



Future-Focused

YOUR PARTNER IN INVESTOR PROTECTION

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OUR 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.

Balance in the
Investment Dealer Fund
at Dec 31, 2025 was

\$593.9M

Balance in the Mutual
Fund Dealer Fund at
Dec 31, 2025 was

\$59.0M

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.



Message from the Chair

As I reflect on 2025, I see an organization that has continued to strengthen its foundations while remaining firmly focused on its core mandate: protecting Canadian investors and supporting confidence in our capital markets.

Drawing on my experience on the CIPF Board since 2017, including my time as Vice-Chair, this past year has seen management and the Board work closely together to deepen CIPF's operational resilience, sharpen our governance, and position a small but mighty organization to meet a changing landscape with discipline and a clear sense of purpose.

The last year has been shaped by important work inside the organization. We have advanced our operational resilience and insolvency preparedness, moving beyond plans to practical testing through simulation exercises so that, if an insolvency were to occur, CIPF can act quickly and effectively. We have also used this period to put more formal, documented, and right-sized processes and controls in place; a disciplined approach that makes us both more efficient and more effective. In parallel, under Toni Ferrari's leadership, we have strengthened our risk management

Message from the Chair

programs, updated HR policies and compensation frameworks, and worked to ensure that people across CIPF better understand why we do what we do and how their roles connect to CIPF's broader strategy.

Our 2025–2027 strategic plan has been an important guide as we navigate this environment. Two of its five pillars resonate strongly with me as Chair: stakeholder relations and communications, and operational resilience and insolvency readiness. We cannot prepare for an insolvency in isolation. Our ability to deliver on our mandate depends on deep, constructive relationships with the Canadian Investment Regulatory Organization (CIRO), regulators, member firms, and other stakeholders. This same spirit of collaboration underpins our ongoing work on the Cooperative Operating Agreement (COA), which remains a complex, multi-party effort. CIPF remains fully engaged and ready to operationalize the framework once it is finalized.

Sound governance has been central to this progress. The Board has continued to refine its skills matrix and recruitment processes to ensure that we maintain the right balance of public and industry perspectives. We have been intentional about bringing new voices and perspectives to the table, including the next generation of leaders who can offer fresh thinking on emerging risks, while also drawing on the wise counsel of former Board members in an advisory capacity to maintain continuity during a period of complex structural work.

From an integration standpoint, much has already been achieved, and many core processes and practices are now operating as one. At the same time, we are realistic about what remains: we still have two funds and two sets of members. A key objective lying ahead of us is to move, in step with regulatory developments, toward a single fund structure that reflects today's marketplace. Similarly, the COA will mark an important milestone when finalized, but real success will be measured by its operationalization and how effectively the agreed upon framework is embedded into our collective day-to-day practices.

There are, of course, headwinds, such as the pace of financial innovation and increased industry complexity. Central to navigating these is our mission of investor protection. Canada benefits from a strong regulatory framework that complements CIPF's work as an independent investor protection fund. CIPF remains committed to keeping pace with risks in Canada's evolving marketplace, including understanding how new products and services are structured, regulated, and custodied, and what that means for CIPF coverage and investor outcomes.

What gives me confidence is not a belief that these challenges are simple, but confidence in how CIPF is approaching them – with a strong management team, an engaged Board, and a high degree of trust between them. That combination of discipline, collaboration, and engaged governance is, for me, the source of optimism as we look ahead. Together, we will continue to advance CIPF's mandate of protecting investors in the event of a member insolvency and support confidence in Canada's investment industry, today and in the years to come.

Ann Davis

CHAIR



Message from the President and CEO

The year 2025 was the first in our 2025–2027 Strategic Plan, which has provided a clear framework for advancing our operational and investor protection priorities in a changing environment.

We progressed with greater alignment across our investment dealer and mutual fund dealer funds through the implementation of a unified investment policy, and the transition of our investment portfolio to a professional portfolio manager. Insolvency readiness also remained a core focus, including two simulation exercises, and the development of our readiness program for mutual fund dealers. We also continued to enhance our operational resilience, including updating key policies, strengthening data governance and controls, and maintaining a strong focus on cybersecurity and business continuity.

Our people and culture agenda remained a critical enabler of this work. This was our first year living our new core values alongside the strategic plan. We broadened participation in strategic planning discussions, strengthening alignment and reinforcing shared accountability across the organization.

Message from the President and CEO

Governance and Board engagement also remained strong, supported by a smooth leadership transition to our new Chair, Ann Davis, and Vice-Chair, Donald Murray. Communication with the Board remained frequent and transparent, supported by constructive dialogue and ongoing engagement on key strategic issues.

We stayed actively engaged in discussions on the modernization of the COA with CIRO, focusing on ensuring that CIPF's mandate is clearly understood and operational needs are met while contributing to a balanced outcome for all stakeholders.

2025 was also a year in which we took a broader and more deliberate look at changes across the investment industry and what that evolution may mean for our future. Canada's investment landscape continues to grow in scale and complexity, shaped by ongoing innovation, evolving business models, and the migration of mutual fund dealers toward dual registration, which is influencing the composition of our membership.

In response, we undertook further analysis of industry trends and their implications for our two segregated funds. This work included assessing the adequacy of our liquidity resources, continuing to refine our credit-risk based modelling, and examining cost allocation to ensure it remains fair and aligned with resource use. It also highlighted the importance of considering how the current structure of the funds will continue to support our mandate as membership evolves over time.

That work has helped inform several initiatives now underway. As part of our post-merger evolution, we have begun exploring the potential benefits of a single unified fund to enhance liquidity access to investors, allow costs to be shared across a broader base, and ensure our fund remains responsive as industry structure and membership continue to evolve. We have also initiated a review of our assessment methodologies. This work is intended to ensure that CIPF remains well-positioned to maintain the current level of coverage for clients of both investment dealers and mutual fund dealers, while continuing to adapt thoughtfully to a changing industry.

This year, we will also maintain our focus on bringing the COA discussions to an appropriate conclusion, while sustaining our core commitments: insolvency readiness, prudent management of liquidity resources, robust operational resilience, and a strong, engaged team.

Finally, I am particularly mindful of the contribution of our team. Their professionalism, focus, and steady execution have enabled us to move our strategy forward, strengthen our readiness, and continue to deliver on our mandate in a thoughtful and disciplined way. I remain grateful for their commitment to investors, to our members, and to one another in a year of ongoing change.

Toni Ferrari

PRESIDENT AND CEO

CIPF's Role in the Canadian Regulatory System

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, 2025, customers of 159 investment dealers and 78 mutual fund dealers across Canada were eligible for CIPF coverage. All Members are listed on the CIPF website.

