



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

**Item No. 6**  
**Halifax Regional Council**  
**May 7, 2024**

**TO:** Mayor Savage Members of Halifax Regional Council

**SUBMITTED BY:** Original Signed  
\_\_\_\_\_  
Councillor Paul Russell, Chair, Audit and Finance Standing Committee

**DATE:** April 17, 2024

**SUBJECT:** Investment Activities – Quarter ending December 31, 2023

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**INFORMATION REPORT**

**ORIGIN**

April 17, 2024 meeting of Audit and Finance Standing Committee, Item 13.2.1.

**LEGISLATIVE AUTHORITY**

Legislative Authority is outlined in the attached staff report dated 13.2.1.

Administrative Order One, *Respecting the Procedures of the Council Administrative Order*, Schedule 2  
Audit and Finance Standing Committee Terms of Reference, section 1:

- (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:
  - (a) fulfill the requirements as outlined in Section 48 of the HRM Charter; and
  - (b) assist the Council in meeting its responsibilities by ensuring the adequacy and effectiveness of financial reporting, risk management and internal controls.

## **BACKGROUND**

Audit and Finance Standing Committee received a staff recommendation report dated March 4, 2024 to consider the investment activities for the quarter ending December 31, 2023.

For further information refer to the attached staff report dated March 4, 2024.

## **DISCUSSION**

Audit and Finance Standing Committee considered the staff report dated March 4, 2024 and approved the recommendation to Halifax Regional Council as outlined in this report.

## **FINANCIAL IMPLICATIONS**

Financial implications are outlined in the attached staff report dated March 4, 2024.

## **RISK CONSIDERATION**

Risk consideration is outlined in the attached staff report dated March 4, 2024.

## **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 4, 2024.

## **ENVIRONMENTAL IMPLICATIONS**

Environmental implications are outlined in the staff report dated March 4, 2024.

## **ATTACHMENTS**

Attachment 1 – Staff recommendation report dated March 4, 2024.

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

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

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

**Item No. 13.2.1**  
**Audit & Finance Standing Committee**  
**April 17, 2024**

**TO:** Chair and Members of Audit & Finance Standing Committee

**-ORIGINAL SIGNED-**

**SUBMITTED BY:**

\_\_\_\_\_  
Cathie O'Toole, Chief Administrative Officer

**DATE:** March 4, 2024

**SUBJECT:** Investment Activities – Quarter ending December 31, 2023

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**ORIGIN**

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

**LEGISLATIVE AUTHORITY**

Section 121(1)(b) of the Halifax Regional Municipality Charter (the Charter) requires that funds be invested pursuant to an Investment Policy adopted by Council and approved by the Minister of Municipal Affairs (the Minister). Section 121(1)(c) of the Charter states funds must be invested pursuant to the Trustee Act. Where HRM has chosen to adopt an Investment Policy and the Minister has approved that Investment Policy, investment activities will be governed by that Investment Policy pursuant to Section 121(1)(b) of the Charter.

**RECOMMENDATION**

1. 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).

The mandate of the Investment Policy Advisory Committee (the Committee) is to recommend an investment policy to Council as well as provide ongoing monitoring of investment activities as stated in Section A (Terms of Reference) of the *Investment Policy*. Following adoption and approval of the Policy, the activities of the Committee have shifted to a monitoring role as well as annual reviews of the Policy.

Amendments to the Policy, as recommended by the Committee were approved by Council and the Minister in 2005, 2007, 2008, 2010, 2017, 2019 and 2022. The 2023 review resulted in several changes and is currently pending Ministerial approval. Reviews of the Policy by the Committee in 2012, 2014, 2015, 2020 and 2021 did not result in any recommended changes.

## **DISCUSSION**

The Investment Policy Advisory Committee is pleased to provide this report under the provisions of the Policy. The primary focus of this report will be to report on compliance with the objectives of the Policy.

