



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 21.2
Halifax Regional Council
April 28, 2026

TO: Mayor Fillmore and Members of Halifax Regional Council

FROM: Councillor Cathy Deagle Gammon, Chair, Audit and Finance Standing Committee

DATE: April 15, 2026

SUBJECT: Investment Activities – Quarter ending December 31, 2025

INFORMATION REPORT

ORIGIN

April 15, 2026 meeting of Audit and Finance Standing Committee, Item 13.2.1.

BACKGROUND

Audit and Finance Standing Committee received a staff recommendation report dated March 30, 2026 to consider the investment activities for quarter ending December 31, 2025.

For further information refer to the attached staff report dated March 30, 2026.

DISCUSSION

Audit and Finance Standing Committee considered the staff report dated March 30, 2026 and approved a motion to forward the report to Halifax Regional Council for information.

FINANCIAL IMPLICATIONS

Financial implications are outlined in the attached staff report dated March 30, 2026.

RISK CONSIDERATION

Risk consideration is outlined in the attached staff report dated March 30, 2026.

COMMUNITY ENGAGEMENT

Meetings of the Audit and Finance Standing Committee are open to public attendance and members of the public are invited to address the Standing Committee for up to five (5) minutes during the Public Participation portion of the meeting. Meetings are live webcast on Halifax.ca. The agenda, reports, video, and minutes of the Standing Committee are posted on Halifax.ca.

For further information on Community Engagement refer to the attached staff report dated March 30, 2026.

ENVIRONMENTAL IMPLICATIONS

Environmental implications are outlined in the staff report dated March 30, 2026.

LEGISLATIVE AUTHORITY

Legislative Authority is outlined in the attached staff report dated March 30, 2026.

Administrative Order One, *Respecting the Procedures of the Council Administrative Order*, Schedule 2 Audit and Finance Standing Committee Terms of Reference, subsection 1(1) and (2)(b) provide:

Purpose

- (1) The purpose of the Audit and Finance Standing Committee is to provide advice to the Council on matters relating to audit and finance.
- (2) The other purposes of the Committee are to:
 - ...
 - (b) assist the Council in meeting its responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management and internal controls

ATTACHMENTS

Attachment 1 – Staff recommendation report dated March 30, 2026.

Report Prepared by: Dorothy Maponga, Legislative Assistant, Municipal Clerk's Office 902.478.2408



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Halifax, Nova Scotia
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Item No.13.2.1
Audit & Finance Standing Committee
April 15, 2026

TO: Chair and Members of Audit & Finance Committee

SUBMITTED BY: Brad Anguish, A/Chief Administrative Officer

DATE: March 30, 2026

SUBJECT: **Investment Activities – Quarter ending December 31, 2025**

ORIGIN

Quarterly report of investment performance and adherence to approved Investment Policy.

EXECUTIVE SUMMARY

For the quarter ending December 31, 2025, operating fund income totaled \$1,827,797, compared to a budgeted amount of \$3,000,000. The annualized return was 3.43%, outperforming the benchmark rate of 2.23%. The shortfall in interest income for the quarter was directly attributable to lower operating cash levels, which decreased the funds available to earn interest. Despite this, the annualized return on investments exceeded the benchmark, and all policy objectives were met. There was no loss of capital, and liquidity remained strong throughout the period. Staff believes that the objectives of the Investment Policy (preservation of capital, liquidity, and competitive returns) were met.

RECOMMENDATION

It is recommended that the Audit and Finance Standing Committee forward this report to Halifax Regional Council as an information item.

BACKGROUND

The Halifax Regional Municipality Investment Policy (the Policy) was adopted by Council April 23, 2002 and was approved by the Minister of Service Nova Scotia and Municipal Relations on May 14, 2002. This Ministerial position was later reorganized and now has the title the Minister of Municipal Affairs (the Minister).

Amendments to the Policy, as recommended by the Committee were approved by Council and the Minister in 2005, 2007, 2008, 2010, 2017, 2019, 2022, 2023 and 2024. Reviews of the Policy by the Committee in 2012, 2014, 2015, 2020 and 2021 did not result in any recommended changes.

DISCUSSION

This report provides an overview of the Halifax Regional Municipality’s investment activities for the recent quarter, focusing on how well the municipality’s investment policy objectives were met. It highlights the effectiveness of strategies such as diversification, regular performance review, and risk management in maintaining capital preservation and liquidity. Overall, the report demonstrates that policy compliance and prudent financial management remain priorities, ensuring the municipality’s investments are managed responsibly and in alignment with council-approved guidelines.

