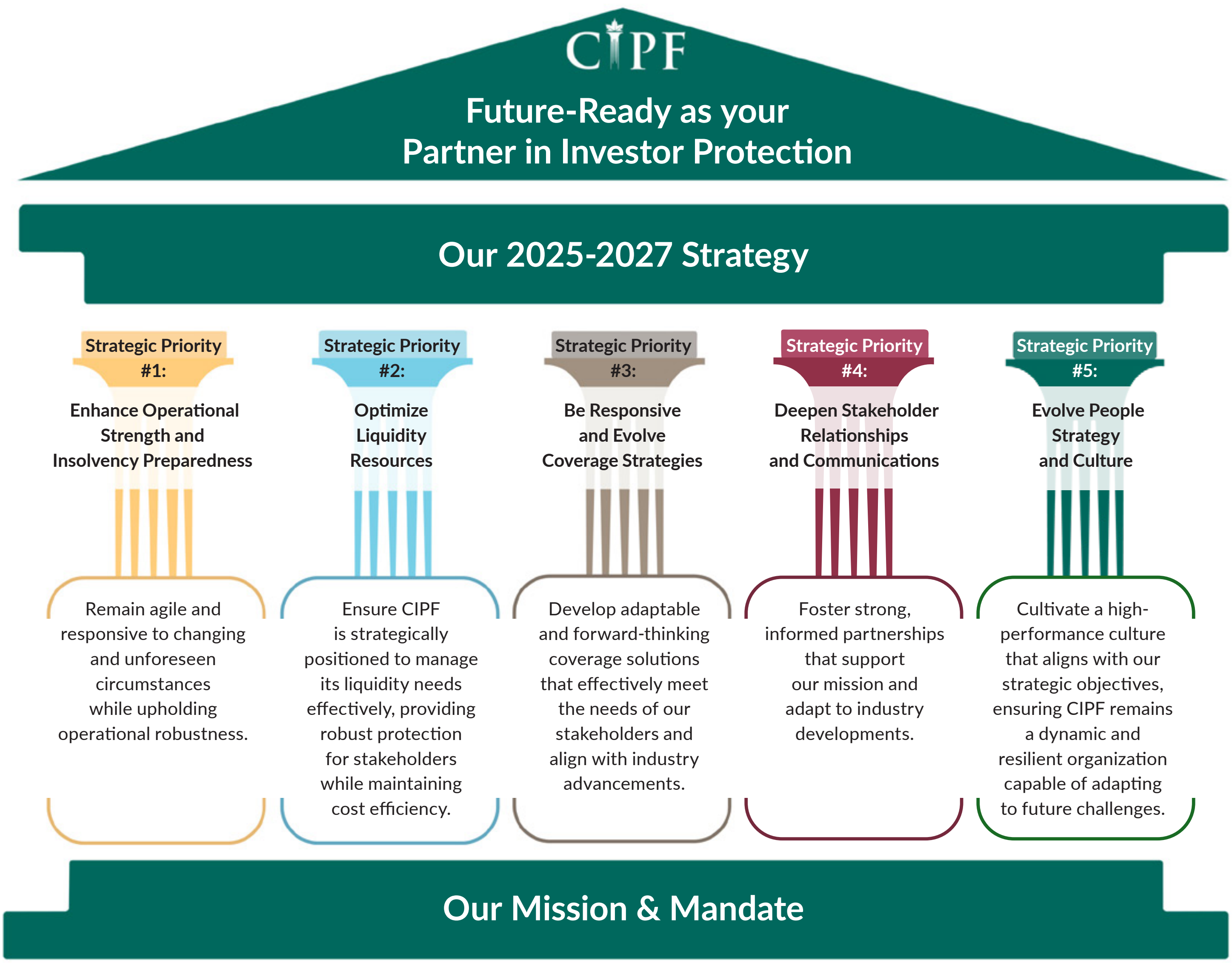
Ilana Singer, LL.B
SVP, Legal, Policy & Corporate Secretary

Odarka Decyk, CPA, CA
SVP, Membership

Biographical information about each executive team member is available on the CIPF website at www.cipf.ca.

2025-2027 Strategic Plan

CIPF's new Strategic Plan is structured around five key pillars, each representing a priority for the next three years. Together, these pillars provide a clear, unified direction for CIPF and ensure the organization's mission remains aligned with the evolving needs of the investment industry.



2025

Year at-a-Glance

Building on our strong foundation and guided by our Board and executive team, CIPF's priorities for 2025 align with our three-year Strategic Plan (2025-2027):

1 ENHANCE OPERATIONAL STRENGTH AND INSOLVENCY PREPAREDNESS

- Continue to work through an updated Cooperative Operating Agreement with CIRO
- Enhance insolvency readiness, including with external stakeholders, through simulations and an updated insolvency playbook
- Strengthen data governance policies and controls
- Execute actions based on 2024 cybersecurity simulations
- Continue to focus on process improvements across departments

2 OPTIMIZE LIQUIDITY RESOURCES

- Complete recalibration of the credit-risk based model for Investment Dealer Members and advance the development of a credit-risk based model for Mutual Fund Dealer Members
- Complete the alignment of the investment policies for the IDF and MFDF and the transition of the management of the portfolios to a third-party portfolio management firm

3 BE RESPONSIVE AND EVOLVE COVERAGE STRATEGIES

- Monitor evolving products and services offered by Members and assess coverage implications where appropriate
- Assess the impact of Member migration between funds on liquidity resource requirements

4 DEEPEN STAKEHOLDER RELATIONSHIPS AND COMMUNICATIONS

- Evolve communication strategies to enhance stakeholder awareness and education
- Monitor Key Performance Indicators (KPIs) to measure communication effectiveness
- Maintain active participation in national and international peer groups

5 EVOLVE PEOPLE STRATEGY AND CULTURE

- Evaluate and enhance Human Resources strategies, policies, practices and employee engagement initiatives, including actions from the 2024 Employee Culture Assessment
- Review the staff performance management and total rewards system and implement a core value framework

Together, these initiatives reinforce CIPF's ability to fulfil its crucial role in protecting investors and upholding the integrity of Canada's financial markets.

CIPF Coverage

CIPF COVERAGE POLICY

Responsibility for determining the eligibility of customers and customer losses lies with CIPF.

When making decisions, CIPF is guided by the CIPF Coverage Policy, which defines customers who are eligible for coverage and the date when the financial loss of a customer is determined. The CIPF Coverage Policy also establishes coverage limits. For more information about the CIPF Coverage Policy, including FAQs and case studies, please refer to the CIPF website at www.cipf.ca.

WHAT CIPF COVERS AND DOES NOT COVER

If a Member becomes insolvent, customers may, in accordance with the CIPF Coverage Policy, make a claim for missing property. This is property held by a Member on behalf of the customer that is not returned to the customer following the Member’s insolvency.

Missing property can include:

- Securities
- Cash and cash equivalents
- Commodity and futures contracts
- Segregated funds
- Other property described in the CIPF Coverage Policy

CIPF Coverage

CIPF does not cover:

- Crypto assets
- Losses resulting from any of the following:
  1. a drop in the value of investments for any reason
  2. unsuitable investments
  3. fraudulent or other misrepresentations
  4. misleading information that was given
  5. important information that was not disclosed
  6. poor investment advice
  7. the insolvency or default of an issuer of securities
- Securities held directly by the customer
- Mutual funds registered in the customer's name and held directly at the mutual fund company, unless they are otherwise in the custody or control of the Member
- Other exclusions identified in the CIPF Coverage Policy

CIPF protection is also not available to customers whose account at a mutual fund dealer is located in Québec, unless the Member is also registered as an investment dealer (a dual registered member). A mutual fund dealer account is considered to be located in Québec for the purposes of CIPF coverage if the office serving the customer is located in Québec.

For more information on what CIPF does and does not cover, please refer to the CIPF website at www.cipf.ca.

In certain circumstances, CIPF's role may involve requesting the appointment of a trustee in bankruptcy.

COVERAGE LIMITS

For an individual holding one or more accounts with a Member, the limits on CIPF protection are generally as follows:

- $1 million for all general accounts combined (such as cash accounts, margin accounts, FHSAs and TFSAs), plus
- $1 million for all registered retirement accounts combined (such as RRSPs, RRIFs and LIFs), plus
- $1 million for all registered education savings plans (RESPs) combined, where the customer is the subscriber of the plan.

All coverage by CIPF is subject to the terms and conditions of the CIPF Coverage Policy and the CIPF Claims Procedures. For further information, please refer to the CIPF website at www.cipf.ca.

PROTECTING ELIGIBLE CUSTOMERS

CIPF continues to fulfil its role of protecting eligible customers of insolvent Members. To determine whether a claim is eligible, CIPF considers the following "Three Points of Eligibility":

- Eligible Customer: Generally all customers of the insolvent firm are considered to be eligible, unless they are on the list of ineligible customers. Ineligible customers include a director of the firm or an individual who contributed to the firm's insolvency.
- Eligible Account: The account must be held with a Member, disclosed in the records of the firm, and used for transacting securities or commodity and futures contracts business.
- Eligible Property: Property that is eligible for coverage, held by the Member on the customer's behalf, and that is not returned to the customer following the Member's insolvency. Eligible property includes cash and securities and excludes crypto assets.

CIPF protection does not depend upon the residency or citizenship of the customer.