The three objectives and three strategies of the Policy, stated in order of priority of importance, are as follows:

Objective:

1. Preservation of Capital
2. Liquidity
3. Competitive Return on Investments

Strategies:

1. Diversification of Investment Portfolio
2. Regular Review of Performance
3. Risk Management Approach

The Sector Weight schedule, used to validate portfolio diversification, is attached.

At the Investment Policy Advisory Committee meeting of March 4, 2024, the Committee reviewed the information provided by staff in the Treasurer's report to the Committee for the quarter ending December 31, 2023 and accepted the report and the findings contained in the report that the investment activities reported complied with the Policy.

## **Overall Results**

Operating fund investment income for the three months ending December 31, 2023 totaled \$4,909,167 versus a budgeted amount of \$3,600,000. The total investment income for the portfolio was \$11,284,071 including investment income for the operating fund, trusts, reserves, and related entities.

As outlined in the *Investment Policy* and agreed by the Committee, the benchmark for portfolio performance is the *RBC Pooled Fund Survey* which reviews the performance of 26 pooled Canadian money market funds. These funds generally feature Canadian government short-term instruments as their primary holding. The duration of the instruments held vary based on current market conditions. It should be noted that these pooled funds do not feature significant bond holdings.

**RBC Pooled Fund Survey of Money Market Funds**

| <b>Money Market Funds</b>   | <b>3 Months<br/>(to December 31,<br/>2023)</b> | <b>1 Year<br/>(to December 31,<br/>2023)</b> |
|-----------------------------|--|--|
| Average Return              | 1.31%  | 4.93%  |
| 5 <sup>th</sup> Percentile  | 1.41%  | 5.27%  |
| 1 <sup>st</sup> Quartile    | 1.35%  | 5.08%  |
| Money Market Median         | 1.32%  | 4.93%  |
| 3 <sup>rd</sup> Quartile    | 1.27%  | 4.80%  |
| 95 <sup>th</sup> Percentile | 1.24%  | 4.45%  |
| <b>HRM Money Market</b>     | <b>1.39%</b>                                   | <b>5.23%</b>                                 |
| HRM Overall                 | 1.27%  | 4.55%  |

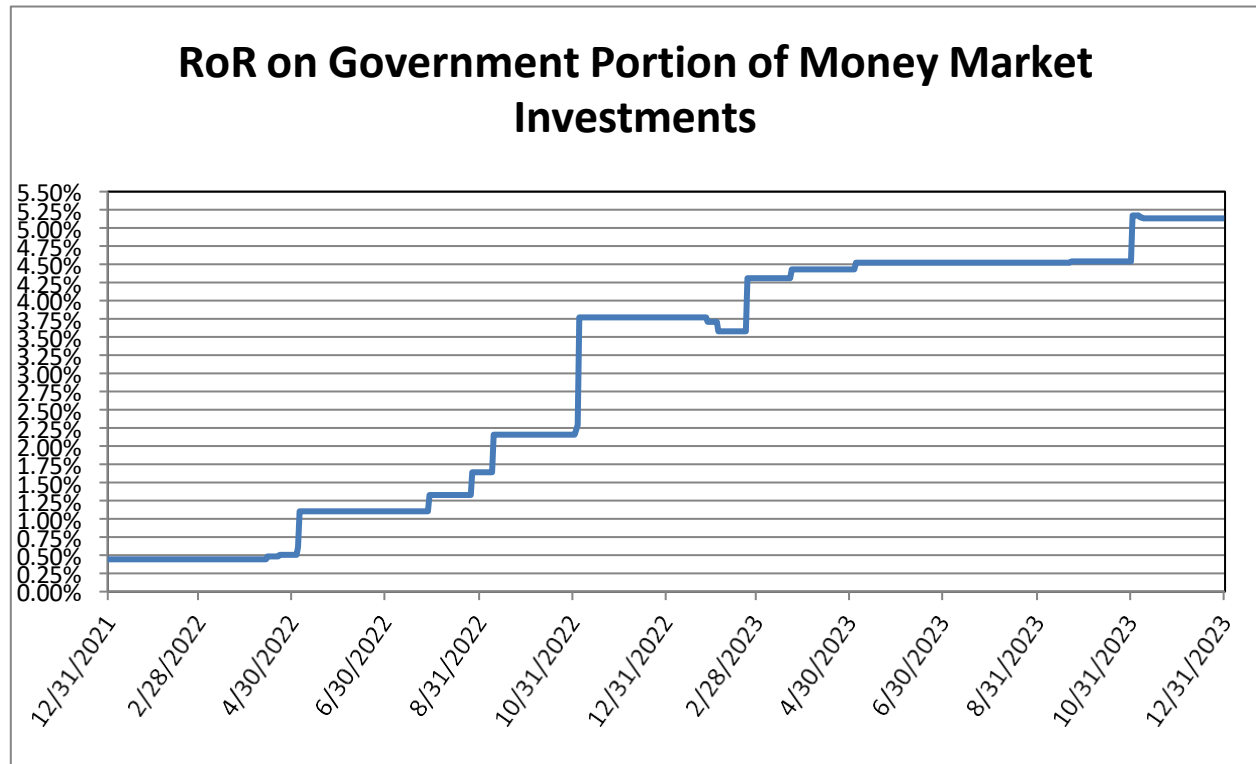
The money market portion of the portfolio, including the high interest investment accounts, exceeded the 1<sup>st</sup> quartile of the benchmark for both quarterly and annual performance as noted above. These returns are before any allowance for fees that could be paid for external management.