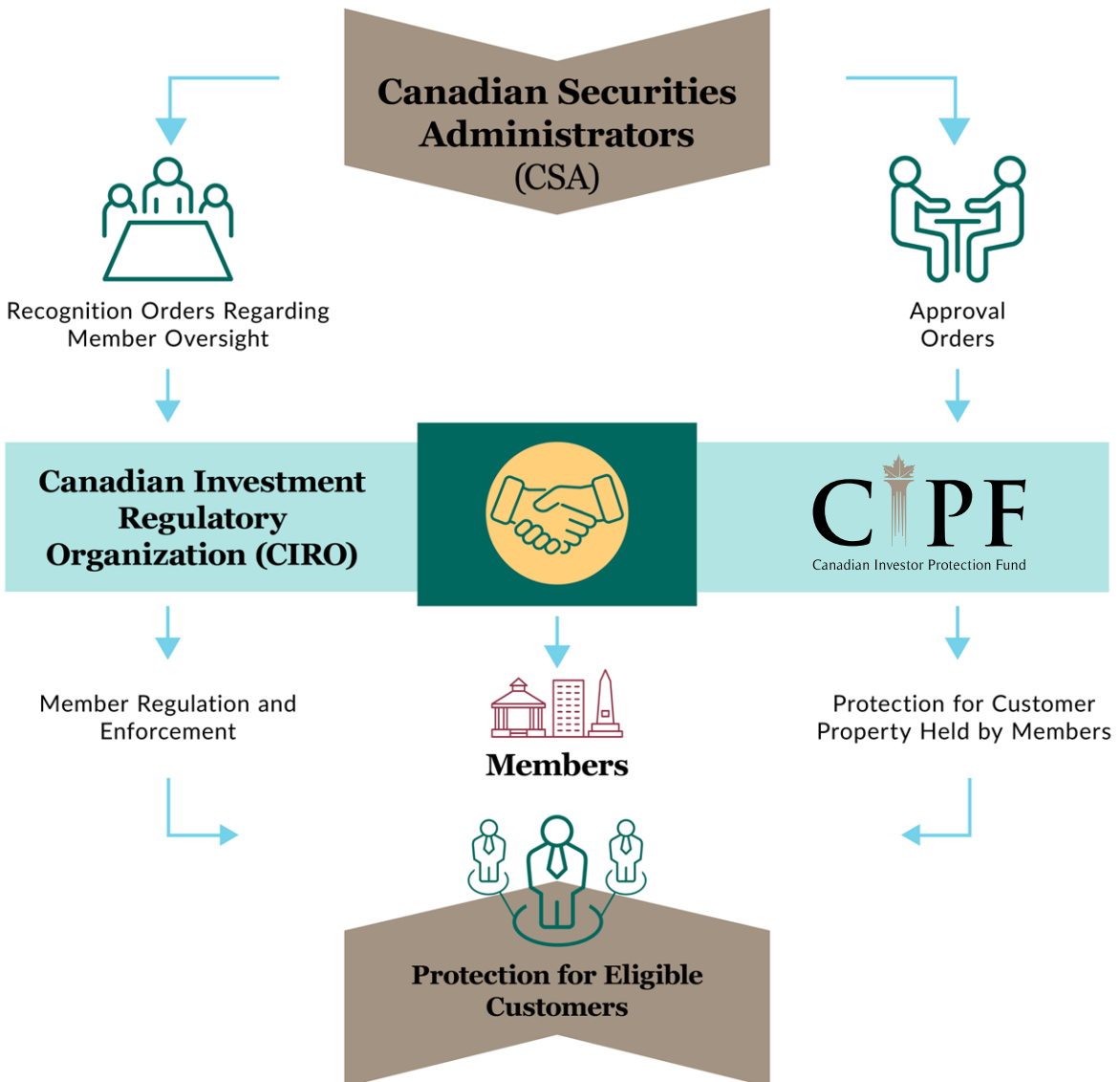
CIPF continues to be funded by Members through two separate funds to protect eligible customers, namely the Investment Dealer Fund (IDF) and the Mutual Fund Dealer Fund (MFDF).

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

- As articulated in provincial or territorial approval orders, 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 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 Investment Industry Regulatory Organization of Canada (IIROC) and the Former CIPF and the Services Agreement between the Mutual Fund Dealers Association of Canada (MFDA) and MFDA Investor Protection Corporation (MFDA IPC), 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.

CIPF's Role in the Canadian Regulatory System

HOW CIPF FITS INTO THE CANADIAN REGULATORY SYSTEM



2025–2027 Strategic Plan

Launched in 2025, CIPF's Strategic Plan is structured around five key pillars, each representing a core organizational priority. Together these pillars provide a clear and unified direction for CIPF and help ensure its mission remains aligned with the evolving needs of the investment industry.



Future-Ready as your
Partner in Investor Protection

Our 2025–2027 Strategy

Strategic Priority #1:

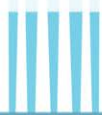
Enhance Operational Strength and Insolvency Preparedness



Remain agile and responsive to changing and unforeseen circumstances while upholding operational robustness.

Strategic Priority #2:

Optimize Liquidity Resources



Ensure CIPF is strategically positioned to manage its liquidity needs effectively, providing robust protection for stakeholders while maintaining cost efficiency.

Strategic Priority #3:

Be Responsive and Evolve Coverage Strategies



Develop adaptable and forward-thinking coverage solutions that effectively meet the needs of our stakeholders and align with industry advancements.

Strategic Priority #4:

Deepen Stakeholder Relationships and Communications



Foster strong, informed partnerships that support our mission and adapt to industry developments.

Strategic Priority #5:

Evolve People Strategy and Culture



Cultivate a high-performance culture that aligns with our strategic objectives, ensuring CIPF remains a dynamic and resilient organization capable of adapting to future challenges.

Our Mission & Mandate



2025 Year in Review

Looking Back on 2025: Celebrating our collective successes

2025 was an important year for CIPF, shaped by a rapidly evolving investment landscape and the increasing scale and complexity of the assets we protect. As mutual fund dealers continued to migrate toward dual registration and assets under coverage grew, longstanding dynamics within our two funds – including historically low assessment levels relative to client assets and the segregation of the two funds – came under closer examination.

Guided by our 2025–2027 Strategic Plan, we undertook a more deliberate assessment of these structural shifts and their long-term implications. This work has positioned CIPF to take a more integrated and forward-looking approach to liquidity, risk, and fund design in 2026 and beyond.

1. OPTIMIZE LIQUIDITY RESOURCES

This work was most evident in our focus on liquidity, risk modelling, and the long-term sustainability of our fund structure.

In 2025, CIPF strengthened its approach to liquidity resources and modelling. Recalibration of the IDF Probability of Default module improved the precision of liquidity planning, while progress on the development of a credit-risk based model for the MFDF enhanced our understanding of risk across both funds.

The first filing of Statements of Member Assets by Location by Mutual Fund Dealer Members increased the depth and quality of data available for liquidity planning. CIPF also assessed the impact of dual registrants on the MFDF liquidity resources and assessments, and considered long-term strategies to ensure continued viability of the MFDF. Collectively, these initiatives strengthened CIPF’s ability to assess risk and ensure liquidity resources remain appropriate and responsive.