Information on the provision for claims and/or related expenses is provided in CIPF's financial statements, which are included in this Annual Report.

Since the Former CIPF was established in 1969 and MFDA IPC in 2002, all eligible customers with missing property have had their property returned to them within the limits defined in the Former CIPF and MFDA IPC Coverage Policies. This record is a tribute to the management and resources of CIPF and a reflection of the organization's commitment to protecting investors within the framework of its Coverage Policy.

WORKING WITH MEMBERS AND OTHER STAKEHOLDERS TO PROTECT CUSTOMERS

CIPF engages in risk management activities to minimize the likelihood of losses, which includes conducting risk analyses associated with Members and identifying Members that may be in financial difficulty and that could pose a risk to either funds. Throughout this process, CIPF works collaboratively with CIRO.

CIPF is also responsible for the determination of CIPF assessments for all Investment Dealer Members, including Dual Registered Investment Dealer Members, and Mutual Fund Dealer Members.

The CIPF insolvency readiness program focuses on preparing all stakeholders for the relevant steps in an insolvency, including determining that a firm is insolvent, appointing and working with a trustee, co-ordinating activities within CIPF and with the CIPF Board, assessing if coverage is applicable, and co-ordinating with external stakeholders such as the CSA and CIRO.

Investment Dealer Members reported that net assets held for customers, a proxy for the property eligible for CIPF protection, were approximately $4.0 trillion at December 31, 2024. Mutual Fund Dealer Members reported that customer assets under administration were approximately $742 billion.

INFORMING MEMBERS AND INVESTORS

Providing clear and accessible information about CIPF protection to Members, advisors, and investors is an ongoing priority for CIPF. CIPF's communications initiatives are intended to increase the level of awareness and education about CIPF among advisors and investors.

In 2024, CIPF continued to focus on its social media strategy across LinkedIn, Twitter and Facebook. The strategy is an ongoing response to the increased use of social media platforms as the primary way for investors and advisors to seek and obtain information. Social media posts provide bite-sized information to investors and advisors about CIPF. This strategy continues to be successful, with significant increases in the size of CIPF's audience, as well as user engagement.

CIPF's webcast training seminar: "CIPF Coverage: Demystifying Common Myths" continues to be available on the CIRO website at www.ciro.ca and is accredited for CIRO continuing education compliance programs for licensed individuals. It is offered in both English and French.

In addition, CIPF added a new webpage entitled "When a Member is Insolvent" and released a Mini Case Study infographic, "Understanding Coverage Limits", featuring hypothetical scenarios that help clarify how the CIPF coverage limits apply in each scenario. The webpage and infographic are available on the CIPF website at www.cipf.ca.

The CIPF Podcast Channel is available on five different applications (Apple Podcasts, Google Podcasts, Spotify, Amazon Music and Deezer) with 20 published podcasts as of December 2024. In 2024, CIPF released the podcast "Regulation and Supervision in Evolving Times". All CIPF podcasts are also available on the CIPF website.

CIPF released regular e-blasts throughout 2024, including those focused on Investor Education Month and Quarterly Resource Bundles.

CIPF continues to work closely with Members on compliance with the CIPF Disclosure Policy, which sets out requirements for disclosing CIPF membership and coverage.

PROMOTING AWARENESS OF INVESTOR PROTECTION

CIPF wants investors to know that they are protected, and to understand the limits of the protection. Several ways that this message is communicated are:

- The CIPF website, www.cipf.ca, provides information, including infographics, animated videos and case studies, about CIPF coverage.
- The CIPF website also lists the legal entity names of all Members, so that investors can confirm that they are dealing with a CIPF Member and, as such, may benefit from CIPF protection.
- Investment Dealer Members must display the CIPF Decal at each business location where customers may visit.
- CIPF-related resources, including podcasts, advisor and investor series, infographics and case studies, are also available on the "Canadian Financial Literacy Database" operated by the Financial Consumer Agency of Canada. The Canadian Financial Literacy Database can be found at www.canada.ca/en/financial-consumer-agency/programs/financial-literacy.

CIPF is one of the sponsors for the web portal www.financeprotection.ca, that aims to help Canadians find out how they are protected in the unlikely event that a Canadian financial institution fails.

Questions about CIPF may be sent directly to info@cipf.ca. For complete CIPF contact information, please see the back cover of this Annual Report.

Corporate Governance Practices

The Board of Directors is responsible for the stewardship of CIPF. It oversees the management of its business and affairs, as well as its governance practices. Sound governance is a continuing priority for CIPF because it is a critical consideration for Members and other key stakeholders.

BOARD COMPOSITION

As at January 1, 2024, the Board was comprised of 14 Directors: President & CEO, 6 Industry Directors and 7 Public Directors, including the Chair. In March 2024, the Board was reduced to 12 directors: President & CEO, 5 Industry Directors and 6 Public Directors, when Douglas Stratton and Pierre Matuszewski departed from the Board after reaching their maximum terms and Rita Achrekar transitioned from an Industry Director to a Public Director.

SOUND CORPORATE PRACTICES

In 2024, as an annual practice, CIPF directors confirmed that they read and complied with the CIPF Code of Conduct for Directors. The CIPF Code of Conduct for Directors requires compliance with the following, among others:

- Disclosing any actual or potential conflicts of interest to the Chair or Board at large
- Considering each existing or proposed activity, appointment, or commercial arrangement to determine whether it might be an actual or potential conflict of interest

- Not using their position as a director of CIPF for personal gain or for the gain of a spouse, dependants or partner
- Maintaining in strict confidence all information received as a result of being a director of CIPF that would reasonably be expected to be maintained in confidence

Annually, all staff must acknowledge that they have read and that they understand the contents of the CIPF Employee Handbook, and that they have complied with key policies, including CIPF's Code of Conduct for Employees.

CIPF also has a Whistleblower Policy that encourages and enables staff to raise serious concerns about violations of CIPF's Code of Conduct. As outlined in the policy, staff may report complaints and allegations concerning violations of CIPF's Code of Conduct to the Chair of CIPF's Audit, Finance & Investment Committee.

The Board of Directors has additionally established a confidential and anonymous process so that any financial complaint or concern about accounting or auditing matters relating to CIPF can be reported. Any person with a complaint or concern relating to CIPF may submit, in writing, relevant information directly to the Chair of CIPF's Audit, Finance & Investment Committee. Contact information for the Chair is available on the CIPF website at www.cipf.ca.

2024 CORPORATE GOVERNANCE REPORTING

The approved schedule for director compensation as at December 31, 2024 for all Public and Industry Directors (which excludes President & CEO) was:

Board

Annual Retainer
$15,000 per year

Chair of the Board
$12,000 per annum

Board Meetings
$1,500 per meeting

Committee

Committee Chairs
$4,000 per year

Committee Meetings
$1,000 for meetings less than two hours, $1,500 for meetings in excess of two hours

Coverage-Related Appeal Hearings, Assessment Appeal Hearings and Preparation

$400 per hour

Out-of-Town Travel Fee

$1,000 per meeting for directors who travel to attend Board or Committee meetings

Director attendance at Board and Committee meetings for the year ended December 31, 2024:

Director	Attendance at Board Meetings	Attendance at Committee Meetings
Rita Achrekar	6/7	4/4
Ann Davis	7/7	8/8
Sean Etherington	7/7	4/4
Toni Ferrari	7/7	13/13
Donna Howard	7/7	6/6
André Langlois	7/7	5/5
Pierre Matuszewski	1/1	2/2
Donald Murray	7/7	8/8
Walter Pavan	7/7	5/5
Richard Rousseau	7/7	5/5
Sharon Sparkes	7/7	7/9
Douglas Stratton	1/1	2/2
Bernard Turgeon	7/7	5/5
Peter Virvilis	7/7	8/8

In December 2023, the CIPF Board of Directors established an *ad hoc* Board subcommittee to help guide negotiations with CIRO regarding any outstanding matters on the Cooperative Operating Agreement. The subcommittee (comprised of Donna Howard, Ann Davis, Sean Etherington, Donald Murray and Peter Virvilis) held six meetings in 2024. The Cooperative Operating Agreement subcommittee members will receive the above Committee meetings fees and out-of-town travel fees.

COMMITTEE DUTIES

CIPF Board at Work

In 2024, the Board delegated certain duties to its Committees:

Audit, Finance & Investment Committee:
is responsible for reviewing the integrity of financial reporting and disclosure, the associated accounting policies, internal controls, and compliance and legal regulatory requirements. The Audit, Finance & Investment Committee also assesses the financial and investment risks that CIPF is exposed to and ensures that adequate management controls are in place to minimize such risk. Additionally, the Committee has accountability for cyber security, business continuity, the procurement guidelines, and the whistleblower process.

Governance, Nominating & Human Resources Committee:
is responsible for reviewing the effectiveness of CIPF's corporate governance system and recommends to the Board, the nominees for election as Directors of CIPF.

Coverage Committee:
is responsible for recommending Coverage Policy and Disclosure Policy changes to the Board, supervising insolvency proceedings and related litigation, and for the oversight of the claims process. It also oversees CIPF's communications initiatives.

Risk Committee:
is responsible for monitoring the adequacy of the two segregated funds' resources in relation to the credit-risk each is exposed to due to the failure of a Member. It also reviews SRO rule changes as they impact capital requirements, custody of client assets and new products and services. In addition, the Risk Committee oversees and monitors CIPF's management of enterprise risks as well as recommends changes to CIPF's Assessment Policies and related Procedures to the Board.