The overall results reflect the performance of the holdings in the bond portfolio which is not reflective of the benchmark funds. Therefore, the bonds are assessed separately below.

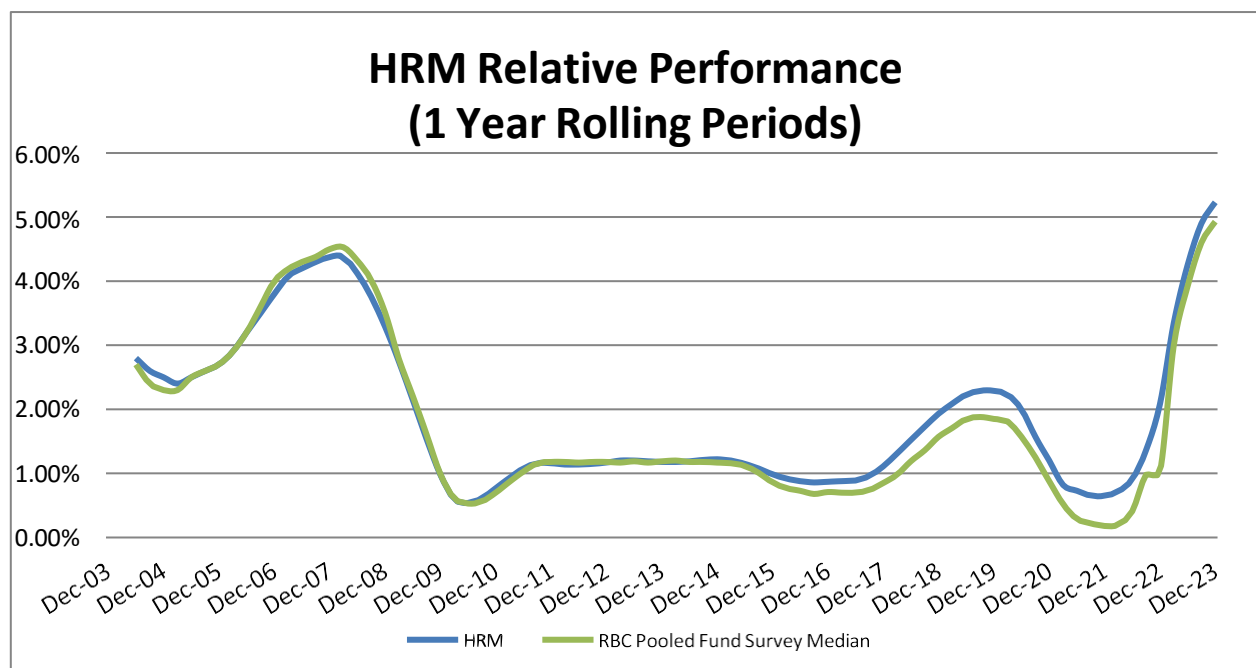
**RBC Pooled Fund Survey of Short-Term Bonds**

