



PACIFIC SALMON COMMISSION

ESTABLISHED BY TREATY BETWEEN CANADA
AND THE UNITED STATES OF AMERICA
MARCH 18, 1985

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Annual Report of the Southern Boundary Restoration and Enhancement Fund and the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund for the year 2025.

Introduction

In June of 1999, the United States and Canada reached a comprehensive new agreement (the “1999 Agreement”) under the 1985 Pacific Salmon Treaty. Among other provisions, the 1999 Agreement established two bilateral funds: the Northern Boundary and Transboundary Rivers Restoration and Enhancement Fund (Northern Fund); and the Southern Boundary Restoration and Enhancement Fund (Southern Fund). The purpose of the two funds is to support activities in both countries that develop improved information for fishery resource management, rehabilitate and restore marine and freshwater habitat, and enhance wild stock production through low technology techniques. The United States agreed to capitalize the Northern and Southern Funds in the amounts of \$75 million USD and \$65 million USD respectively. Canada also contributed \$500,000 CAD. The 1999 Agreement also established a Northern Fund Committee and a Southern Fund Committee, each comprised of three nationals from each country, to oversee investment of the Funds’ assets and make decisions about expenditures on projects. Only the earnings from investments can be spent on projects.

Committee Members

Northern Fund Committee

Canada:

Mr. Steve Gotch
Chief Russ Jones
Mr. John McCulloch

United States:

Mr. Doug Vincent-Lang
Mr. Bill Auger
Dr. Jamal Moss

Southern Fund Committee

Canada:

Mr. Neil Davis
Dr. Don Hall
Ms. Sue Farlinger

United States:

Mr. James Scott
Dr. Peter Dygert
Mr. Joe Oatman

Executive Summary and Market Environment Summary

- The market value of the fund on December 31, 2025, was approximately \$280,613,000 USD or \$384,650,000 CAD.
- The markets experienced significant volatility and uncertainty in 2025 but ended with both equities and bonds adding value over the year. In the first quarter, markets were marked by heightened uncertainty related to potential trade tensions and tariff announcements, and Bank of Canada interest rates moved lower following the easing cycle that had begun in mid-2024. In the second quarter, global equities rebounded sharply following April's tariff-driven sell-off and central banks held rates steady as they took a wait-and-see approach. In the third quarter, global equity markets extended their gains, supported by broad-based strength across regions. The positive performance continued into the fourth quarter as the Bank of Canada made two more rate cuts to end the year at a policy rate of 2.25% (a decrease of 1% over the year). Overall, as borrowing costs gradually eased, the economic backdrop remained challenged by slowing domestic demand and increasing uncertainty around U.S. trade policy. Escalating tariff rhetoric and shifting positions from the U.S. government weighed on business confidence, particularly for export-oriented sectors. These dynamics, combined with heightened geopolitical and policy uncertainty, played a key role in driving financial market volatility, and resulted in frequent swings in investor sentiment.
- In 2025 the Southern Fund supported 46 projects. Grants awarded totaled \$4.5 million USD. The Northern Fund supported 37 projects and grants awarded totaled \$5 million USD.
- Since 2004, the Northern and Southern Fund Committees have approved grants of \$145.37 million USD to a total of 1804 projects. In addition, the Funds contributed \$10 million USD to the Sentinel Stocks Program.
- In 2025 the Northern and Southern Fund Committee members met together as a Joint Fund Committee on two occasions (May 5, and November 13). The Northern Fund Committee met on three occasions, the Southern Fund Committee met on three occasions, including a one-day project site visit to the Fraser River watershed. Meetings were held in hybrid formats.
- Ms. Sue Farlinger was appointed to the Canadian Section of the Southern Fund Committee on October 1, 2025, replacing Mr. Mike Griswold.

Investment Review

Over the year, current available data shows the investment portfolio had net returns of approximately 4.3% in CAD (9.5% in USD). For 2025, current data indicates that the portfolio fell shy of its inflation plus 3.5% target in Canadian dollar terms but exceeded it in US dollar terms. Canadian dollar appreciation relative to the US dollar was 5.0% over 2025.

Public equity markets delivered another year of strong absolute performance in 2025 in both CAD and USD. Fixed income markets also posted positive results in both currencies. Infrastructure investments remained stable and positive in both currencies in 2025. U.S. real estate markets continued to face headwinds in 2025 with certain segments of the market continuing to struggle.