BOARD OF DIRECTORS

December 31, 2024

Front row: Sharon Sparkes, Donna Howard, Toni Ferrari, Ann Davis, Rita Achrekar

Back row: Peter Virvilis, André Langlois, Sean Etherington, Richard Rousseau, Donald Murray, Bernard Turgeon, Walter Pavan

CHAIR

Donna Howard[3]
ICD.D
Smiths Falls, Ontario
Former Adviser to the Governor of the Bank of Canada and former Chief of the Financial Markets Department for the Bank of Canada
(joined March 2015)

PRESIDENT & CEO

Toni Ferrari
CPA, CA
Toronto, Ontario
(joined January 2023)

Committees

1 Audit, Finance & Investment Committee
2 Coverage Committee
3 Governance, Nominating & Human Resources Committee
4 Risk Committee
* Committee Chair

Biographical information about each Director is available on the CIPF website at www.cipf.ca.

Corporate Governance Practices

PUBLIC DIRECTORS

Rita Achrekar[2,4]
FRM, ICD.D
Toronto, Ontario
Former Senior Vice-President, Global Risk Management, Scotiabank
(joined April 2018)

Ann Davis[3,4*]
FCPA, FCA
Toronto, Ontario
Former Partner, KPMG LLP
(joined April 2017)

Donald Murray[2,3*]
LLB
Winnipeg, Manitoba
Former Chair & CEO of the Manitoba Securities Commission
(joined October 2020)

Walter Pavan[1,4]
CPA, CA
Mississauga, Ontario
Former CFO of Scotia Asset Management L.P.
(joined October 2020)

Sharon Sparkes[1*,3]
FCPA, FCA, ICD.D
St. John's, Newfoundland and Labrador
Former Interim President & CEO of the Newfoundland and Labrador Liquor Corporation
(joined March 2021)

Bernard Turgeon[1,2]
PH.D.
Québec City, Québec
Former Associate Deputy Minister at the Ministry of Finance of Québec
(joined April 2017)

INDUSTRY DIRECTORS

Sean Etherington[2*,4]
CIM
Toronto, Ontario
EVP and Co-head of Canadian Wealth for CI Financial and President of CI Assante Wealth Management
(joined May 2018)

André Langlois[1,4]
FSA, FCIA
Montréal, Québec
President of Desjardins Financial Security Investments Inc. and Senior Vice-President, Independent Network, Sales and Distribution
(joined February 2022)

Richard Rousseau[1,2]
Saint-Lambert, Québec
Former Vice-Chair of the Private Client Group, Québec, at Raymond James Ltd.
(joined March 2021)

Peter Virvilis[3,4]
Vancouver, British Columbia
CFO, Haywood Securities Inc.
(joined April 2017)

INTRODUCING OUR NEW BOARD MEMBERS

As of April 2025

Peter Pacholko[1,4]
CPA, CGA
Industry Director
Vancouver, British Columbia
Chief Operating Officer and Chief Financial Officer of Odlum Brown Limited

Julie Rochette[1,3]
LLB
Industry Director
Montréal, Québec
Vice-President, Compliance and Risk Management of iA Financial Group

Committees

1 Audit, Finance & Investment Committee
2 Coverage Committee
3 Governance, Nominating & Human Resources Committee
4 Risk Committee
* Committee Chair

Biographical information about each Director is available on the CIPF website at www.cipf.ca.

Liquidity Resources

FINANCIAL STRENGTHS

In 2024, the CIPF Board was responsible for the following in connection with Investment Dealer and Mutual Fund Dealer Members:

- Overseeing the adequacy of CIPF's available liquidity resources to meet its financial obligations to the customers of a Member if an insolvency were to occur
- Approving the methodologies, parameters and assumptions used to project the liquidity resource requirements needed to cover customer claims following the insolvency of a Member
- Approving the annual target assessment amounts for each of the dealer categories and determining how each Member would be assessed
- Setting any additional assessments for Members

Investment Dealer Fund Liquidity Resources

The CIPF credit-risk based model is used to estimate the liquidity resources required to fulfil CIPF's mandate with respect to Investment Dealer Members. Key inputs into the model included quantitative and qualitative factors used to estimate Investment Dealer Member insolvency risk and asset recovery risk. Investment Dealer Members with good corporate governance, profitability and capital generally presented less relative credit-risk to CIPF.

In 2024, following a review and analysis, the Board approved a target liquidity resource level of $1.25 billion to fulfil CIPF's mandate with respect to Investment Dealer Members. CIPF's available liquidity resources for customer claims following the insolvency of an Investment Dealer Member, as at December 31, 2024, were $1.14 billion.

Mutual Fund Dealer Fund Liquidity Resources

CIPF performs annual reviews to assess the adequacy of the liquidity resources required to fulfil its mandate with respect to Mutual Fund Dealer Members. The annual review considers quantitative and qualitative measures such as Members' assets under administration and trends and risk factors relevant to Mutual Fund Dealer Members. In addition, observations and recommendations resulting from periodic reviews of the fund size by a third party are incorporated into CIPF's annual review.

Liquidity Resources

In 2024, following a review and analysis, the Board approved a target liquidity resource level of $120 million to fulfil CIPF's mandate with respect to Mutual Fund Dealer Members allowing the MFDF to grow organically once the target liquidity was met. CIPF's available liquidity resources for customer claims following the insolvency of a Mutual Fund Dealer Member, as at December 31, 2024, were $127 million.

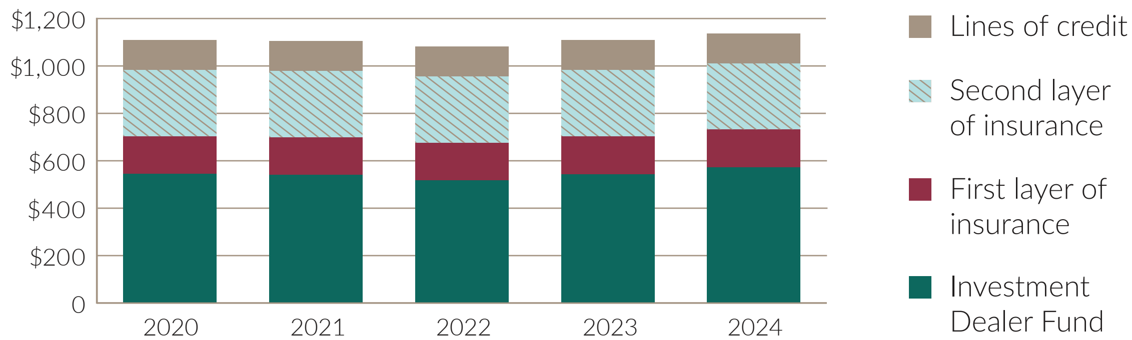
AVAILABLE LIQUIDITY RESOURCES 2020 TO 2024

In addition to investment portfolios, CIPF also has for liquidity purposes, committed lines of credit and insurance for each of the IDF and MFDF.

AVAILABLE LIQUIDITY RESOURCES 2020 TO 2024

Investment Dealer Fund

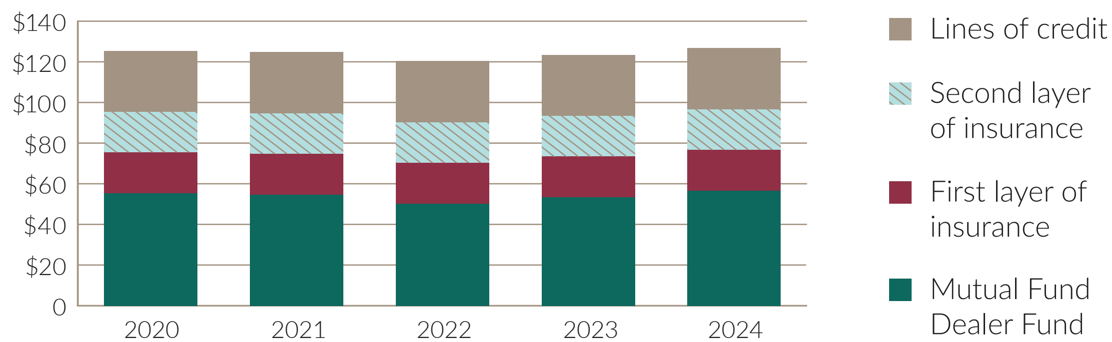
At December 31 ($ Millions)



AVAILABLE LIQUIDITY RESOURCES 2020 TO 2024

Mutual Fund Dealer Fund

At December 31 ($ Millions)



Liquidity Resources

CIPF CAN DRAW ON SEVERAL LIQUIDITY RESOURCES TO PAY CUSTOMER CLAIMS OF INSOLVENT MEMBERS

The IDF is available to satisfy potential claims for coverage under the CIPF Coverage Policy by customers of Members duly registered under Canadian securities legislation in the category of "investment dealer" or dually registered "investment dealers" and "mutual fund dealers" ("dual registrants"). The MFDF is available to satisfy potential claims for coverage under the CIPF Coverage Policy by customers of Members duly registered under Canadian securities legislation in the category of "mutual fund dealer".