2. ENHANCE OPERATIONAL STRENGTH AND INSOLVENCY PREPAREDNESS

In 2025, CIPF strengthened its insolvency preparedness and operational resilience. The development of an Insolvency Playbook, informed by past experience and prior simulations, provides a clearer framework to support effective decision-making in the event of a Member insolvency. This work was reinforced through two simulation exercises with regulators and peer organizations, enhancing coordination and clarifying roles among key stakeholders.

Operational strength was further reinforced through improvements to internal processes. CIPF streamlined its insolvency readiness program for Investment Dealer Members to focus on the collection of only

2025 Year in Review

essential information, while continuing to roll out a tailored readiness program for Mutual Fund Dealer Members. CIPF also streamlined its risk program for Investment Dealer Members, developed and integrated a risk review process for Mutual Fund Dealer Members, and further aligned its risk assessment processes across both dealer groups.

CIPF launched an Efficiency Program to reinforce efficiency and financial discipline. In parallel, we enhanced our technology and data environment to support a resilient organization. This included strengthening information security governance and advancing a multi-year data governance program. CIPF also completed internal and third-party technology security reviews, with no significant risks identified. We strengthened operational resilience through successful testing of business continuity and disaster recovery capabilities, alongside enhanced incident response readiness.

3. BE RESPONSIVE AND EVOLVE COVERAGE STRATEGIES

Throughout 2025, CIPF remained responsive to developments in products, services, and the regulatory environment. Engagement with CIRO supported timely awareness of new products, member developments, and policy initiatives, enabling informed and timely assessment of coverage implications. The evaluation of dual registrants and their impact on MFDF liquidity and assessments is one example of this responsiveness in practice.

CIPF also deepened its collaboration with the Autorité des marchés financiers (AMF) on coverage matters related to Québec members, including assessing the implications of providing coverage to customer accounts of Québec mutual fund dealers as they progress toward integration into CIRO.

4. DEEPEN STAKEHOLDER RELATIONSHIPS AND COMMUNICATIONS

Strengthening relationships and communications remained a priority in 2025. CIPF executed its 2025 Communications Plan and began tracking key performance indicators to assess effectiveness and inform future approaches.

CIPF also maintained active participation in national and international peer groups and continued engagement with regulators and key stakeholders. Work on the COA continued in collaboration with CIRO and the CSA, focusing on ensuring CIPF's mandate and operational needs are met while supporting a balanced outcome across stakeholders.

5. EVOLVE PEOPLE STRATEGY AND CULTURE

CIPF continued to advance its people strategy and culture to support a high-performing, inclusive, and engaging workplace. CIPF introduced core values, reinforcing a culture of accountability, collaboration, respect, integrity and well-being.

2025 Year in Review

Succession planning for key roles was strengthened through targeted leadership development and enhanced training across the organization. Establishing clearer compensation structures, workplace accommodations, and employee feedback mechanisms further supported employee well-being and engagement.

CIPF also continued to act on employee feedback through pulse surveys and follow-up actions arising from the 2024 Employee Culture Assessment, underscoring a commitment to meaningful improvements.

LOOKING AHEAD

The work completed in 2025 was a critical step in positioning CIPF for the future. It has provided clarity on evolving industry dynamics and their implications for our funds, and has informed a set of focused initiatives—including our work on the credit-risk based models, liquidity, assessments, and fund structure—to support the long-term sustainability of the coverage we provide today.



EXECUTIVE TEAM

Left to right

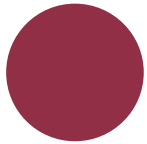
Joseph Campos, CFA, FRM
SVP & Chief Risk Officer

Ilana Singer, LL.B
SVP, General Counsel &
Corporate Secretary

Toni Ferrari, CPA, CA
President & CEO

Odarka Decyk, CPA, CA
SVP & Chief Financial Officer

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



2026

Year at-a-Glance

Building on the work completed in 2025, CIPF entered 2026 with greater clarity on how the industry is evolving and the implications for our funds.

Guided by our Board and executive team, our priorities for 2026 focus on advancing a disciplined program of work to address these dynamics and support the long-term sustainability of the coverage we provide.

These priorities align with our 2025–2027 Strategic Plan, with particular emphasis on strengthening insolvency preparedness, reviewing and optimizing liquidity resources, and continuing to invest in stakeholder relationships and people culture.

1. ENHANCE OPERATIONAL STRENGTH AND INSOLVENCY PREPAREDNESS

- **Continue engagement with CIRO on the COA**, to further strengthen our regulatory partnership and support CIPF’s mandate.
- **Modernize and enhance CIPF’s technology and data governance foundations to support long-term resilience and strategic alignment.** This includes modernizing the Security Industry Regulatory Financial Filing (SIRFF) platform to support evolving regulatory reporting needs; reinforcing cybersecurity preparedness through executive-level simulations; advancing year two of a three-year enterprise data governance program, with a focus

on higher-risk areas; and introducing artificial intelligence capabilities to enhance efficiency and effectiveness, supported by responsible governance and oversight.

- **Maintain and enhance insolvency readiness through targeted initiatives**, including a Board table-top simulation exercise and the completion of the Firm Insolvency Readiness Assessment (FIRA) program for high-risk Investment Dealer and Mutual Fund Dealer Members.
- **Advance efficiency and control initiatives**, including reviewing potential cost reductions in liquidity resources, and further strengthening the control environment through the continued maturity of the Enterprise Risk Management program, supported by established control self-assessment and challenge processes.

2. OPTIMIZE LIQUIDITY RESOURCES

- **Continue the development of a credit-risk based model for the MFDF**, including introducing data validation processes with higher-impact mutual fund dealers and advancing the Fit-for-Purpose initiative with additional risk and account information.

2026 Year at-a-Glance

- Assess the feasibility and potential benefits of a merger of the IDF and MFDF through development of a preliminary business case and a proof-of-concept unified credit-risk based model.
- Review CIPF's assessment policies with a view to having a consistent, fair, and operationally simpler assessment framework that is risk-based, supported by benchmarking and options analysis.

3. BE RESPONSIVE AND EVOLVE COVERAGE STRATEGIES

- Work with the AMF and the Fonds d'indemnisation des services financiers (FISF) to respond to developments in Québec, including eventual transition of Québec mutual fund dealers to full CIRO membership and the development of a collaborative approach for matters involving both funds.
- Continue to assess evolving products and services to ensure CIPF's coverage remains current and aligned with industry developments.

4. DEEPEN STAKEHOLDER RELATIONSHIPS AND COMMUNICATIONS

- Execute the 2026 Communications Plan with a focus on improving Key Performance Indicators and enhancing stakeholder awareness and education.
- Maintain active participation and thought leadership in national and international peer groups, while strengthening regulatory and other key stakeholder relationships.

5. EVOLVE PEOPLE STRATEGY AND CULTURE

- Continue to evolve CIPF's culture to emphasize CIPF core values, including the introduction of a new performance management system and pay-for-performance mechanisms.
- Complete review of CIPF's total rewards framework, by extending benchmarking review to executives, establishing pay bands and updating the benefits program.
- Complete an independent benchmark of Directors' compensation to support the Governance, Nominating & Human Resources Committee's review.