Despite the market volatility experienced throughout the year, the global stock market continued to perform well in 2025, though gains were not as strong as the prior year; the MSCI World (Net) Index delivered a return of 15.4% (in CAD) for the year. The theme of equity markets being dominated by large U.S. technology firms has continued and made it a difficult environment for active fund managers. Both the portfolio's active global equity managers, Morgan Stanley and PH&N, failed to keep pace and underperformed their benchmarks over the past year. The portfolio's passive U.S. equity manager, BlackRock, continued to achieve its objective of replicating the performance of its benchmark index. The broad U.S. equity market return was around 11.7% (in CAD) for 2025.

Fixed income had modestly positive performance but is now operating in a lower interest rate environment as the Bank of Canada's policy interest rate is now at 2.25%. In 2025 and in CAD, the FTSE Canada Short Term Bond Index returned 3.9% and the FTSE Canada Universe Bond Index returned 2.6%. Both the PH&N Core Plus Bond and ACM mandates added value compared to their benchmarks during the year.

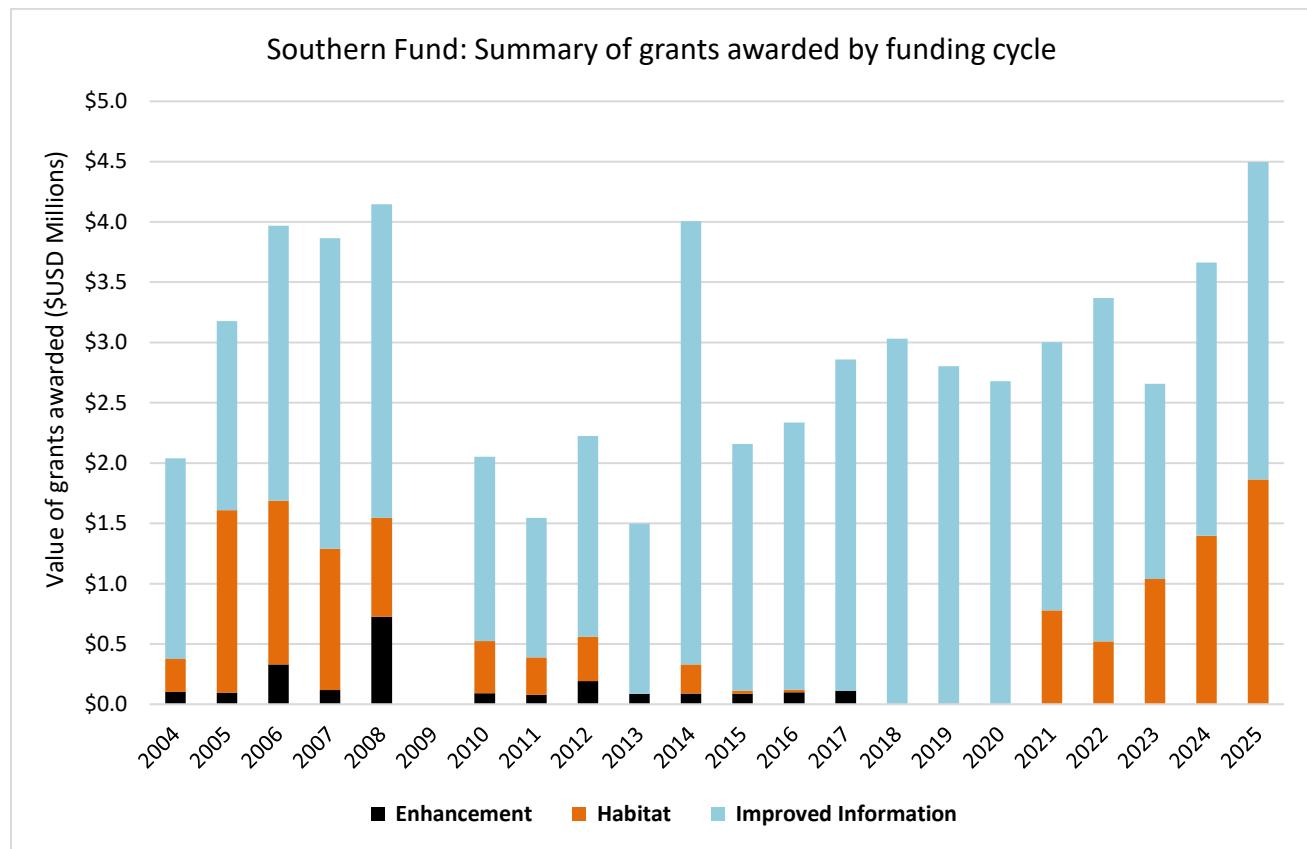
The portfolio's alternative investments delivered mixed results in 2025. The infrastructure managers did well; IFM generated 9.2% in CAD in 2025, and Axium is also expected to report positive absolute performance for the year. However, the U.S. Real Estate manager, Invesco, experienced negative absolute performance in USD in 2025 as the commercial real estate market and the manager's fund continues to struggle.