Liquidity Resources: Investment Dealer Fund

In addition to the ability to assess Investment Dealer Members, there are three core components comprising the total liquidity resources available in the event of an insolvency of an Investment Dealer Member:

- The IDF, which totaled $571.7 million as at December 31, 2024, is primarily comprised of a portfolio of investments with fair value of $574.0 million
- A primary insurance policy, which provides in the amount of $160 million in the annual aggregate, for losses in excess of $200 million in one year, and a second layer of excess insurance policy in the amount of $280 million for losses in excess of $360 million in one year
- Committed lines of credit from two Canadian chartered banks, totaling $125 million as at December 31, 2024

Liquidity Resources: Mutual Fund Dealer Fund

In addition to the ability to assess Mutual Fund Dealer Members, there are three core components comprising the total liquidity resources available in the event of an insolvency of a Mutual Fund Dealer Member:

- The MFDF, which totaled $56.6 million as at December 31, 2024, is primarily comprised of a portfolio of investments with a fair value of $55.0 million
- A primary insurance policy, which provides in the amount of $20 million in the annual aggregate, for losses in excess of $30 million in one year, and a second layer of excess insurance policy in the amount of $20 million for losses in excess of $50 million in one year
- A committed line of credit from a Canadian chartered bank, in the amount of $30 million as at December 31, 2024

Liquidity Resources

Liquidity Resource: Investment Portfolios

CIPF maintains separate investment portfolios for each of the IDF and MFDF. The Board approves the respective investment policies for the IDF and MFDF, and regularly reviews the portfolios' holdings for compliance with the respective policies.

Investment Dealer Fund

The IDF Investment Policy as at December 31, 2024 provided that all investment debt obligations must be issued or guaranteed by the Government of Canada or provincial or territorial governments. The policy required all counterparties to meet the following rating, as determined by the Dominion Bond Rating Service (DBRS) or, where not available, the equivalent rating from one of the other recognized credit rating agencies.

- For maturities beyond one year – "A"
- For cash and equivalents – "R-1 Low"

Mutual Fund Dealer Fund

The MFDF Investment Policy provided that investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 10-year period except for up to 10% of the portfolio which may be invested in certain corporate fixed income instruments (or pooled funds or similar investment vehicles comprised primarily of such instruments) measured on the basis of market value, denominated and payable in Canadian dollars.

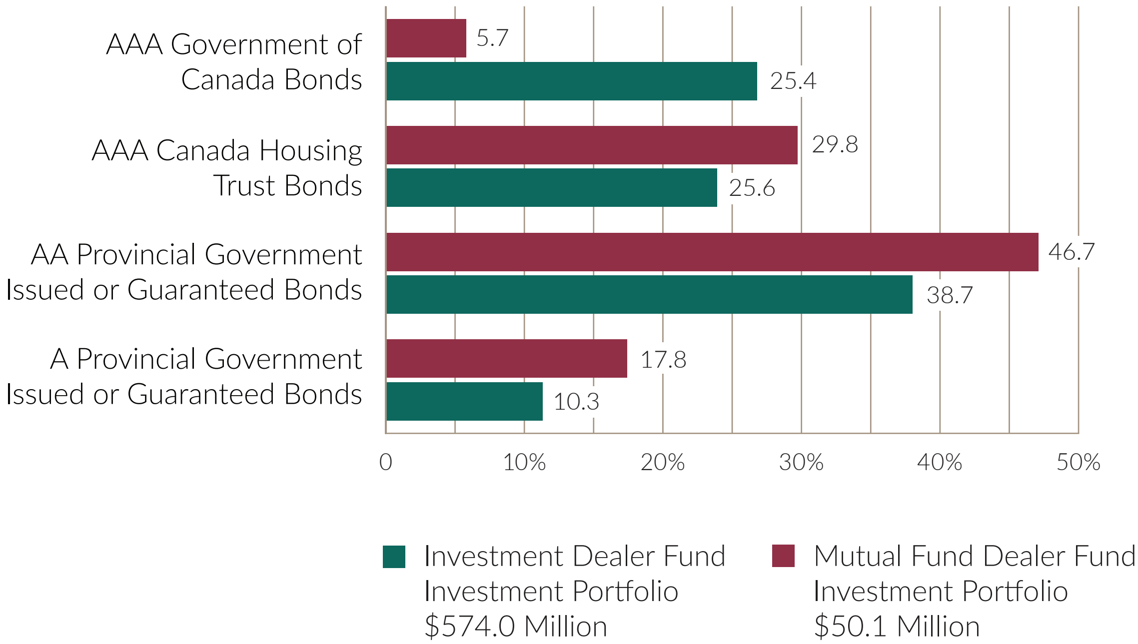
The MFDF Investment Policy limits the exposure to individual investments, such as limiting the maximum portfolio exposure to a single province to 20%.

Liquidity Resources

CIPF FIXED INCOME INVESTMENT PORTFOLIOS (FAIR VALUE)

Distribution of Credit Ratings

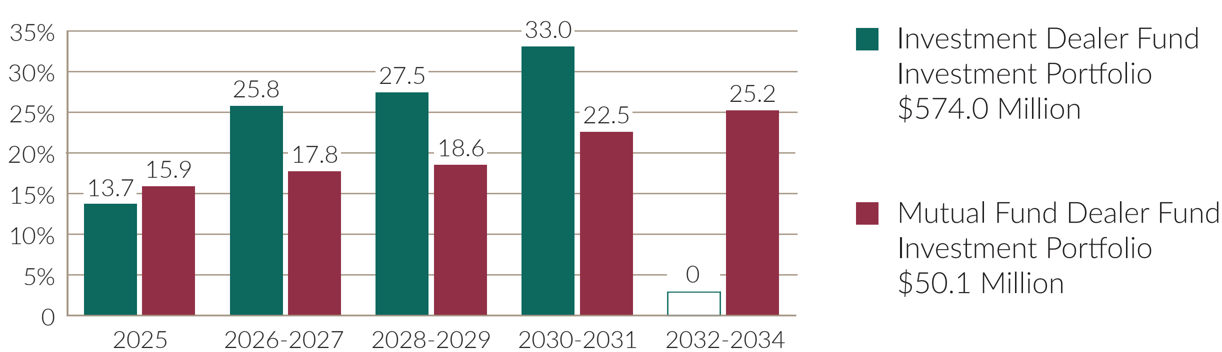
At December 31, 2024 (Percentage %)



CIPF FIXED INCOME INVESTMENT PORTFOLIOS (FAIR VALUE)

Maturity by Year

At December 31, 2024 (Percentage %)



Commentary on Financial Results

FINANCIAL REVIEW AND OUTLOOK

Balance Sheet

At December 31, 2024, CIPF held an investment portfolio for the IDF and an investment portfolio for the MFDF with a combined fair value of $629.0 million, representing most of CIPF's total assets of $637.7 million as at December 31, 2024. The IDF and MFDF investments accounted for 91% and 9%, respectively, of total investments.

The two fixed income investment portfolios comprise investments that are issued or guaranteed by the Government of Canada or provincial governments and are carried at fair value. The fair value of the investments is impacted by changes in interest rates.

A hypothetical 100 basis point increase/decrease in interest rates would decrease/increase the fair value of the fixed income securities by $19.2 million in the IDF and $2.1 million in the MFDF for a total of $21.3 million (2023: $20.1 million). CIPF's investment policies are to hold fixed income investments until maturity, unless required to make a payment in accordance with the mandate of CIPF or as directed by the Board. A small portion, 9%, of the MFDF investment portfolio is invested in mutual funds that are primarily invested in fixed income corporate debt instruments.

Commentary on Financial Results

INVESTMENT DEALER FUND

$571.7 million in net assets

at the end of 2024, an increase of $28.4 million from the previous year.

The balance in the IDF at December 31, 2024 was $571.7 million, an increase of $28.4 million over the prior year. The increase resulted from the excess of revenues over expenses of $28.7 million, less the transfer to the Investment in Capital Assets Fund of $0.3 million.

MUTUAL FUND DEALER FUND

$56.6 million in net assets

at the end of 2024, an increase of $3.3 million from the previous year.

The balance in the MFDF at December 31, 2024 was $56.6 million, an increase of $3.3 million over the prior year which was attributable to the excess of revenues over expenses of $3.3 million, less the transfer to the Investment in Capital Assets Fund of $21 thousand.

The Investment in Capital Assets Fund was $0.4 million at December 31, 2024.

Revenues and Expenses

CIPF had an excess of revenues over expenses before unrealized gains on fixed income investments of $17.3 million for the year ended December 31, 2024, compared to $15.0 million in 2023. CIPF had unrealized gains during the year on fixed income investments due to the movement in market value of $14.4 million (2023: $15.1 million gains). The net of the above resulted in an excess of revenues over expenses of $31.7 million for the year ended December 31, 2024, compared to an excess of $30.1 million in 2023.

CIPF generated revenue from assessments to Members of CIRO and from investment income on the IDF and MFDF.

Assessments in 2024

Total regular assessments were $15.8 million in 2024 compared to total regular assessments of $15.0 million in 2023, representing a 5.3% increase.

Commencing in 2024, integration assessments were levied on: (i) affiliated Investment Dealer Members and Mutual Fund Dealer Members, and (ii) Dually Registered Investment Dealer Members as the means for recovering merger and integration costs incurred by CIPF and its predecessors. CIPF Investment Dealer Assessment Policy and the CIPF Mutual Fund Dealer Assessment Policy set out the special integration assessment policies applicable to the respective Member categories. Integration assessments are being levied over a five-year period.

Total integration assessments were $0.8 million in 2024.