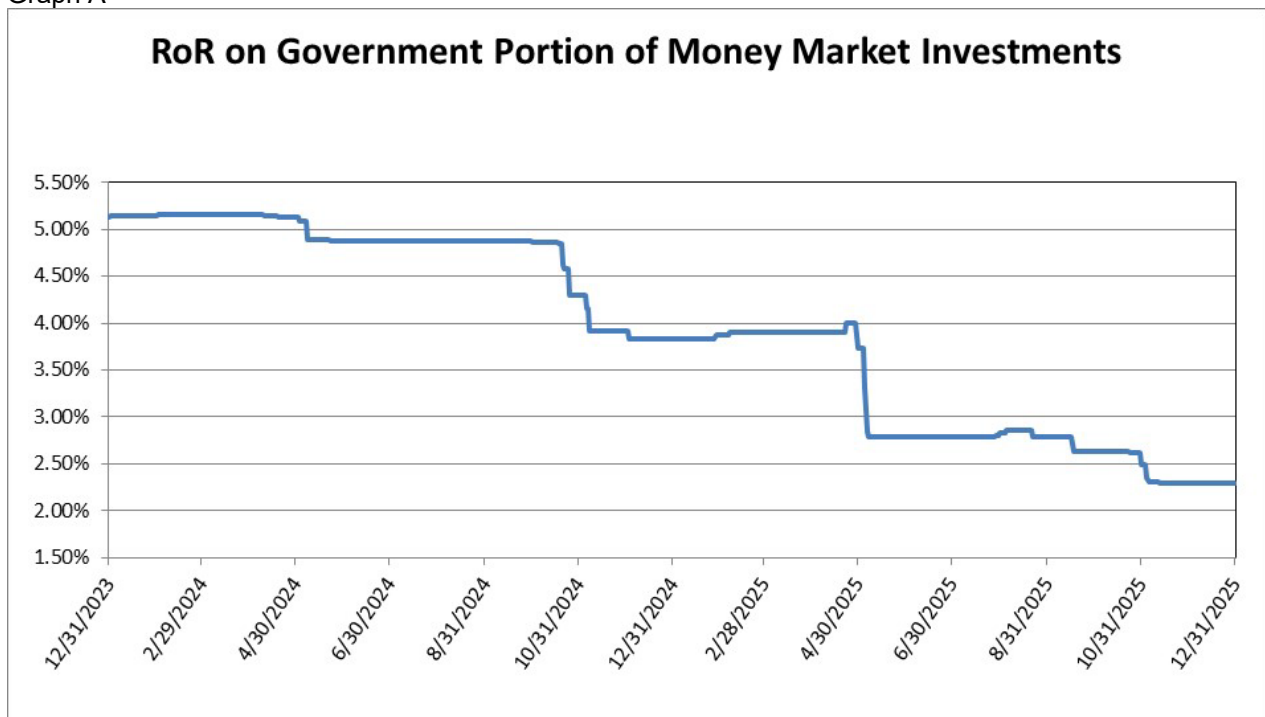
Overall Results

Operating fund investment income was \$1,827,797 for the three months ending December 31, 2025 versus a budgeted amount of \$3,000,000. The reduced level was due to operating cash balances being lower than budgeted throughout the reporting period (please refer to Graph C below). The portfolio investment income was \$5,998,117 including investment income for operating fund, trusts, reserves, and related entities. The actual rate of return for the quarter was 0.75% versus a projection of 0.80%. The rate of return for the 12 months ending December 31, 2025, met the projection at 3.43%.

As outlined in the Investment Policy, the benchmark for portfolio performance is the average yield of the three-month Canadian T-bill over the reporting period. These investments primarily consist of Canadian government short-term instruments. It should be noted that this benchmark does not account for significant bond holdings. For the period of October 1st, 2025 to December 31st, 2025, the benchmark annual return is set at 2.23% while the annual return on the HRM portfolio is 3.43%. The rate of return objective of the Investment Policy has been met for this quarter.