Contributed capital and asset value of the individual funds as of December 31st, 2025, stood as follows:

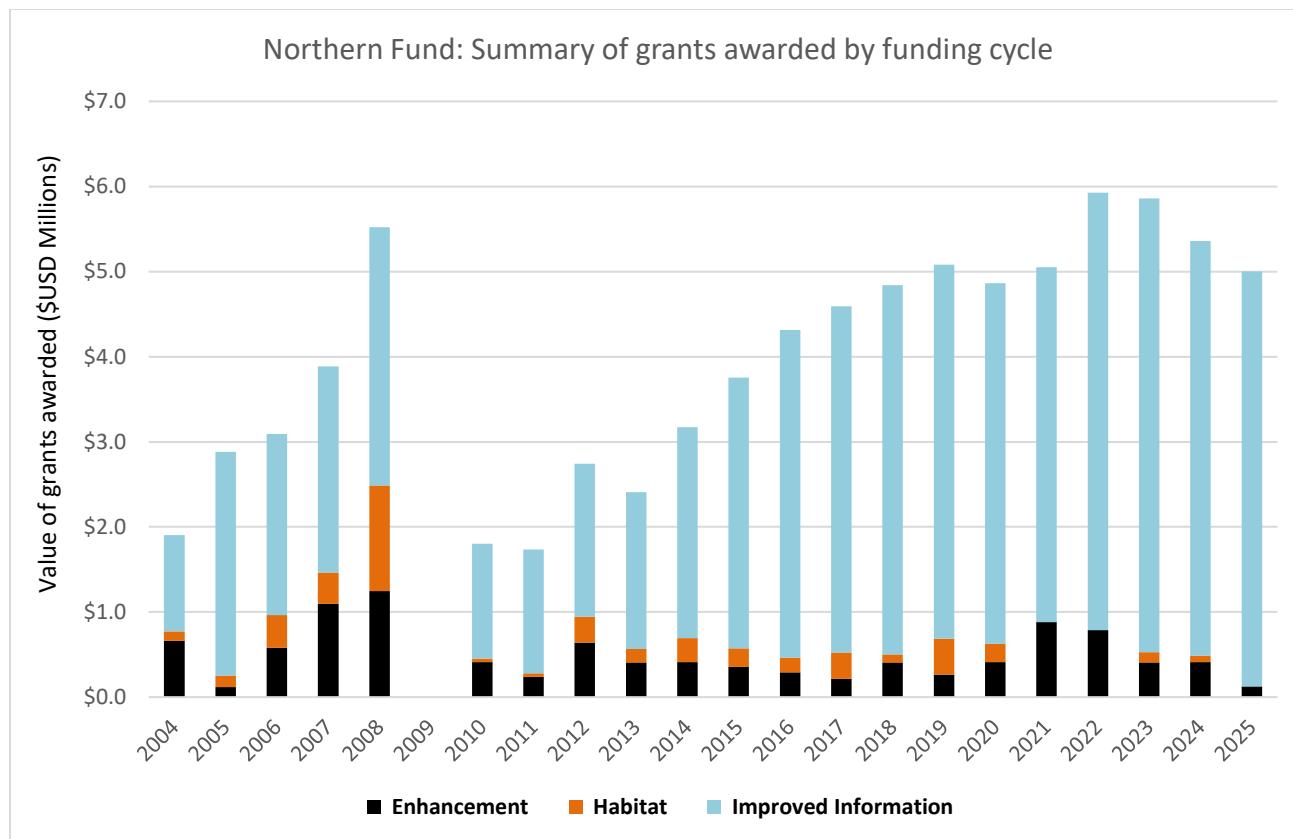
Contributed Capital		Asset Value	
Northern: \$75,000,000 USD	\$112,388,000 CAD	\$146,836,000 USD	\$201,275,000 CAD
Southern: \$65,000,000 USD	\$97,408,000 CAD	\$133,777,000 USD	\$183,375,000 CAD

2025 Project Funding

In 2025 the Southern Fund supported 46 projects. Grants awarded totaled \$4.5 million USD. Projects addressing specific priorities identified by the PSC's Fraser River Panel, Southern Panel, Chinook Technical Committee, and Okanagan Working Group accounted for \$1.88 million USD of grants awarded (42%).