Commentary on Financial Results

Investment Dealers

The Board took the following steps to determine the regular quarterly assessments payable by Investment Dealer Members:

- The Board set the annual assessment amount, a component of liquidity resources, based on CIPF's risk-based assessment methodology and considering the target for the liquidity resources.
- The assessment was then allocated based on each Member's relative risk, subject to a minimum assessment of $5 thousand annually and a maximum quarterly assessment of 1/4% of a Member's gross revenue for the preceding four quarters.
- The Board approved assessment target in 2024 was $13.5 million versus $12.9 million in 2023. After allowing for minimum and maximum assessments, the net amount of regular assessments in 2024 was $13.9 million versus $13.3 million in 2023.

Integration assessments levied in 2024 were $0.4 million and represented 20% of the total integration costs incurred by the IDF and Former CIPF.

CIPF also assessed capital deficiency assessments of $5 thousand in 2024 (2023: $61 thousand) to Investment Dealer Members that incurred capital deficiencies in any month pursuant to CIRO rules, in accordance with the CIPF Investment Dealer Assessment Policy.

CIPF levied asset location assessments of $0.3 million in 2024 (2023: $0.4 million) to Investment Dealer Members that had high asset location risk, in accordance with the CIPF Investment Dealer Assessment Policy.

For the first time, to address the additional risk of an Investment Dealer Member carrying an introducing broker that was a Mutual Fund Dealer Member, CIPF levied a Mutual Fund Dealer Introduced Asset Assessment of $3 thousand, in accordance with the CIPF Investment Dealer Assessment Policy.

Mutual Fund Dealers

The Board sets the annual assessment of Mutual Fund Dealer Members while considering the liquidity resource requirements of the MFDF. For 2024, the annual assessments have been set to cover operating costs incurred by or allocated to the MFDF. Assessments for Mutual Fund Dealer Members were established in the normal course of the annual budgeting process and approved by the CIPF Board. The regular assessments are calculated as a percentage of the two-year average Assets Under Administration (AUA) based on AUA data reported by Members. AUA for assessment purposes excludes customer accounts of Members located in Québec as no coverage is generally provided for these accounts as per the Coverage Policy.

Regular assessments in 2024 were $1.9 million, versus $1.7 million in 2023.

Integration assessments levied in 2024 were $0.3 million and represented 20% of the total integration costs incurred by the MFDF and the MFDA IPC.

Investment Income for 2024

Investment income is primarily comprised of interest and accretion of the bond premiums and discounts earned on the two investment portfolios at amortized cost. It also includes distributions and realized and unrealized gains and losses from mutual funds held in the MFDF investment portfolio. The investment income for the year ended December 31, 2024 was $15.7 million, an increase of $2.2 million from 2023. The 16.2% increase is attributable to an increase in the yield of fixed income investments at amortized cost, as bonds at lower yields matured and new investments were purchased at higher yields.

Operating Expenses

Total operating expenses for the year ended December 31, 2024, were $15.4 million, an increase of $2.2 million over the prior year. The increase in expenses was mainly driven by higher professional fees, the addition of staff, as well as the strategic initiatives aimed at supporting the post-merger organization. The two previous funds operated under different models, with the MFDA IPC relying on outsourcing and receiving significant support from the MFDA. As a result, adjustments were needed to address capacity gaps and standardize the operations of both funds. The 2024 strategic initiatives included:

- A commitment of staff resources and external legal counsel to negotiate an updated Industry Agreement, the Cooperative Operating Agreement, with CIRO. In 2024, 100% of costs relating to the negotiation of the Cooperative Operating Agreement with CIRO are operating costs whereas in 2023, 50% of these costs were considered integration costs. Efforts to finalize the Cooperative Operating Agreement will continue into 2025 and the costs will be charged 100% to operating expenses
- Setting a three-year Strategic Plan for 2025-2027
- Securing and outfitting newly leased office premises suited for CIPF's operations
- Developing a risk monitoring program and advancing the credit-risk based model methodology for Mutual Fund Dealer Members and engaging a third-party actuarial firm to refresh the MFDF's liquidity resource requirements projection
- Implementing a new Enterprise Risk Management Framework consolidating enterprise risks for both IDF and MFDF
- Conducting a cybersecurity simulation with senior management and the Board and reviewing CIPF's business continuity plan
- The continuation of longer-term key initiatives including alignment of investment strategies for the two funds and assessing data governance and policies and standards
- Focusing on corporate governance matters including centralization of the corporate secretarial function
- Modifying and aligning CIPF policies and practices to accommodate new regulatory initiatives resulting from the merger including dual registrations and new introducing/carrying broker arrangements between Investment Dealer and Mutual Fund Dealer Members
- Further dedicated efforts to integrate predecessor organizations' activities and bring those that were previously provided by the MFDA in-house

Allocation of Expenses

Total expenses comprise $13.3 million and $1.8 million attributable to the operations of the IDF and the MFDF, respectively, and $0.3 million in the Investment in Capital Assets Fund.

The Board approved an allocation method for operating costs to facilitate appropriate assessment allocations between the IDF and MFDF. Direct costs are separately captured for the IDF and MFDF with indirect costs being allocated to each fund using a cost allocation model based on factors including the respective sizes of the IDF and MFDF. Specifically, direct costs include costs associated with fund liquidity resources such as excess insurance premiums, credit facilities and investment management and custody fees. Indirect or shared costs, which are predominantly comprised of salaries and employee benefits, occupancy costs, director fees, communications and professional fees, were allocated 90% to the IDF and 10% to the MFDF. A similar approach was applied in prior years.

OUTLOOK FOR 2025

The 2025 operating budget reflects the costs of carrying out CIPF's mandate and its annual strategic priorities.

The CIPF Board approved regular assessments of $15.9 million, comprising $14.0 million to be assessed to Investment Dealer Members and $1.9 million to be assessed to Mutual Fund Dealer Members. In addition, 20% of the integration costs incurred relating to the amalgamation and integration of CIPF and MFDA IPC, will continue to be recovered. Investment income at amortized cost is forecast to be $15.4 million in 2025, flat from 2024 and will be a function of the movement of interest rates in 2025.

The 2025 forecast for operating expenses is $16.7 million, of which $14.8 million is forecast for the IDF and $1.9 million is forecast for the MFDF.

A key objective for CIPF in the coming year is advancing the finalization of the Cooperative Operating Agreement with CIRO, which will replace the transitional agreement and other agreements with the legacy organizations. In fiscal 2025, CIPF will also be focusing on: (i) enhancing insolvency readiness and conducting simulations, (ii) completing a recalibration of the credit-risk based model for Investment Dealer Members, (iii) advancing the development of a credit-risk based model to be suitable for Mutual Fund Dealer Members, (iv) assessing Member migration between funds and impact on liquidity resources, (v) a review of coverage policies with respect to new products and arrangements (for example, introducing/carrying brokers), and (vi) information technology with a focus on cyber security, business continuity and disaster recovery plans and a data governance framework. Additionally, the Board has approved the investments to be managed by a third party for both funds and CIPF will be focused on the alignment of the investment policies and the transition to the third-party manager.

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Independent Auditor's Report

To the Members and Board of Directors of the Canadian
Investor Protection Fund

Opinion

We have audited the financial statements of the Canadian Investor Protection Fund (the "Organization"), which comprise the balance sheet as at December 31, 2024, and the statements of revenues and expenses and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 26, 2025

Canadian Investor Protection Fund

Balance Sheet
as at December 31, 2024

(In thousands of dollars)

	2024	2023
	$	$
Assets		
Current assets		
Cash	**3,127**	3,572
Prepaid insurance and recoverables	**942**	812
Investments, at fair value (Note 4)	**629,010**	597,478
Member assessments receivable	**4,307**	3,759
	637,386	605,621
Tangible capital assets (Note 5)	**219**	119
Software development (Note 5)	**132**	217
	637,737	605,957
Liabilities		
Current liabilities		
Payables and accruals	**1,207**	918
Deferred lease inducements	**29**	27
	1,236	945
Long-term deferred lease inducements	**88**	-
Employee future benefits (Note 7)	**7,728**	8,027
	9,052	8,972
Fund balances		
Investment Dealer Fund	**571,725**	543,309
Mutual Fund Dealer Fund	**56,609**	53,340
Investment in Capital Assets Fund	**351**	336
	628,685	596,985
	637,737	605,957

Approved by the Board

Toni Ferrari Director

Sharon Sparkes Director

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Statement of Revenues and Expenses and Changes in Fund Balances
for the year ended December 31, 2024

(In thousands of dollars)