Together, these 2026 priorities reflect a focused and integrated response to the evolving industry landscape, supporting CIPF's ability to strengthen insolvency preparedness, manage liquidity resources responsibly, and invest in stakeholder relationships and people culture, while maintaining the strength and sustainability of the coverage we provide to investors.



CIPF Coverage

The following is a high-level summary of CIPF coverage, including applicable limits. For more detailed information, including the full Coverage Policy, FAQs, and case studies, please refer to the CIPF website at www.cipf.ca.

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.

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.

CIPF Coverage

Missing property can include:

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

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.

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.

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

CIPF engages in risk management activities to minimize the likelihood of losses, which includes conducting risk analyses associated with Members, identifying Members that may be in financial difficulty and that could pose a risk to either fund, and being ready to deal with an insolvency.

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 assessing when 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. To that end, CIPF periodically conducts scenario simulations, updates its insolvency playbook and maintains key information about Members to facilitate timely and effective action in the event of an insolvency.

Investment Dealer Members reported that net assets held for customers, a proxy for the property eligible for CIPF protection, were approximately \$5.4 trillion at December 31, 2025. Mutual Fund Dealer Members reported that customer assets under administration were approximately \$740 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 2025, 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 Coverage

In 2025, CIPF worked collaboratively with the Canada Deposit Insurance Corporation (CDIC) and CIRO Conduct, Compliance, and Legal Advisory Section (CCLS) Education Subcommittee to provide a presentation entitled “CIPF and CDIC Coverage and Emerging Products”. This presentation was accredited for CIRO continuing education compliance programs for licensed individuals.

CIPF released regular e-blasts throughout 2025, including Quarterly Updates that highlight recent communications and stakeholder engagement initiatives.

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 that 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, 2025, the Board was comprised of 12 Directors: President & CEO, 4 Industry Directors and 7 Public Directors, including the Chair. In April 2025, the Board was reduced to 11 Directors: President & CEO, 4 Industry Directors and 6 Public Directors, when Donna Howard, Bernard Turgeon and Peter Virvilis departed from the Board after reaching their maximum terms, Peter Pacholko and Julie Rochette joined as Industry Directors, and Richard Rousseau transitioned from an Industry Director to a Public Director.

SOUND CORPORATE PRACTICES

In 2025, 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

Corporate Governance Practices

- 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.



2025 CORPORATE GOVERNANCE REPORTING

The approved schedule for Director compensation as at January 1, 2025 for all Public and Industry Directors (which excludes President & CEO) was:

Annual Retainer for

all Directors

\$15,000 per year

Additional compensation:

Chair of the Board

\$12,000 per annum

Directors' attendance at Board Meetings

\$1,500 per meeting

Committee Chairs

\$4,000 per year

Committee Members' attendance at 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, 2025:

Director	Attendance at Board Meetings	Attendance at Committee Meetings
Rita Achrekar	7/7	5/5
Ann Davis	7/7	14/14
Sean Etherington	7/7	11/11
Toni Ferrari	7/7	14/14
Donna Howard	1/2	1/1
André Langlois	7/7	5/5
Donald Murray	7/7	11/11
Walter Pavan	7/7	5/5
Peter Pacholko	7/7	2/3
Julie Rochette	7/7	5/5
Richard Rousseau	6/7	4/5
Sharon Sparkes	7/7	7/7
Bernard Turgeon	1/1	1/1
Peter Virvilis	1/1	2/2

In December 2023, the CIPF Board of Directors established an *ad hoc* Board Committee to help guide negotiations with CIRO regarding any outstanding matters on the COA. The COA Committee (chaired by Ann Davis, and comprised of Sean Etherington and Donald Murray) held five meetings in 2025. The COA Committee members receive the above Committee Chair and meetings fees and out-of-town travel fees.

COMMITTEE DUTIES

CIPF Board at Work

The Board delegates 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, compliance, legal and 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 data governance, information and cybersecurity, business continuity, the procurement guidelines, and the Whistleblower Policy.

Governance, Nominating & Human Resources Committee:

is responsible for reviewing the effectiveness of CIPF's corporate governance system, human resources matters and recommending to the Board, the Corporate Officers, Committee Composition and the nominees for election as Directors of CIPF.

Coverage Committee:

was 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 and CIPF's communications initiatives. In April 2025, the Board approved a resolution to terminate the Coverage Committee as a standing committee and transferred its responsibilities to the Board.

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 CISO 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, 2025



Front row: Sharon Sparkes, Ann Davis, Toni Ferrari, Julie Rochette, Rita Achrekar
Back row: Walter Pavan, Sean Etherington, André Langlois, Richard Rousseau, Peter Pacholko, Donald Murray

CHAIR

Ann Davis^{2*,3}

CPA, CA

Toronto, Ontario

Former Partner, KPMG LLP

(joined April 2017)

PRESIDENT & CEO

Toni Ferrari

CPA, CA

Toronto, Ontario

(joined January 2023)

Committees

- ¹ Audit, Finance & Investment Committee
- ² Cooperative Operating Agreement 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^{1,4}

FRM, ICD.D

Toronto, Ontario
Former Senior Vice-President,
Global Risk Management,
Scotiabank
(joined April 2018)

Donald Murray^{2,3*,4}

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)

Richard Rousseau^{1,4}

Saint-Lambert, Québec
Former Vice-Chair of the
Private Client Group, Québec,
at Raymond James Ltd.
(joined March 2021)

Sharon Sparkes^{1*,3}

F CPA, FCA, ICD.D

St. John's, Newfoundland
and Labrador
Former Interim President &
CEO of the Newfoundland and
Labrador Liquor Corporation
(joined March 2021)

INDUSTRY DIRECTORS

Sean Etherington^{2,3,4}

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)

Peter Pacholko^{1,4}

CPA, CGA

Vancouver, British Columbia
Chief Operating Officer
and Chief Financial Officer
of Odium Brown Limited
(joined April 2025)

Julie Rochette^{1,3}

LLB

Montréal, Québec
Vice-President,
Compliance and
Risk Management
of iA Financial Group
(joined April 2025)

INTRODUCING OUR NEW BOARD MEMBERS

As of March 2026



Frank Chong

CIP

Public Director

Vancouver, British Columbia
Chief Operating Officer
of Stabilization Central
Credit Union



Kimberly Shilton

CIM

Industry Director

Stouffville, Ontario
Chief Compliance Officer
of Sun Life Canada Securities
Inc. and Sun Life Financial
Services Inc.

Committees

- ¹ Audit, Finance & Investment Committee
- ² Cooperative Operating Agreement 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 2025, the 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 addition, observations and recommendations resulting from periodic reviews of the fund size by a third-party are incorporated.

In 2025, following a review and analysis, the Board approved a target liquidity resource level of \$1.25 billion by 2028 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, 2025, were \$1.16 billion.

Liquidity Resources

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.

In 2025, 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. CIPF's available liquidity resources for customer claims following the insolvency of a Mutual Fund Dealer Member, as at December 31, 2025, were \$129 million.