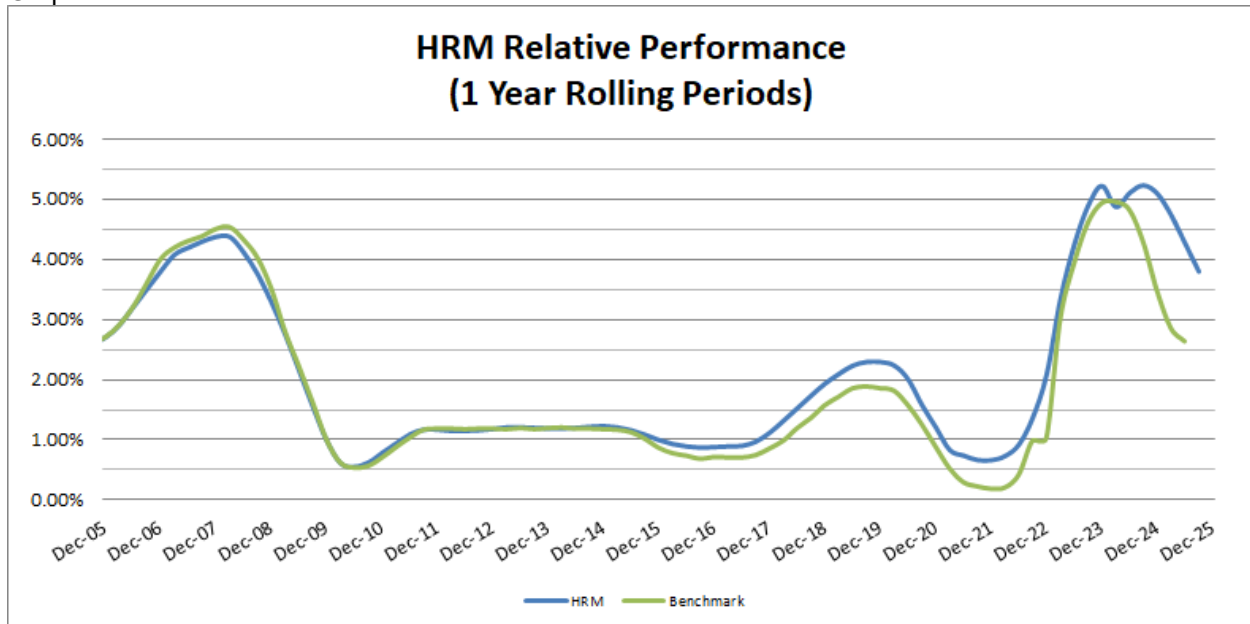
The following graph depicts the increase in the return on money market instruments over the past two years.

Graph A



As shown in the graph below, over the longer term HRM investment performance closely matches the benchmark median with fee savings also accruing to HRM.