	Investment Dealer Fund	Mutual Fund Dealer Fund	Investment in Capital Assets Fund	**2024 Total**	2023 Total
	$	$	$	**$**	$
Revenues					
Regular assessments	13,938	1,902	-	**15,840**	15,049
Other assessments (Note 8)	786	348	-	**1,134**	473
Investment and other income (Note 9)	13,832	1,877	-	**15,709**	13,529
	28,556	4,127	-	**32,683**	29,051
Expenses					
Salaries and employee benefits (Note 7)	6,540	727	-	**7,267**	6,393
Bank lines of credit fees and insurance premium	2,680	523	-	**3,203**	2,987
Professional fees	1,264	211	-	**1,475**	713
Other operating costs	622	70	-	**692**	503
Directors' fees, travel and education	556	62	-	**618**	565
Occupancy	438	48	-	**486**	416
Communications	318	35	-	**353**	341
Computer server hosting and maintenance	361	30	-	**391**	375
Pension and other employment benefits (Note 7)	356	-	-	**356**	378
Amortization of tangible capital assets and software development	-	-	276	**276**	271
Custodial and investment management fees	130	130	-	**260**	248
Total expenses before the undernoted item	13,265	1,836	276	**15,377**	13,190
Integration costs (Note 11)	-	-	-	**-**	848
	13,265	1,836	276	15,377	14,038
Excess (deficiency) of revenues over expenses before the undernoted item	15,291	2,291	(276)	**17,306**	15,013
Unrealized gains on investments	13,375	999	-	**14,374**	15,124
Excess (deficiency) of revenues over expenses	28,666	3,290	(276)	**31,680**	30,137
Fund balances, beginning of year	543,309	53,340	336	**596,985**	567,096
Excess (deficiency) of revenues over expenses	28,666	3,290	(276)	**31,680**	30,137
Transfer to the Investment in Capital Assets Fund for additions	(270)	(21)	291	**-**	-
Employee future benefits remeasurements (Note 7)	20	-	-	**20**	(248)
Fund balances, end of year	571,725	56,609	351	**628,685**	596,985

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Statement of Cash Flows

for the year ended December 31, 2024

(In thousands of dollars)

	2024	2023
	$	$
Operating activities		
Excess of revenues over expenses	**31,680**	30,137
Items not affecting cash		
Amortization of tangible capital assets and software develop	**276**	271
Amortization of deferred lease inducements	**90**	(29)
Interest accrued	**50**	283
Bond premium amortization	**819**	3,549
Unrealized (gains) losses on investments	**(14,374)**	(15,056)
Unrealized (gains) losses on mutual funds	**(18)**	(68)
Realized loss on investments	**5**	5
Employee future benefits remeasurements	**20**	(248)
Changes in non-cash working capital		
Prepaid insurance and recoverables	**(130)**	24
Member assessments receivable	**(548)**	(492)
Payables and accruals	**289**	(62)
Employee future benefits	**(299)**	19
	17,860	18,333
Investing activities		
Purchases of capital assets	**(291)**	(223)
Purchases of investments	**(109,173)**	(108,271)
Proceeds from maturities and sales of investments	**91,159**	90,882
	(18,305)	(17,612)
(Decrease) increase in cash during the year	**(445)**	721
Cash, beginning of year	**3,572**	2,851
Cash, end of year	**3,127**	3,572

The accompanying notes to the financial statements are an integral part of this financial statement.

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

1. Organization and Amalgamation

The Canadian Investor Protection Fund ("CIPF") was formed on January 1, 2023, through a statutory amalgamation of the Canadian Investor Protection Fund ("Former CIPF") and the MFDA Investor Protection Corporation ("MFDA IPC"). The amalgamated entity retained the CIPF name in English and the French name was changed to Fonds canadien de protection des investisseurs ("FCPI"). The first fiscal year end of CIPF was December 31, 2023.

The purpose of CIPF is to protect customers who have suffered financial loss due to the insolvency of a dealer Member of the Canadian Investment Regulatory Organization ("CIRO"), the national self-regulatory organization that oversees all Investment Dealers, Mutual Fund Dealers and trading activity on Canada's debt and equity marketplaces. CIRO was formed on January 1, 2023, upon the statutory amalgamation of the Investment Industry Regulatory Organization of Canada ("IIROC") and the Mutual Fund Dealer Association of Canada ("MFDA"). CIPF maintains two segregated funds, the Investment Dealer Fund and the Mutual Fund Dealer Fund, designed to provide coverage to eligible customers of CIRO Investment Dealer Members and Mutual Fund Dealer Members (collectively "Dealer Members"), respectively. Coverage is provided to customers of Dealer Members in accordance with CIPF's Coverage Policy. Throughout these financial statements, the reference to Member means a Dealer Member of CIRO.

Former CIPF and the MFDA IPC were incorporated as corporations without share capital under provisions of Part II under the *Canada Corporations Act*. These corporations transitioned to the new *Canada Not-for profit Corporations Act* in 2014. CIPF is a not-for-profit member corporation, as described in Section 149(1)(l) of the *Income Tax Act* (Canada) and, as such, is not subject to either federal or provincial income taxes.

Former CIPF and IIROC executed an industry agreement (the "Industry Agreement") effective September 29, 2008, to address information-sharing and collaborative practices between the two organizations. Similarly, MFDA IPC and MFDA entered into two agreements (i) on July 1, 2005, to define the areas of assistance provided by the MFDA to MFDA IPC, which included administrative, corporate secretarial and other support services (the "Services Agreement"); and (ii) on October 1, 2009, an information sharing agreement (the "Information Sharing Agreement"), collectively the ("MFDA IPC Agreements"). Effective January 1, 2023, an agreement (the "Transitional Agreement") was entered into between CIRO and CIPF that provided for the continued force and effect of the Industry Agreement and MFDA IPC Agreements, in accordance with their respective terms as amended or supplemented by the Transitional Agreement. The Transitional Agreement continues to be in effect as the parties are in the process of negotiating an agreement that will replace these agreements going forward (the "Cooperative Operating Agreement").

2. Statement of compliance with Canadian accounting standards for not-for-profit organizations

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants Canada Handbook – Accounting.

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

3. Summary of significant accounting policies

The significant accounting policies are as follows:

Funds

CIPF maintains two segregated funds, the Investment Dealer Fund and the Mutual Fund Dealer Fund, and a third fund, Investment in Capital Assets Fund.

Investment Dealer Fund and Mutual Fund Dealer Fund

CIPF is funded by assessments levied on Members of CIRO. The purpose of the Investment Dealer Fund and Mutual Fund Dealer Fund is to provide protection to customers of Members who, in accordance with the CIPF Coverage Policy, have suffered or may suffer financial loss as a result of the insolvency of a Member, all on such terms and conditions as may be determined by CIPF in its sole discretion. The Investment Dealer Fund and Mutual Fund Dealer Fund are also used to finance CIPF's operating activities.

The claims to CIPF are limited to the financial losses suffered by eligible customers of Members for the failure of the Member to return or account for customer property as a result of the insolvency of a Member. For each of the Investment Dealer Fund and Mutual Fund Dealer Fund, CIPF maintains a general fund, lines of credit and insurance to pay customer claims of insolvent Members. In the event that CIPF would be unable to satisfy claims on a fund in their entirety, the CIPF Board of Directors ("Board") would determine the period over which to assess Members of the respective fund to make up the shortfall.

The Investment Dealer Fund is available to satisfy potential claims for coverage under the CIPF Coverage Policy by customers of Members duly registered under Canadian securities legislation in the category of "investment dealer" or in the categories of both "investment dealer" and "mutual fund dealer" ("Dually Registered Investment Dealer"). The Mutual Fund Dealer Fund is available to satisfy potential claims for coverage under the CIPF Coverage Policy by customers of Members duly registered under Canadian securities legislation in the category of "mutual fund dealer" ("Mutual Fund Dealer").

Investment in Capital Assets Fund

The Investment in Capital Assets Fund represents CIPF's unamortized balance of its capital assets and intangible assets.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The most significant areas requiring the use of estimates are recovery of (provision for) claims and/or related expenses, and employee future benefits obligation. Actual results could differ from those estimates.

Financial instruments

CIPF's financial instruments consist of cash, investments, Member assessments receivable, and payables and accruals.

CIPF initially measures its financial instruments at fair value. Subsequently, all financial instruments are recorded at amortized cost, except for investments which are recorded at fair value.

Cash

Cash includes cash on hand and cash balances in bank and investment accounts.

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

3. Summary of significant accounting policies (continued)

Investments

Investments are comprised of fixed income securities that are Canadian and provincial government bonds and a small percentage of mutual funds, that invest primarily in fixed income corporate debt instruments, and are carried at fair value. Unrealized gains and losses on mutual funds are recorded in investment income. Gains and losses on fixed income securities resulting from the difference between fair value and amortized cost are recorded as unrealized gains (losses) on investments in the Statement of Revenues and Expenses and Changes in Fund Balances. Accrued interest on the fixed income securities is included in Investments.

Assessments

The assessment structure and models of the predecessor organizations continue to apply, with necessary modifications.

Regular assessment amounts are set by the Board annually based on target assessments for the funds and are payable by Members each quarter. Regular assessments to Investment Dealer Members and Mutual Fund Dealer Members are paid into the Investment Dealer Fund and Mutual Fund Dealer Fund, respectively. Special integration assessments are set to recover the pre and post-amalgamation merger and integration expenses incurred to December 31, 2023 by CIPF or its predecessors. The integration assessments will be charged over a 5-year period commencing in fiscal 2024. Integration assessments are charged to Investment Dealers and Mutual Fund Dealers that are affiliated and to Dually Registered Investment Dealers. The integration assessments are paid to the Investment Dealer Fund or Mutual Fund Dealer Fund based upon the respective Members' dealer registration categories at the time of the merger or admittance into CIRO membership.

Investment Dealer Fund

The amount assessed for the Investment Dealer Fund by the Board is allocated to each Investment Dealer Member based on a differential rate, which is derived from a Member's risk relative to other Investment Dealer Members. Regular assessments are subject to a minimum and maximum amount. New Investment Dealer members pay twice their regular assessment for the first three years of membership. Additional assessments are paid by Investment Dealer Members that have incurred capital deficiencies. Assessments for asset location are assessed on Investment Dealer Members that have a high degree of asset location risk. An Investment Dealer Member that acts as a carrying broker for an introducing broker that is a Mutual Fund Dealer Member is assessed an introduced asset assessment.