| <b>Short Term Bond</b>      | <b>1 Year<br/>(to December 31,<br/>2023)</b> |
|-----------------------------|--|
| Average Yield               | 6.02%  |
| 5 <sup>th</sup> Percentile  | 8.13%  |
| 1 <sup>st</sup> Quartile    | 6.15%  |
| Median                      | 5.90%  |
| 3 <sup>rd</sup> Quartile    | 5.52%  |
| 95 <sup>th</sup> Percentile | 5.23%  |
| <b>HRM Bonds</b>            | <b>1.20%</b>                                 |

The following graph depicts the rate of return for the last two years on the government portion of money market funds.



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.



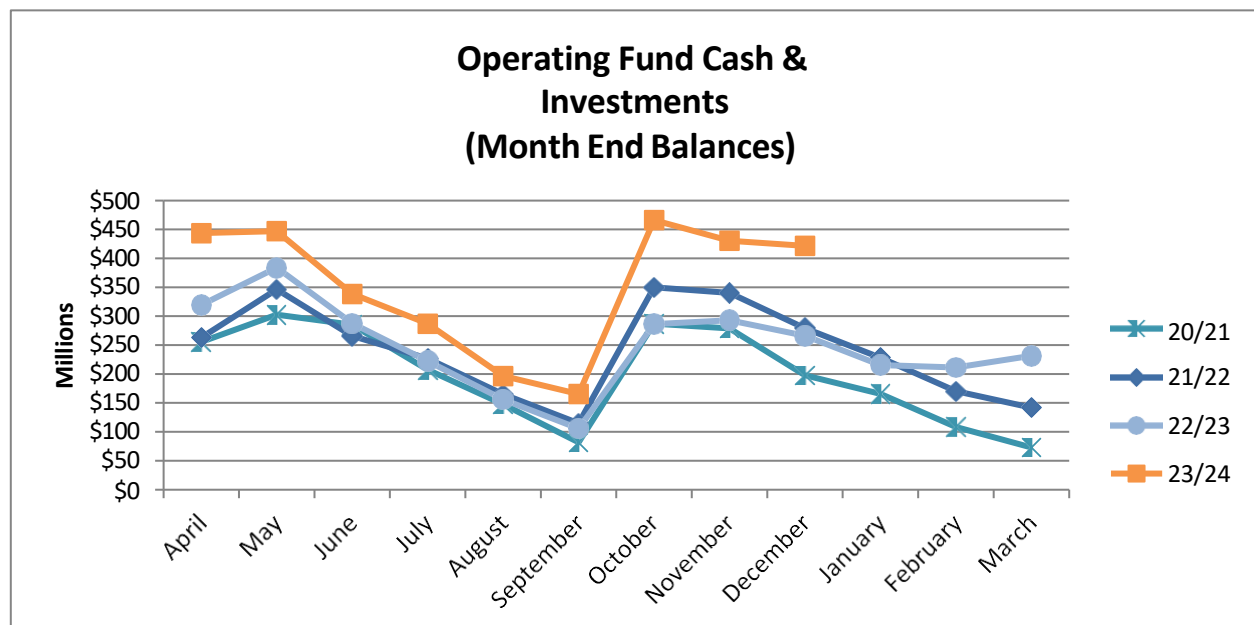
HRM Investment Activities

There were eight money market investments made during the quarter while three investments were carried over from the prior period and three investments matured. At the end of the quarter, the total value of money market instruments at cost was \$206,850,645 with an average cost of \$25,856,331, and an original average term of 204 days. This compares to the same period last year when there were five investments held at the end of the period with a total cost of \$93,942,969, an average cost of \$18,788,594 and an average term to maturity of 186 days.