Graph B



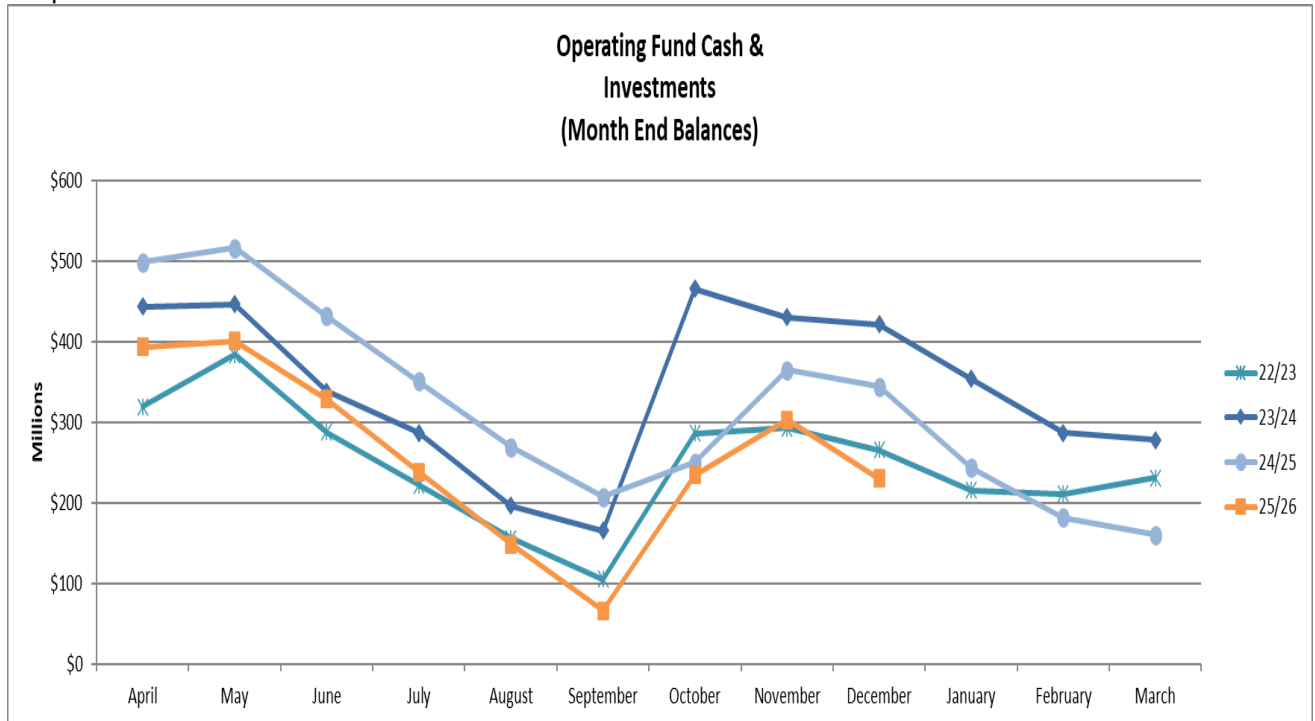
HRM Investment Activities

During the quarter, nine new money market investments were made. Five investments were carried over from the prior period at a total ending value of \$139,548,832, an average cost of \$13,954,883, and an original average term of 172 days. This compares to the same period last year when ten investments were held at the end of the period at a cost of \$149,506,024 and an original term to maturity of 237 days.

Funds held in the investment bank accounts, including term deposits and Guaranteed Investment Certificates (GICs), totaled \$820,321,828 at the end of the quarter. This balance includes funds for related agencies such as Halifax Water, HRM reserve funds, and operating funds. The income from investment accounts provided a quarterly return of 0.77% for an annualized return of 3.09%. With the cessation on Bankers’ Acceptance Market at the end of June 2024, the proxy return was changed to the Canadian Overnight Repo Rate Average (“CORRA”). Using 2.36% as the proxy for the CORRA average annual yield for the quarter, the incremental income in the investment account was \$1,232,071 over CORRA.

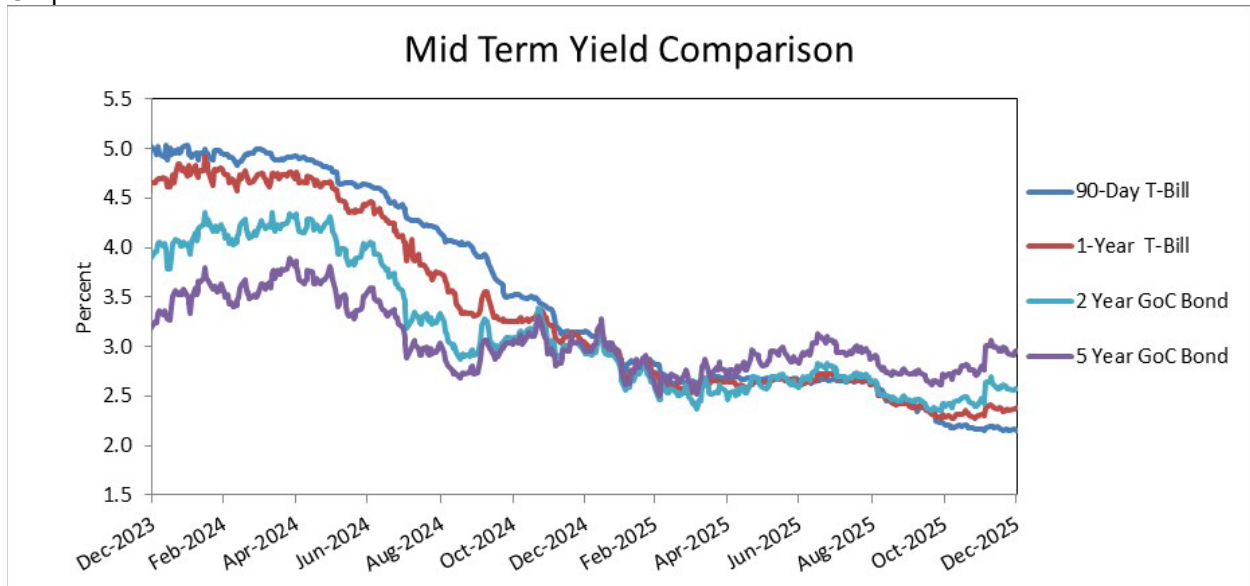
Cumulative incremental gross investment income from the 2019 policy change to exclude operational cash requirements from the sector weights and the more recent investment policy change to increase the financial sector to 60% maximum of portfolio amounted to an increase of \$321,659 during the reporting period.