The Industry Agreement and CIPF Investment Dealer Assessment Policy provide for a limit on assessments in any quarter such that no Investment Dealer Member shall be assessed more than 1/4% of its aggregate gross revenue for the preceding four quarters (maximum amount) unless an additional amount is required to either cover operational expenses or to permit CIPF to meet the obligations under its bank lines of credit maintained for the Investment Dealer Fund. This limit does not apply to the minimum, new Investment Dealer Member and capital deficiency assessments.

Investment Dealer regular assessments, integration assessments, assessments for capital deficiencies, assessments for asset location and introduced asset assessments are recorded in these financial statements when they are assessed. As provided for in the Industry Agreement, the assessments are collected by CIRO on behalf of CIPF. CIRO is required, under the terms of the Industry Agreement, to pay to CIPF the amount of the assessments (whether or not collected from Members).

Canadian Investor Protection Fund
Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

3. Summary of significant accounting policies (continued)

Mutual Fund Dealer Fund

Mutual Fund Dealer Fund regular assessments are calculated as a percentage of the two-year average Assets Under Administration (AUA) based on AUA data reported by Mutual Fund Dealer Members. Regular assessments are subject to minimum amounts depending upon type of dealer level.

All Mutual Fund Dealer Members are required to pay a regular assessment to the Mutual Fund Dealer Fund. The assessment is collected by CIRO and remitted to CIPF under the terms of the Services Agreement. Regular assessments and integration assessments are recorded in these financial statements when they are assessed.

While CIRO is recognized as a self-regulatory organization of which Mutual Fund Dealers operating in the Province of Québec are required to be Members, those Mutual Fund Dealers are not required to contribute to the Mutual Fund Dealer Fund in respect of customer accounts located in Québec for the purposes of CIPF's Coverage Policy. Accordingly, these Customer Accounts will not be eligible for coverage by CIPF.

Investment income

Investment income includes interest earned, net of any amortization of bond premiums or discounts using the effective interest rate method, dividends and income distributions from mutual funds, and realized and unrealized gains and losses from mutual funds. Unrealized gains and losses on fixed income securities are recorded on the Statement of Revenues and Expenses and Changes in Fund Balances.

Allocation of Expenses

CIPF maintains two segregated funds designed to provide coverage to eligible customers of Investment Dealer Members and Mutual Fund Dealer Members.

To facilitate proper assessment allocations, direct costs are separately captured for the Investment Dealer Fund and Mutual Fund Dealer Fund with indirect costs being allocated to each fund using a cost allocation method approved by the Board. This allocation method is used for both operating and, in prior years, integration costs.

Provision for claims and/or related expenses

Provision for claims from customers of insolvent Members is recorded when CIPF is notified of potential claims, CIPF makes a determination that the claims are eligible under the CIPF Coverage Policy and the amount of the claim can be reasonably estimated. Provision for related expenses, such as trustee's fees, legal fees, hearing costs and other administrative costs, is recorded when a reliable estimate can be made of the costs to administer the potential claims. Recoveries of amounts paid or accrued with respect to customers' claims and administrative costs are recorded when reasonably determinable. No amounts are set aside to cover possible losses and customer claims that could arise from future insolvencies. As at December 31, 2024, there were no Member insolvencies and therefore, no provision was required.

Tangible capital assets and software development

Tangible capital assets and software development are recorded at cost and are amortized in the Investment in Capital Assets Fund on the following basis:

Office furniture and equipment	Straight-line method over 5 years
Leasehold improvements	Straight-line method over the term of the lease
Computers	Straight-line method over 3 years
Software development	Straight-line method over 3 years

Deferred lease inducements

Deferred lease inducements are taken into income over the term of the lease.

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

3. Summary of significant accounting policies (continued)

Employee future benefits

CIPF accrues for its obligations under employee future benefit plans and the related costs as follows:

- The cost of pensions and other retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees and expected health care costs.
- Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. These differences between actual results and actuarial assumptions are recognized directly in the Investment Dealer Fund balance in the Balance Sheet and reported as employee future benefits remeasurements as a separate item in the Statement of Revenues and Expenses and Changes in Fund Balances.
- Past service costs for plan amendments are immediately recognized as employee future benefits remeasurements in the Statement of Revenues and Expenses and Changes in Investment Dealer Fund Balance.

4. Investments

The Board approves investment policies for each of the Investment Dealer Fund and Mutual Fund Dealer Fund. In accordance with the Board-approved investment policies, investments are held until maturity, unless directed by the Board or to make a payment in accordance with the mandate of CIPF.

Investment Dealer Fund

The Investment Dealer Fund investments are held by CIBC Mellon Global Securities Services Company as custodian. All investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 7-year period.

The following table discloses the fair value, maturity and average yields to maturity of CIPF's Investment Dealer Fund investments at December 31, 2024. The weighted average yield to maturity of the portfolio at December 31, 2024 is 3.10% (2023 – 3.80%).

	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	2024 Total fair value	2023 Total fair value
	$	$	$	$	$	$
Canada bonds	**6,703**	**50,207**	**79,061**	**9,563**	**145,534**	146,084
Yield	**3.06%**	**2.82%**	**2.87%**	**3.10%**	**2.88%**	3.40%
Canada Housing Trust bonds	**37,638**	**1,450**	**10,345**	**97,753**	**147,186**	130,583
Yield	**3.18%**	**2.95%**	**3.08%**	**3.23%**	**3.20%**	4.17%
Provincial bonds	**34,313**	**96,379**	**68,104**	**82,493**	**281,289**	269,082
Yield	**3.11%**	**3.02%**	**3.14%**	**3.37%**	**3.16%**	3.84%
	78,654	**148,036**	**157,510**	**189,809**	**574,009**	545,749

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

4. Investments (continued)

Mutual Fund Dealer Fund

The Mutual Fund Dealer Fund fixed income securities are held by CIBC Trust Corporation as custodian. The mutual funds are primarily invested in fixed income corporate debt instruments. Investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 10-year period except for up to 10% of the portfolio which may be invested in certain corporate fixed income instruments.

The following table discloses the fair value, maturity and average yields to maturity of CIPF's Mutual Fund Dealer Fund treasury bills and bonds as at December 31, 2024. The weighted average yield to maturity of the portfolio at December 31, 2024, is 2.68 % (2023 – 3.95%).

					2024	2023
	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	Total fair value	Total fair value
	$	$	$	$	$	$
Canada bonds	2,839	-	-	-	2,839	2,718
Yield	3.52%				3.52%	5.10%
Canada Housing Trust bonds	5,129	-	4,704	5,109	14,942	14,051
Yield	1.95%		2.35%	4.25%	2.86%	4.16%
Provincial bonds	-	8,897	4,606	18,821	32,324	30,482
Yield		2.27%	2.70%	2.60%	2.53%	3.75%
	7,968	8,897	9,310	23,930	50,105	47,251
Mutual funds					4,896	4,478
Total investments					55,001	51,729

Canadian Investor Protection Fund
Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

5. Tangible capital assets and software development

			2024
	Cost	**Accumulated amortization**	**Net book value**
	$	**$**	**$**
Office furniture and equipment	**106**	**21**	**85**
Leasehold improvements	**93**	**1**	**92**
Computers	**264**	**222**	**42**
Tangible capital assets	**463**	**244**	**219**
Software development	**1,907**	**1,775**	**132**

			2023
	Cost	Accumulated amortization	Net book value
	$	$	$
Office furniture and equipment	332	327	5
Leasehold improvements	591	521	70
Computers	219	175	44
Tangible capital assets	1,142	1,023	119
Software development	1,860	1,643	217

During the year CIPF relocated its office. As a result, fully amortized leasehold improvements and office furniture were disposed, and new leasehold improvements and office furniture were acquired.

6. Committed bank lines of credit and insurance

CIPF has committed lines of credit and insurance for each of the Investment Dealer Fund and Mutual Fund Dealer Fund. The lines of credit are guaranteed by CIRO.

Investment Dealer Fund

CIPF has committed lines of credit provided by two Canadian chartered banks totalling $125 million (2023 – $125 million) to be used in the event of a claim to the Investment Dealer Fund. CIPF has also arranged insurance in the amount of $160 million (2023 – $160 million) in the annual aggregate, in respect of losses to be paid from the Investment Dealer Fund in excess of $200 million (2023 – $200 million), and a second layer of insurance in the amount of $280 million (2023– $280 million) in respect of losses to be paid in excess of $360 million (2023– $360 million) in the event of an Investment Dealer Member insolvency.

Mutual Fund Dealer Fund

CIPF has a $30 million (2023 - $30 million) committed line of credit provided by a Canadian chartered bank which may be used in the event of a claim to the Mutual Fund Dealer Fund.

CIPF has also arranged insurance in the amount of $20 million (2023 - $20 million) in the annual aggregate, in respect of losses to be paid from the Mutual Fund Dealer Fund in excess of $30 million, and a second layer of insurance in the amount of $20 million (2023 - $20 million), in respect of losses to be paid in excess of $50 million in the event of a Mutual Fund Dealer Member insolvency.