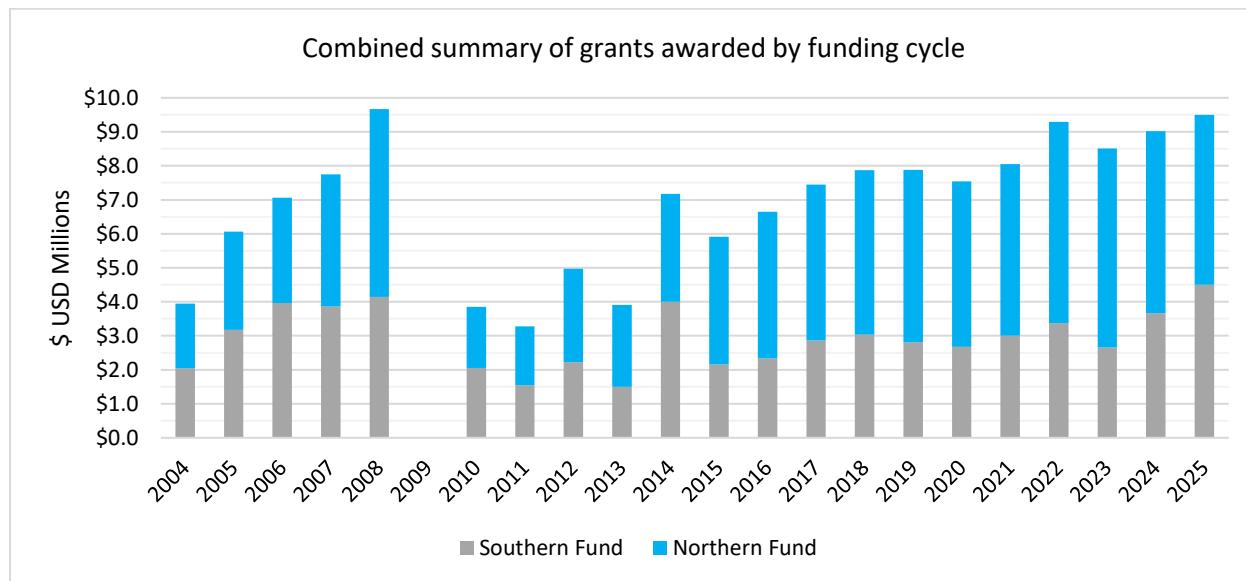


In 2025 the Northern Fund supported 37 projects. Grants awarded totaled \$5 million USD. Two projects with a total value of \$124,713 USD were classified as Enhancement projects, 35 projects with a total value of \$4.88 million USD were classified as Improved Information projects.



Between 2004 and 2025 the Northern Fund has awarded grants worth \$83.79 million USD to 996 projects. Over this same period the Southern Fund has granted \$61.58 million USD to 808 projects.

Total Fund project grants awarded to date are \$145.37 million USD in support of 1,804 projects. Included in this total is \$5 million USD from the Southern Fund to the Salish Sea Marine Survival Program. In addition to these amounts, the Chinook Sentinel Stocks Program was funded jointly by the Northern and Southern Funds between 2009 and 2014 for \$10 million USD.



Joint Fund Committee Meetings

The Northern and Southern Fund Committees have agreed that given the congruent nature of their agendas, their decision to combine the funds into a single master account for investment management purposes, and the efficiencies involved with respect to interaction with investment advisors and managers, it is appropriate to meet periodically as a Joint Fund Committee. The two Fund Committees met together as a Joint Fund Committee twice in 2025.