Graph C



Government Sector Performance – December 2023 to December 2025

Graph D



Subsequent to End of Reporting Quarter

Following a policy rate cut of 25 basis points at its September meeting, the Bank of Canada (BoC) has been on hold since leaving the overnight rate at 2.25% which is considered neutral. The BoC will continue to weigh key data on the inflation front and the labour market for its next move. The central bank has signaled that the current rate was “about the right level” to keep inflation near its 2% target but indicated a willingness to respond further if the economic outlook deteriorates.

Environmental, Social, and Governance (ESG) Monitoring & Reporting

As proposed by the Committee and approved by Council, Staff has incorporated ESG ratings of each counterparty in the financial institution component of the municipal portfolio. The monitoring process continues with this reporting period. S&P Global was selected as the rating agency for assessing ESG scores. Staff performed a counterparty review on Dec 1, 2025, revealing that ESG scores of all eligible counterparties were notably higher than the industry average. Throughout the review process, no significant upgrades or downgrades were identified for any of the listed counterparties.

Outlook & Strategy

Staff continue to monitor guidance with respect to the Bank of Canada’s overnight rate. Staff anticipate the investment bank accounts and GICs will continue to provide higher overall return when compared to instruments with similar risk. The strategy remains to maximize returns by investing short term surplus cash in high interest savings accounts, keeping in mind their liquidity adds a safety factor.

We continue to balance the portfolio with government sector instruments in the form of provincial treasury bills and bonds. This provides diversification of the portfolio while maintaining a suitable level of risk for the needs of treasury.

Policy Compliance

Objectives:

Preservation of Capital - There was no loss of capital during the quarter.

Liquidity - No overdraft charges were incurred, and sufficient cash was available to meet all requirements.

Competitive Return on Investments - The one-year rate of return for the portfolio was 3.43% before allowing for fees that could have been paid to an external management firm versus the benchmark of 2.23%. Staff maintains that the rate of return objective of the Investment Policy has been met.

Strategies:

Diversification of Investment Portfolio - Staff believe that diversification has been adequately maintained under the constraints of the Policy.

Regular Review of Performance - Performance data continues to be reported to the Audit and Finance Standing Committee.

Risk Management Approach - In implementing investment decisions, staff seeks a balance between the objectives of the Investment Policy and the risks inherent in markets to look to achieve an optimal rate of return.

FINANCIAL IMPLICATIONS

As discussed in the report, operating fund investment income for the three months ending December 31, 2025, totaled \$1,827,797 compared to a budgeted amount of \$3,000,000. The actual rate of return was .75% for the quarter and 3.43% for the full year.

RISK CONSIDERATION

No risk considerations were identified

COMMUNITY ENGAGEMENT

No community engagement is required for this report

ENVIRONMENTAL IMPLICATIONS

No environmental implications were identified.

ALTERNATIVES

The Audit & Finance Standing Committee could decline to approve the recommendation.

LEGISLATIVE AUTHORITY

Halifax Regional Municipality Charter, S.N.S. 2008, c. 39

121 (1) Funds in a sinking fund, capital reserve fund, utility depreciation fund or other fund of the Municipality must be

- (a) deposited in an interest-bearing account at a bank doing business in the Province;
- (b) invested pursuant to an investment policy adopted by the Council and approved by the Minister;
or
- (c) invested in investments in which a trustee is permitted to invest pursuant to the Trustee Act.

(2) Income arising from the investment of a fund is part of that fund unless the Council otherwise provides.

(3) The Council may pledge any investments to the credit of the capital reserve fund as collateral security for a borrowing for a capital purpose.