AVAILABLE LIQUIDITY RESOURCES FROM 2021 TO 2025

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





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

In addition to covering the cost of operations, 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 cover MFDF operating costs as well as 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 liquidity resources available in the event of an insolvency of an Investment Dealer Member:

- The IDF, which totaled \$593.9 million as at December 31, 2025, is primarily comprised of a portfolio of investments with fair value of \$591.3 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, 2025

Liquidity Resources

Liquidity Resources: Mutual Fund Dealer Fund

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

- The MFDF, which totaled \$59.0 million as at December 31, 2025, is primarily comprised of a portfolio of investments consisting of bonds (fair value of \$50.4 million) and mutual funds (fair value of \$5.0 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, 2025

Liquidity Resource: Investment Portfolios

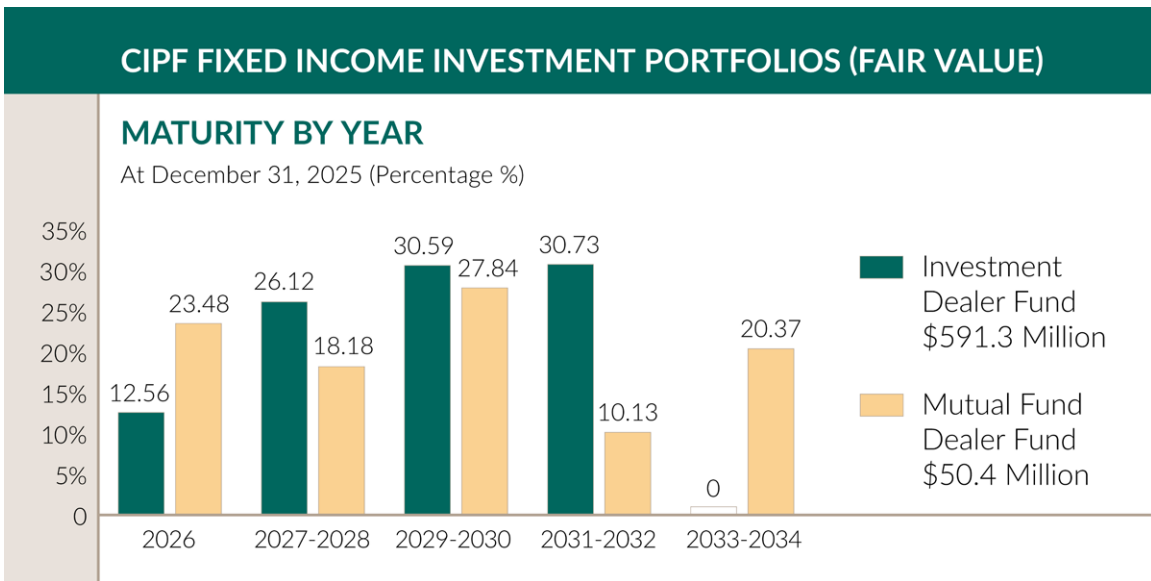
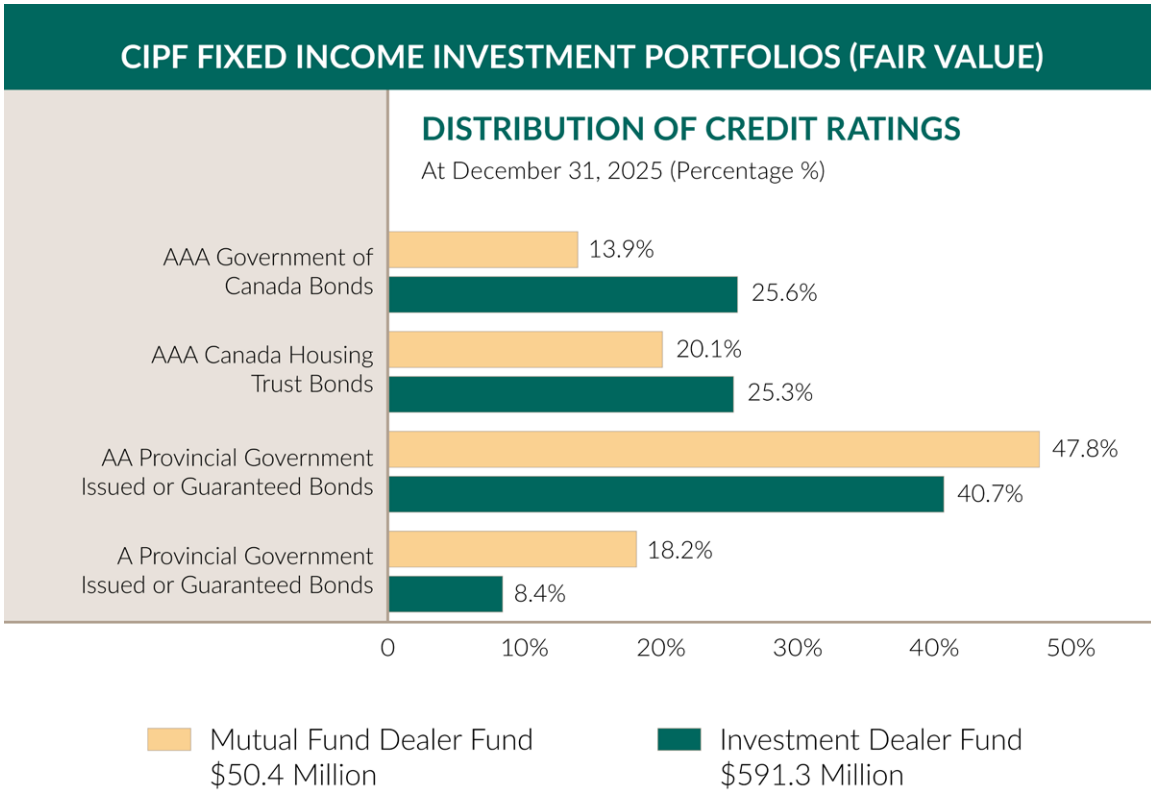
Previously, CIPF maintained separate investment policies for the IDF and MFDF. During 2025, the Board approved a single investment policy applicable to both funds. The new investment policy provides that all investment debt obligations must be issued or guaranteed

by the Government of Canada or provincial or territorial governments that mature over a 7-year period. The policy requires 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”

In conjunction with this change, management of both portfolios was transitioned to an external investment manager. The IDF portfolio was already aligned with the requirements of the new investment policy. The MFDF portfolio required a transition period during which the MFDF portfolio would be brought into alignment with the new policy. As a result, the MFDF portfolio continued to hold investments in mutual funds and bonds with maturity greater than seven years that were permitted under the previous investment policy. These mutual funds and bonds were subsequently liquidated in early 2026 as part of the process of aligning the portfolio with the new investment policy.

The Board regularly reviews the portfolios' holdings for compliance with the policy.