Canadian Investor Protection Fund

Notes to the financial statements

December 31, 2024

(In thousands of dollars, unless otherwise noted)

7. Employee future benefits

CIPF has the following defined benefit pension plans:

- pension benefits to a retired employee since September 1, 1998. This pension benefit plan is not registered under the *Income Tax Act* (Canada), nor is it funded.
- a Supplementary Executive Retirement Plan (SERP) for certain retired executives, effective April 9, 2002. This plan is not registered under the *Income Tax Act* (Canada), nor is it funded.

CIPF also provides extended health benefits on retirement to full-time permanent employees who retire on or after age 55 with service greater than ten years and who qualified for the benefits prior to December 31, 2024. Those who do not qualify by December 31, 2024 will no longer become eligible for these benefits. These extended health benefits terminate at age 75. This plan is not funded.

Actuarial valuations of the pension plans are completed annually, and the most recent actuarial valuation of the pension plans for accounting purposes was made on December 31, 2024. Actuarial valuations of the health benefit plan are completed every three years, and the most recent actuarial valuation of the health benefit plan for accounting purposes was made on `December 31, 2022.

CIPF's benefit plan expense, which is attributable to the Investment Dealer Fund, is recorded in pension and other employment benefits expenses.

The significant actuarial assumptions adopted in measuring CIPF's accrued benefit obligations are as follows:

	Pension and health benefit plans	
	2024	2023
	%	**%**
Discount rate	**4.7**	4.6

For measurement purposes, medical and drug claims are assumed to increase by 11% in 2024, grading down to 5.0% per year over six years and dental claims are assumed to increase by 9% in 2024, grading down to 5% per year over four years.

In addition to these plans, the salaries and employee benefits expense on the Statement of Revenues and Expenses and Changes in Fund Balances includes $0.32 million (2023 – $0.29 million) related to CIPF's contribution to the Group RSP plan.

Canadian Investor Protection Fund
Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

8. Other assessment revenue

Other assessments comprise the following:

2024	**Investment Dealer Fund**	**Mutual Fund Dealer Fund**	**Total**
	$	**$**	**$**
Integration assessments (Note 11)	**433**	**348**	781
Assessments for asset location	**345**	**-**	345
Assessments for capital deficiencies	**5**	**-**	5
Introduced asset assessments	**3**	**-**	3
Total	**786**	**348**	**1,134**

2023	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	$	$	$
Assessments for asset location	412	-	412
Assessments for capital deficiencies	61	-	61
Total	473	-	473

9. Investment and other income

Investment and other income comprise the following:

2024	**Investment Dealer Fund**	**Mutual Fund Dealer Fund**	**Total**
	$	**$**	**$**
Interest income	**14,699**	**1,366**	16,065
Amortization of bond premiums and discounts	**(876)**	**57**	(819)
Distributions from mutual funds	**-**	**435**	435
Realized gains (loss) on investments	**-**	**(5)**	(5)
Unrealized gain (loss) on mutual funds	**-**	**18**	18
Other	**9**	**6**	15
Total	**13,832**	**1,877**	**15,709**

2023	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	$	$	$
Interest income	15,429	1,254	16,683
Amortization of bond premiums and discounts	(3,526)	(20)	(3,546)
Distributions from mutual funds	-	394	394
Realized gain (loss) on investments	-	(5)	(5)
Unrealized gain (loss) on mutual funds	-	68	68
Other	3	-	3
Total	11,906	1,691	13,597

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

10. Expense Allocation

The Board approved an allocation method for both operating and integration costs to facilitate proper assessment allocations between the Investment Dealer Fund and Mutual Fund Dealer Fund. Direct costs are separately captured for the Investment Dealer Fund and Mutual Fund Dealer Fund with indirect costs being allocated to each fund using a cost allocation method. In 2024 indirect operating costs were allocated 90% and 10% to the Investment Dealer Fund and Mutual Fund Dealer Fund, respectively (2023 – 91% and 9%).

11. Integration Costs and Assessments

The costs related to the amalgamation and integration of Former CIPF and MFDA IPC include: costs for contract and additional staffing resources to focus on the amalgamation; a portion of legal and other professional fees for corporate matters and to negotiate the new Cooperative Operating Agreement; additional time commitments by Board members; run-off insurance for the Directors; and costs associated with broader communication and executive search.

The total integration costs incurred to December 31, 2023, that will be recovered by the Investment Dealer Fund and Mutual Fund Dealer Fund over 5 years are $2,165 and $1,736, respectively. No integration costs were recovered in 2023.

The integration costs are being recovered by CIPF from Members in accordance with CIPF Investment Dealer Assessment Policy as of January 1, 2023 and amended April 1, 2024, and CIPF Mutual Fund Dealer Assessment Policy as of January 1, 2023 and amended June 11, 2024. In 2024, $433 and $348 of integration costs were recovered to the Investment Dealer Fund and Mutual Fund Dealer Fund, respectively.

12. Lease commitments

During the year CIPF entered into a new long-term lease agreement for office space. At December 31, 2024, CIPF has future minimum annual lease commitments of $5,830 (2023 – $319) for office space and information technology services as follows:

	$
2025	**334**
2026	**474**
2027	**456**
2028	**450**
2029	**466**
Thereafter	**3,650**
	5,830

In addition to the minimum annual lease commitments noted above, CIPF is also committed to operating costs and taxes with respect to the office lease, which approximates $243 until the expiry of the office lease on April 30, 2037.

Canadian Investor Protection Fund

Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

13. Financial instruments

The fair value of a financial instrument is the estimated amount CIPF would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair value of cash, Member assessments receivable, and payables and accruals approximates their carrying value due to the immediate or short-term nature of these financial instruments.

The fair value of CIPF's fixed income investments is determined by reference to published bid price quotations at year-end. These investments have maturity dates and effective interest rates as disclosed in Note 4.

Risk management

Risk management relates to the understanding and active management of risks associated with invested assets. Investments can be exposed to interest rate, liquidity, credit, market and currency risk. CIPF manages its exposure to the risks associated with its investment portfolios by following the Board-approved investment policies (one for the Investment Dealer Fund and a policy for the Mutual Fund Dealer Fund).

The Investment Dealer Fund investment policy restricts the types and amounts of its eligible investments and requires dealing with highly rated counterparties. The Investment Dealer Fund investment policy requires that at least 50% of investments be held in Government of Canada issued or guaranteed securities, with the balance in provincial or territorial government issued or guaranteed securities.

The Investment Dealer Fund investment policy provides for minimum and maximum exposures to any one province or territory to diversify exposures to provincial and territorial credit relative to the FTSE Canada Provincial bond index. The investment policy minimum and maximum exposures to any one province or territory, including entities guaranteed by that province or territory, in relation to the provincial and territorial unamortized book value, are as follows:

Ontario - 35% to 55%
Québec - 20% to 40%
British Columbia and Alberta combined - 10% to 20%
All other provinces and territories combined - 10% to 20%

The policy provides for investing in a laddered portfolio with a maximum term to maturity of 7 years.

The Mutual Fund Dealer Fund investment policy provides that investments must be in highly liquid Canadian or provincial government guaranteed debt obligations that mature over a 10-year period except for up to 10% of the portfolio which may be invested in certain corporate fixed income instruments (or pooled funds or similar investment vehicles comprised primarily of such instruments) measured on the basis of market value, denominated and payable in Canadian dollars.

The Mutual Fund Dealer Fund investment policy limits the exposure to individual investments, such as limiting the maximum portfolio exposure to a single province to 20%.

As the investment policies for both the Investment Dealer Fund and the Mutual Fund Dealer Fund require that investments be denominated in Canadian dollars, CIPF is not subject to any currency risk.

Significant risks that are relevant to CIPF's investments are as follows:

Interest rate risk
Interest rate risk is the risk that the fair value of investments will fluctuate due to changes in market interest rates. CIPF manages the interest rate risk exposure of its investment portfolios by following the investment policies described above and by holding all fixed income investments until maturity and mutual funds for the long term, unless required to make a payment in accordance with the mandate of CIPF or as directed by the Board.

An immediate hypothetical 100 basis point increase/decrease in interest rates would decrease/increase the fair value of the investments by $19.2 million for the Investment Dealer Fund (2023 – $18.2 million) and $2.1 million for the Mutual Fund Dealer Fund (2023 - $1.9 million).

Canadian Investor Protection Fund
Notes to the financial statements
December 31, 2024
(In thousands of dollars, unless otherwise noted)

13. Financial instruments (continued)

Liquidity risk
Liquidity risk is the risk that CIPF will not be able to meet its cash outflow commitments as they fall due. This includes the risk of being forced to sell assets at depressed prices resulting in realized losses on sale. CIPF manages the liquidity risk exposure by following the investment policies described above and by maintaining lines of credit of $125 million (2023 – $125 million) for its Investment Dealer Fund and $30 million (2023 - $30 million) for its Mutual Fund Dealer Fund.

Credit risk
Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations. CIPF manages the credit risk exposure of its investment portfolio by following the investment policies described above. At December 31, 2024 and 2023, all fixed income investments were in securities issued by counterparties that met or exceeded the minimum credit rating of "A" as rated by two nationally recognized rating agencies (DBRS Limited and Standard & Poor's).

Market risk
Market risk is the risk that the fair value of investments will fluctuate as a result of changes in market conditions, whether these changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market. CIPF manages the market risk exposure of its investment portfolios by following the investment policies described above.

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