ATTACHMENTS

Schedule A - Sector Weight Schedule @ December 31, 2025
Appendix A - Economic Statistics and Central Bank Actions
Appendix B - List of Eligible Investments
Appendix C - DBRS Rating Scale

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Aaron McLean, CFA, Deputy Treasurer, Finance & Asset Management,
902.478.4657

Total Portfolio
Sector Weights @Dec 31, 2025

SCHEDULE A

Category Status	Cumulative Amount Invested @ Book Value	Guideline Limit	%	Limit Available	%	
CASH & EQUIVALENTS						
Federal Government & its Guarantees	Open	0	1,029,390,172	100%	1,029,390,172	100%
Federal Government	Open	0				
Business Development Bank	Open	0				
Canada Mortgage & Housing Corp.	Open	0				
Canadian Wheat Board	Open	0				
Export Development Canada	Open	0				
Farm Credit Corp	Open	0				
Provincial Governments & their Guarantees	R-1 Mid or Greater	139,548,832	1,029,390,172	100%	889,841,340	86%
Total Alberta (R-1 High)	Open	24,860,500	257,347,543	25%	232,487,043	23%
Alberta (R-1 High)	Open	24,860,500				
Alberta Capital Finance Authority (R-1 High)	Open	0				
Alberta Treasury Branches (R-1 High)	Open	0				
British Columbia (R-1 High)	Open	29,864,384	257,347,543	25%	227,483,159	22%
Manitoba (R-1 Mid)	Open	3,432,233	257,347,543	25%	253,915,310	25%
New Brunswick (R-1 Mid)	Open	10,445,505	257,347,543	25%	246,902,038	24%
Nova Scotia (R-1 Mid)	Open	0	257,347,543	25%	257,347,543	25%
Ontario (R-1 Mid)	Open	36,246,710	257,347,543	25%	221,100,833	21%
Quebec (R-1 Mid)	Open	34,699,500	257,347,543	25%	222,648,043	22%
Quebec		34,699,500				
Financement Quebec		0				
Hydro Quebec		0				
Saskatchewan (R-1 High)	Open	0	257,347,543	25%	257,347,543	25%
Municipal Governments & their Guarantees*	R-1 Mid or Greater	0	257,347,543	25%	257,347,543	25%
Calgary (R-1 High)	Open	0	102,939,017	10%	102,939,017	10%
Financial Institutions & their Guarantees /Corporations		642,772,896	724,756,086		81,983,190	
	BA's Schedule A					
	Canadian Banks R-1					
Tier 1 - Financial Institutions & their Guarantees	Mid	642,772,896				
Bank of Montreal (R-1 High)	Open	170,710,003	205,878,034	20%	35,168,031	3%
BMO - Instruments		0				
BMO - Account		170,710,003				
Bank of Nova Scotia (R-1 High)	Open	81,276,017	205,878,034	20%	124,602,017	12%
Bank of Nova Scotia Effective Cash		12,776,017				
Bank of Nova Scotia - Notice Account		68,500,000				
Canadian Imperial Bank of Commerce (R-1 High)	Open	143,054,072	205,878,034	20%	62,823,963	6%
CIBC - Instruments		0				
CIBC - Account		143,054,072				
Royal Bank (R-1 High)	Open	64,624,056	205,878,034	20%	141,253,978	14%
RBC - Instruments		20,000,000				
RBC IS		0				
RBC - Account		44,624,056				
Toronto Dominion (R-1 High)	Open	55,428,023	205,878,034	20%	150,450,011	15%
TD - Instruments		55,427,500				
TD - Account		523				
National Bank of Canada (R-1 Mid)	Open	127,680,724	154,408,526	15%	26,727,802	3%
National - Instruments		10,000,000				
National - Account		117,680,724				
Custodian Account (Northern Trust)		0				
Total Cash and Equivalents		782,321,728				
Equities						
Total Equities		6,410				
Total Investments		782,328,138				
Interest Bearing Bank Accounts - O/S Cheque Coverage		38,000,000 *				
Total Investments and O/S Cheques Coverage		820,328,138				

Appendix A

Economic Statistics	Canada			United States		
	Oct	Nov	Dec	Oct	Nov	Dec
Unemployment Rate	6.9%	6.6%	6.8%	N/A	4.5%	4.4%
Jobs Created / (Lost) ('000's)	66.6	53.6	10.1	41	48	130
Core Inflation Rate (year over year)	2.2%	2.2%	2.4%	N/A	2.7%	2.7%