Spring Meeting: May 5, 2025

Members attended the meeting both in-person at the PSC offices in Vancouver and virtually. The agenda included:

- Receipt and review of Q4 (2024) and Q1 (2025) investment performance reports and an update on the impact to investments from U.S. administration actions and tariff implications from the Committee's investment consultants, George and Bell Consulting.
- An update on recovering withholding tax paid on income received on investments with Morgan Stanley and PH&N Institutional for the year 2020.
- Review of the costs of fund administration in the previous financial year, and review and approval of the budget for fund administration in FY 2025/26.
- A review of the workplan for the Grant Program Manager, and review of the Secretariat staff support provided in the prior year.
- Presentation of the support provided to the Committees from the Publications Manager, implementation of the grants management system, and an update on communications activities for the prior year.

Fall Meeting: November 13, 2025

Members attended the meeting both in-person at the PSC offices in Vancouver and virtually. The agenda included:

- The receipt and review of Q2 and Q3 investment performance reports, and comparison of similar funds in terms of asset mix and returns, from the Committee's investment consultants, Convita (formerly George and Bell Consulting).
- An update on the economic outlook and impact to investments from U.S. administration actions.
- A discussion around the current asset mix strategy, and anticipated Invesco redemption timeline.
- Review of the Statement of Investment Policies and Procedures.
- Presentations / interviews with three of the Committees' current investment managers: Morgan Stanley, Invesco, and PH&N Institutional.
- Review of the results of the FY 2024/2025 audit of the Funds and associated financial statements.
- An update on administration expenses for the current fiscal year and presentation of the budget for salaries and benefits for 2026/27 fiscal.

Northern Fund Committee Meetings

The Northern Fund Committee met on three occasions in 2025.

1. February 18 (hybrid meeting): The Committee met to make final decisions about the projects to support in 2025. The Committee also reviewed the Northern Fund Project Showcase presentation at the January 2025 PSC Meeting; reviewed project report structure and guidance; and considered a draft itinerary and budget for a field trip in 2025.
2. May 5 (hybrid meeting): The Committee met to confirm the scope, priorities, and deadline for the 2026 Northern Fund Call for Proposals. The Committee also received updates on project reporting and project change requests.
3. October 7 and 8 (hybrid meeting): The Committee met to make decisions about the selection of project concepts to advance to the detailed proposal stage. The Committee also reviewed the detailed proposal application form; reviewed actual (vs. budgeted) expenditures on Northern Fund projects; and plans for the project presentation at the January 2026 PSC Meeting.

Southern Fund Committee Meetings

The Southern Fund Committee met on three occasions in 2025.

1. February 25 (hybrid meeting): The Committee met to make final decisions about the projects to support in 2025. The Committee also reviewed their proposal submission procedure and made amendments to their change request policy.
2. May 7 (virtual meeting): The Committee met to agree on the scope, priorities, and deadline for the 2026 Southern Fund Call for Proposals. The Committee also adopted changes to their submission review process and change request policy.
3. September 24-25 (in-person): Committee members and Grant Program staff undertook a field trip to the Fraser Valley and the PSC Mission Hydroacoustic site, in the Fraser River watershed. The Committee met to make decisions about the project concepts to advance to the detailed proposal stage. The Committee also reviewed the stage two application form and received a presentation on actual (vs. granted) expenditures of Southern Fund projects for 2015-2024.

Committee Appointments

Ms. Sue Farlinger was appointed to the Canadian Section of the Southern Fund Committee in October 2025, replacing Mr. Mike Griswold.

Call for Proposals for projects in 2026/27

Both Fund Committees issued a Call for Proposals in June 2025 for projects starting in 2026.

The Southern Fund Committee focused its 2026 Call for Proposals on habitat restoration projects and specific priorities identified by the PSC's Fraser River and Southern Panels, Chinook Technical Committee, and Okanagan Work Group. In response, the Committee received 122 proposals requesting

approximately \$12.9 million USD. During the first-round review meeting the Committee selected 66 of these proposals to move to the second stage. The final decisions on 2026 funding will be made in February 2026.

The Northern Fund Committee focused its 2026 Call for Proposals on projects seeking to develop improved information for resource management; the rehabilitation and restoration of marine and freshwater fish habitat; the enhancement of wild-stock production through low technology techniques and proposals responsive to the recommendations and objectives set out within the PSC's Transboundary Panel Strategic Salmon Plan and the Northern Panel Strategic Salmon Plan. The Committee received a total of 68 concept stage proposals requesting approximately \$7.8 million USD. 49 proposals were selected to move to the second-round detailed proposal stage. Bilateral technical reviews of the detailed proposals took place in January 2026 and final funding decisions will be made in February 2026.