Commentary on Financial Results

FINANCIAL REVIEW AND OUTLOOK

Balance Sheet

Cash on hand at December 31, 2025 increased by \$7.0 million to \$10.1 million, primarily reflecting a change in operating cash management. During the year, CIPF transitioned the management of its investment portfolios to an external investment manager and, in conjunction with this change, adopted a revised cash management policy. Under the new policy, CIPF maintains a cash reserve equivalent to approximately three to six months of operating expenses, in addition to anticipated capital expenditures and funding to support potential insolvency start-up costs. This approach strengthens CIPF's liquidity position and ensures sufficient funds are readily available to support operations. Any excess cash not immediately required for operations is held in high interest savings accounts or invested in short-term Guaranteed Investment Certificates (GICs).

At December 31, 2025, CIPF held an investment portfolio for the IDF and an investment portfolio for the MFDF with a combined fair value of \$646.7 million, representing most of CIPF's total assets of \$662.6 million as at December 31, 2025. 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 \$20.3 million in the IDF and \$1.7 million in the MFDF for a total of \$22.0 million (2024: \$21.3 million). CIPF's investment policy is to hold fixed income investments until maturity, unless required to make a payment in accordance with the Investment Policy or as directed by

Commentary on Financial Results

the Board. At December 31, 2025, a small portion, 9%, of the MFDF investment portfolio is invested in mutual funds that are primarily invested in fixed income corporate debt instruments. The mutual funds were sold in early 2026 to bring the MFDF portfolio in alignment with the new investment policy.

INVESTMENT DEALER FUND

\$593.9 million in net assets

at December 31, 2025, an increase of **\$22.2 million over the prior year.**

Investment Dealer Fund

The balance in the IDF at December 31, 2025 was \$593.9 million, an increase of \$22.2 million over the prior year. The increase resulted from the excess of revenues over expenses of \$22.2 million.

MUTUAL FUND DEALER FUND

\$59.0 million in net assets

at December 31, 2025, an increase of **\$2.4 million over the prior year.**

Mutual Fund Dealer Fund

The balance in the MFDF at December 31, 2025 was \$59.0 million, an increase of \$2.5 million over the prior year which was attributable to the excess of revenues over expenses of \$2.5 million.

The Investment in Capital Assets Fund was \$0.2 million at December 31, 2025.

Revenues and Expenses

CIPF had an excess of revenues over expenses before unrealized gains on fixed income investments of \$18.4 million for the year ended December 31, 2025, compared to \$17.3 million in 2024. CIPF had unrealized gains during the year on fixed income investments due to the movement in market value of \$6.1 million (2024: \$14.4 million gains). The net of the above resulted in an excess of revenues over expenses of \$24.5 million for the year ended December 31, 2025, compared to an excess of \$31.7 million in 2024.

CIPF generated revenue from assessments to Members of CIRO and from investment income on the IDF and MFDF. Any excess revenues are contributed to the respective funds and become part of the available liquidity resources. The adequacy of the available liquidity resources is reviewed annually by the Board.

Assessments in 2025

Total regular assessments were \$16.4 million in 2025 compared to total regular assessments of \$15.8 million in 2024, representing a 3.4% 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.

Commentary on Financial Results

Total integration assessments were \$0.8 million in 2025, which is consistent with 2024.

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, based on CIPF's risk based assessment methodology and considering operating expenses and 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 2025 was \$14.0 million versus \$13.5 million in 2024. After allowing for minimum and maximum assessments, the net amount of regular assessments in 2025 was \$14.5 million versus \$13.9 million in 2024.

Integration assessments levied in 2025 were \$0.4 million (2024: \$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 \$15 thousand in 2025 (2024: \$5 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 \$0.5 million in 2025 (2024: \$0.3 million) to Investment Dealer Members that had high asset location risk, in accordance with the CIPF Investment Dealer Assessment Policy.

CIPF levied Mutual Fund Dealer Introduced Asset Assessment of \$4 thousand in 2025 (2024: \$3 thousand) to address the additional risk of an Investment Dealer Member carrying an introducing broker that was a Mutual Fund Dealer Member, 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 operating expenses and the liquidity resource requirements of the MFDF. For 2025, 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 generally excludes customer accounts of Members located in Québec as no coverage is provided for these accounts as per the Coverage Policy, except in limited circumstances where the accounts are carried outside of Québec.

Regular assessments in 2025 were \$1.9 million, which is consistent with 2024.

Integration assessments levied in 2025 were \$0.3 million (2024: \$0.3 million) and represented 20% of the total integration costs incurred by the MFDF and the MFDA IPC.

Investment Income for 2025

Investment income is primarily comprised of interest and accretion of the bond premiums and discounts earned on the two investment portfolios that are carried 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, 2025 was \$16.6 million, an increase of \$0.9 million from 2024. Investment income increased by 5.9% due to the accretion of bond premiums and discounts as higher priced bonds matured and were replaced with bonds purchased at or below face value.

Operating Expenses

Total operating expenses for the year ended December 31, 2025, were \$15.9 million, an increase of \$0.5 million (or 3%) over the prior year. The increase in expenses was mainly driven by higher compensation costs and occupancy costs as well as an increase in the line of credit standby fees for the IDF. For 2025, CIPF continued to focus on its strategic initiatives including:

- Advancing the finalization of the Cooperative Operating Agreement with CIRO
- Recalibrating the credit-risk based model for Investment Dealer Members and continued development of a credit-risk based model for Mutual Fund Dealer Members
- Transitioning the investment portfolios to an external investment manager

- Enhancing the insolvency readiness program
- Establishing a data governance framework
- Enhancing operational procedures and processes around cash management and procurement
- Streamlining processes across Investment Dealer Members and Mutual Fund Dealer Members

Allocation of Expenses

Total expenses comprise \$13.8 million and \$1.9 million attributable to the operations of the IDF and the MFDF, respectively, and \$0.2 million in the Investment in Capital Assets Fund.

The Board approved an allocation method for shared operating costs between the IDF and MFDF. Direct costs are separately captured for the IDF and MFDF and indirect or shared costs are allocated to each fund 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 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.

CIPF regularly reviews how operating costs are allocated between the IDF and MFDF to ensure assessments remain fair, transparent, and aligned with the risks and activities supported by each fund. For 2026, additional data points and factors were considered in assessing the work effort associated with each fund. As a result, in 2026 shared costs will be allocated 80% to the IDF and 20% to the MFDF. In addition, certain salaries and employee benefits will be charged directly to each fund, reflecting the amount of staff time dedicated to each of the IDF and MFDF.

OUTLOOK FOR 2026

The 2026 operating budget reflects the costs of carrying out CIPF's mandate and its annual strategic priorities.

The Board approved regular assessments of \$16.6 million, comprising \$14.5 million (a 4% increase over 2025) to be assessed to Investment Dealer Members and \$2.1 million (a 9% increase over 2025) 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 \$16.1 million in 2026, a 2.9% increase over 2025.

Operating expenses for 2026 are forecast at \$15.9 million, essentially unchanged from 2025, of which \$12.5 million is forecast for the IDF and \$3.3 million is forecast for the MFDF.