Date	Central Bank	Central Bank Action
Dec 11, 2024	Bank of Canada	Lowered overnight rate to 3.25%
Dec 18, 2024	U.S. Federal Open Market Committee	Lowered target range to 4.25% to 4.50%
Jan 29, 2025	U.S. Federal Open Market Committee	Lowered target range to 4.25% to 4.50%
Jan 30, 2025	Bank of Canada	Maintained target range at 4.25% to 4.50%
Mar 12, 2025	Bank of Canada	Lowered overnight rate to 2.75%
Mar 19, 2025	U.S. Federal Open Market Committee	Maintained target range at 4.25% to 4.50%
Apr 16, 2025	Bank of Canada	Maintained overnight rate at 2.75%
May 7, 2025	U.S. Federal Open Market Committee	Maintained target range at 4.25% to 4.50%
Jun 4, 2025	Bank of Canada	Maintained overnight rate at 2.75%
Jun 17, 2025	U.S. Federal Open Market Committee	Maintained target range at 4.25% to 4.50%
Jun 29, 2025	U.S. Federal Open Market Committee	Maintained target range at 4.25% to 4.50%
Jul 30, 2025	Bank of Canada	Maintained overnight rate at 2.75%
Sept 17, 2025	Bank of Canada	Lowered overnight rate to 2.5%
Sept 17, 2025	U.S. Federal Open Market Committee	Lowered target range to 4.00% to 4.25%
Oct 29, 2025	Bank of Canada	Lowered overnight rate to 2.25%
Oct 29, 2025	U.S. Federal Open Market Committee	Lowered target range to 3.75% to 4.00%
Dec 10, 2025	Bank of Canada	Maintained overnight rate at 2.25%
Dec 10, 2025	U.S. Federal Open Market Committee	Lowered target range to 3.50% to 3.75%
Jan 28, 2026	U.S. Federal Open Market Committee	Maintained target range at 3.50% to 3.75%
Jan 28, 2026	Bank of Canada	Maintained overnight rate at 2.25%

List of Eligible Investments

The Government of Canada & Its Guarantees:

Federal Government

Business Development Bank

Canada Mortgage & Housing Corporation

Canadian Wheat Board

Export Development Canada

Farm Credit Corporation

Provincial Governments & Their Guarantees:

The Province of Alberta & Its Guarantees

The Province of British Columbia & Its Guarantees

The Province of Manitoba & Its Guarantees

The Province of New Brunswick & Its Guarantees

The Province of Ontario & Its Guarantees

The Province of Quebec & Its Guarantees

The Province of Saskatchewan & Its Guarantees

The Province of Nova Scotia

Municipal Governments & Their Guarantees:

The Municipality of Calgary & Its Guarantees

Financial Institutions & Their Guarantees (Tier 1):

The Bank of Montreal & Its Guarantees

The Bank of Nova Scotia & Its Guarantees

Canadian Imperial Bank of Commerce & Its Guarantees

Royal Bank of Canada & Its Guarantees

Toronto Dominion Bank & Its Guarantees

Nation Bank of Canada & Its Guarantees

Dominion Bond Rating Service (DBRS) Rating Scale

R-1 (high)

Short-term debt rated R-1 (high) is of the highest credit quality and indicates an entity possessing unquestioned ability to repay current liabilities as they fall due. Entities rated in this category normally maintain strong liquidity positions, conservative debt levels, and profitability that is both stable and above average. Companies achieving an R-1 (high) rating are normally leaders in structurally sound industry segments with proven track records, sustainable positive future results, and no substantial qualifying negative factors. Given the extremely tough definition DBRS has established for an R-1 (high), few entities are strong enough to achieve this rating.

R-1 (middle)

Short-term debt rated R-1 (middle) is of superior credit quality and, in most cases, ratings in this category differ from R-1 (high) credits by only a small degree. Given the extremely tough definition DBRS has established for the R-1 (high) category, entities rated R-1 (middle) are also considered strong credits, and typically exemplify above average strength in key areas of consideration for the timely repayment of short-term liabilities.

R-1 (low)

Short-term debt rated R-1 (low) is of satisfactory credit quality. The overall strength and outlook for key liquidity, debt, and profitability ratios is not normally as favourable as with higher rating categories, but these considerations are still respectable. Any qualifying negative factors that exist are considered manageable, and the entity is normally of sufficient size to have some influence in its industry.