In fiscal 2026, CIPF will focus on advancing a number of strategic objectives in support of its mandate, including the following key initiatives:

- i. finalizing the COA with CIRO, replacing the transitional agreement and other agreements with legacy organizations,
- ii. modernizing the SIRFF system,
- iii. optimizing liquidity resources, including advancing work on liquidity resource requirements and the development of a credit-risk based model for the MFDF, and initiating a review of the feasibility and desirability of a potential fund merger,
- iv. reviewing assessment policies, supported by benchmarking and options analysis,
- v. strengthening operational readiness, including insolvency readiness and ongoing risk monitoring and reporting of Members, and
- vi. building on communication efforts with stakeholders to foster strong partnerships.

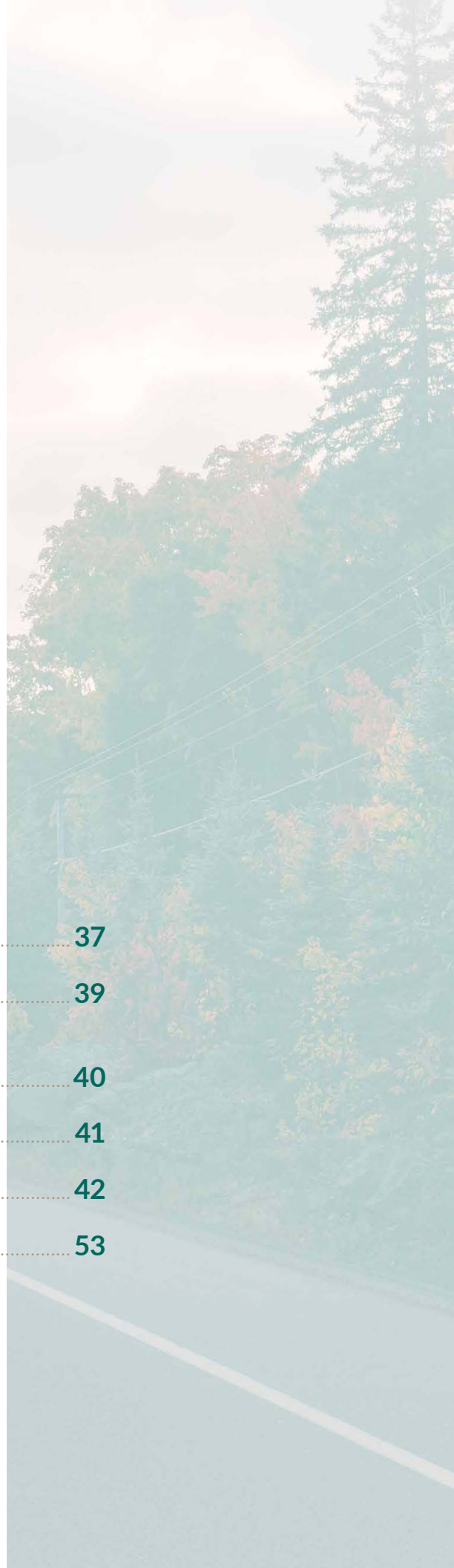


Financial Statements

DECEMBER 31, 2025

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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, 2025, 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, 2025, 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

Independent Auditor's Report

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
Toronto, Canada

March 26, 2026

BALANCE SHEET

as at December 31, 2025 (In thousands of dollars)

	2025	2024
	\$	\$
Assets		
Current assets		
Cash	10,149	3,127
Prepaid insurance	945	942
Investments, at fair value (NOTE 4)	646,709	629,010
Member assessments receivable	4,528	4,307
	662,331	637,386
Tangible capital assets (NOTE 5)	178	219
Software development (NOTE 5)	50	132
	662,559	637,737
Liabilities		
Current liabilities		
Payables and accruals	1,610	1,207
Deferred lease inducements	30	29
	1,640	1,236
Long-term deferred lease inducements	303	88
Employee future benefits (NOTE 7)	7,434	7,728
	9,377	9,052
Fund balances		
Investment Dealer Fund	593,914	571,725
Mutual Fund Dealer Fund	59,040	56,609
Investment in Capital Assets Fund	228	351
	653,182	628,685
	662,559	637,737

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.

STATEMENT OF REVENUES AND EXPENSES AND CHANGES IN FUND BALANCES

for the year ended December 31, 2025 (In thousands of dollars)

	Investment Dealer Fund	Mutual Fund Dealer Fund	Investment in Capital Assets Fund	2025 Total	2024 Total
	\$	\$	\$	\$	\$
Revenues					
Regular assessments	14,528	1,855	-	16,383	15,840
Other assessments (NOTE 8)	926	348	-	1,274	1,134
Investment and other income (NOTE 9)	14,997	1,643	-	16,640	15,709
	30,451	3,846	-	34,297	32,683
Expenses					
Salaries and employee benefits (NOTE 7)	6,916	768	-	7,684	7,267
Bank lines of credit fees and insurance premium	2,793	518	-	3,311	3,203
Professional fees	1,232	220	-	1,452	1,475
Occupancy	622	69	-	691	486
Other operating costs	580	66	-	646	692
Directors' fees, travel and education	476	53	-	529	618
Computer server hosting and maintenance	396	36	-	432	391
Communications	314	35	-	349	353
Pension and other employment benefits (NOTE 7)	348	-	-	348	356
Custodial and investment management fees	144	131	-	275	260
Amortization of tangible capital assets and software development	-	-	175	175	276
Total expenses before the undernoted item	13,821	1,896	175	15,892	15,377
Excess (deficiency) of revenues over expenses before the undernoted item	16,630	1,950	(175)	18,405	17,306
Unrealized gains on investments	5,589	500	-	6,089	14,374
Excess (deficiency) of revenues over expenses	22,219	2,450	(175)	24,494	31,680
Fund balances, beginning of year	571,725	56,609	351	628,685	596,985
Excess (deficiency) of revenues over expenses	22,219	2,450	(175)	24,494	31,680
Transfer to the Investment in Capital Assets Fund for additions	(33)	(19)	52	-	-
Employee future benefits remeasurements (NOTE 7)	3	-	-	3	20
Fund balances, end of year	593,914	59,040	228	653,182	628,685

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

STATEMENT OF CASH FLOWS

for the year ended December 31, 2025 (In thousands of dollars)

	2025	2024
	\$	\$
Operating activities		
Excess of revenues over expenses	24,494	31,680
Items not affecting cash		
Amortization of tangible capital assets and software development	175	276
Amortization of deferred lease inducements	216	90
Interest accrued	(110)	50
Bond premium amortization	(154)	819
Unrealized (gains) losses on investments	(6,089)	(14,374)
Unrealized (gains) losses on mutual funds	240	(18)
Realized loss on investments	6	5
Employee future benefits remeasurements	3	20
Changes in non-cash working capital		
Prepaid insurance and recoverables	(3)	(130)
Member assessments receivable	(221)	(548)
Payables and accruals	403	289
Employee future benefits	(294)	(299)
	18,666	17,860
Investing activities		
Purchases of capital assets and software development	(52)	(291)
Purchases of investments	(106,495)	(109,173)
Proceeds from maturities and sales of investments	94,903	91,159
	(11,644)	(18,305)
(Decrease) increase in cash during the year	7,022	(445)
Cash, beginning of year	3,127	3,572
Cash, end of year	10,149	3,127

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 Assessments

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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Mutual Fund Dealer Fund Assessments

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 and accordingly, these Customer Accounts are not eligible for coverage by CIPF. Coverage may be applicable to an account located in Québec if the account is carried by a mutual fund dealer operating outside of Québec and only in the event of the carrier's insolvency.

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, 2025, there were no Member insolvencies and therefore, no provision was required.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

During the year ended December 31, 2025, CIPF adopted one investment policy for the Investment Dealer Fund and the Mutual Fund Dealer Fund. In conjunction with the adoption of the updated investment policy, CIPF transitioned the management of its investment portfolios to an external third-party investment manager. The external investment manager is responsible for managing the Investment Dealer Fund and Mutual Fund Dealer Fund portfolios in accordance with the approved investment policy and applicable oversight and reporting requirements.

The Mutual Fund Dealer Fund portfolio required a transition period to align its existing investments with the requirements of the updated investment policy. The Investment Dealer Fund portfolio required no transition period, as its existing investments were already aligned with the updated investment policy.

In accordance with the Board-approved investment policy, investments are held until maturity, unless directed by the Board or to make a payment in accordance with the mandate of CIPF.

The Investment Dealer Fund investments and Mutual Fund 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.

Investment Dealer Fund

The following table discloses the fair value, maturity and average yields to maturity of CIPF's Investment Dealer Fund investments at December 31, 2025. The weighted average yield to maturity of the portfolio at December 31, 2025 is 2.89% (2024 – 3.10%).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

4. INVESTMENTS (continued)

	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	2025 Total fair value	2024 Total fair value
	\$	\$	\$	\$	\$	\$
Canada bonds	23,181	71,790	35,966	20,712	151,649	145,534
Yield	2.26%	2.59%	2.79%	3.15%	2.66%	2.88%
Canada Housing Trust bonds	-	4,513	50,812	94,103	149,428	147,186
Yield	0.00%	2.71%	3.00%	3.22%	3.13%	3.20%
Provincial bonds	51,107	78,127	94,114	66,850	290,198	281,289
Yield	2.34%	2.66%	3.04%	3.35%	2.89%	3.16
	74,288	154,430	180,892	181,665	591,275	574,009

Mutual Fund Dealer Fund

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, 2025. The weighted average yield to maturity of the portfolio at December 31, 2025, is 2.64% (2024 - 2.68%). At

December 31, 2025, the Mutual Fund Dealer Fund continued to hold mutual funds. Bonds with a maturity greater than seven years and the mutual funds were sold in January 2026 to comply with the new investment policy. The mutual funds are primarily invested in fixed income corporate debt instruments.

	Less than 1 year	1 year to 3 years	3 years to 5 years	More than 5 years	2025 Total fair value	2024 Total fair value
	\$	\$	\$	\$	\$	\$
Canada bonds	7,010	-	-	-	7,010	2,839
Yield	2.17%	-	-	-	2.17%	3.52%
Canada Housing Trust bonds	-	4,820	-	5,310	10,130	14,942
Yield	-	2.35%	-	4.25%	3.35%	2.86%
Provincial bonds	4,817	4,339	14,032	10,060	33,248	32,324
Yield	2.20%	2.35%	2.32%	3.03%	2.52%	2.53%
	11,827	9,159	14,032	15,370	50,388	50,105
Mutual funds					5,046	4,896
Total investments					55,434	55,001

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

5. TANGIBLE CAPITAL ASSETS AND SOFTWARE DEVELOPMENT

	2025		
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Office furniture and equipment	118	45	73
Leasehold improvements	93	9	84
Computers	269	248	21
Tangible capital assets	480	302	178
Software development	1,942	1,892	50

	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

In 2024, 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.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

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 totaling \$125 million (2024 – \$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 (2024 – \$160 million) in the annual aggregate, in respect of losses to be paid from the Investment Dealer Fund in excess of \$200 million (2024 – \$200 million), and a second layer of insurance in the amount of \$280 million (2024 – \$280 million) in respect of losses to be paid in excess of \$360 million (2024 – \$360 million) in the event of an Investment Dealer Member insolvency.

Mutual Fund Dealer Fund

CIPF has a \$30 million (2024 – \$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 (2024 – \$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 (2024 – \$20 million), in respect of losses to be paid in excess of \$50 million in the event of a Mutual Fund Dealer Member insolvency.

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, 2025. 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, 2024.

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

	2025	2024
	%	%
Discount rate	5.0	4.7
Increase in medical and drug claims (grading down to 5% over six years)	11.0	11.0
Increase in dental claims (grading down to 5% over four years)	9.0	9.0

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 (2024 – \$0.32 million) related to CIPF's contribution to the Group RSP plan.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

8. OTHER ASSESSMENT REVENUE

Other assessments comprise the following:

	2025		
	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	\$	\$	\$
Integration assessments	433	348	781
Assessments for asset location	474	-	474
Assessments for capital deficiencies	15	-	15
Introduced asset assessments	4	-	4
Total	926	348	1,274

	2024		
	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	\$	\$	\$
Integration assessments	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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

9. INVESTMENT AND OTHER INCOME

Investment and other income comprise the following:

	2025		
	Investment Dealer Fund	Mutual Fund Dealer Fund	Total
	\$	\$	\$
Interest income	14,872	1,354	16,226
Amortization of bond premiums and discounts	74	80	154
Distributions from mutual funds	-	427	427
Realized gains (loss) on investments	-	(6)	(6)
Unrealized gain (loss) on mutual funds	-	(240)	(240)
Other	51	28	79
Total	14,997	1,643	16,640

	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)
Distribution 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

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(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 2025 indirect operating costs were allocated 90% and 10% to the Investment Dealer Fund and Mutual Fund Dealer Fund, respectively (2024 – 90% and 10%).

11. LEASE COMMITMENTS

At December 31, 2025, CIPF has future minimum annual lease commitments of \$5,497 (2024 – \$5,830) for office space and information technology services as follows:

	\$
2026	474
2027	456
2028	450
2029	466
2030	474
Thereafter	3,177
	5,497

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.

12. 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 policy.

The investment policy restricts the types and amounts of its eligible investments and requires dealing with highly rated counterparties. The 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 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 Universe 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%

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

(In thousands of dollars, unless otherwise noted)

12. FINANCIAL INSTRUMENTS (continued)

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

As the investment policy requires 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 policy 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 Investment Policy 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 \$20.3 million for the Investment Dealer Fund (2024 – \$19.2 million) and \$1.7 million for the Mutual Fund Dealer Fund (2024 – \$2.1 million).

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 policy described above and by maintaining lines of credit of \$125 million (2024 – \$125 million) for its Investment Dealer Fund and \$30 million (2024 – \$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 policy described above. At December 31, 2025 and 2024, 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 policy described above.

www.cipf.ca

CONTACT US

First Canadian Place
100 King Street West
Suite 4430, P.O. Box 481
Toronto, Ontario M5X 1E5

Phone

416.866.8366

Toll free

1.866.243.6981

Fax

416.360.8441

Email

info@cipf.ca