There were no additional bond investments made during the quarter. One bond matured late in the quarter, and one carried over from prior periods with an ending face value of \$50,000,000 and an original term of three years. This compares to the same period last year when there were five bond investments held at the end of the period with a total face value of \$157,100,000 and an average term to maturity of two years.

Funds held in the investment bank accounts, including term deposits and GICs, totaled \$662,897,903 at the end of the quarter. This balance includes funds for related agencies such as Halifax Water, HRM reserve funds, as well as operating funds. The income from investment accounts provided a quarterly return of 1.42% for an annualized return of 5.67%. Using 5.25% as the proxy for the BA and BDN average annual yield for the quarter, the incremental income in the investment account was \$589,173 over BA's and BDN's.

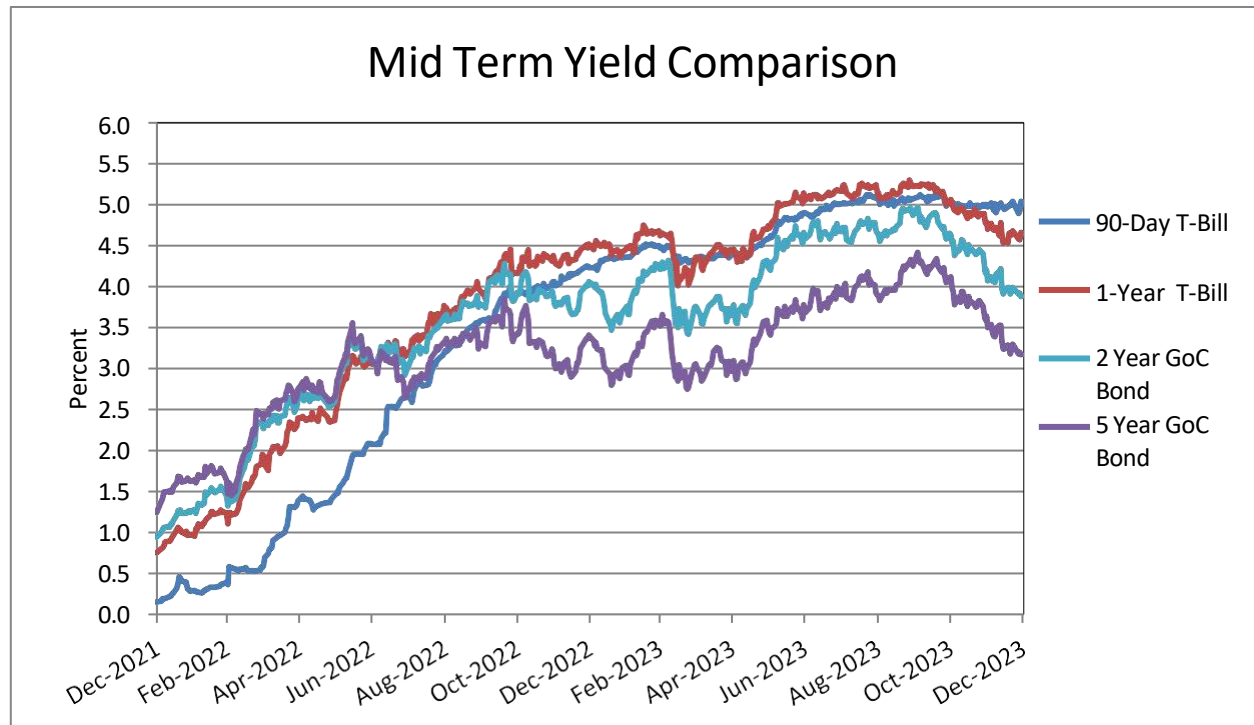
Cumulative incremental gross investment income from the 2007 policy change that expanded the non-government sector weight was \$6,135,517 including a \$387,403 increase during the reporting period. An additional increase of \$407,230 was realized over the reporting period due to the 2019 investment policy change to exclude operational cash requirements from the sector weights, providing a cumulative impact since April 2019 of \$3,388,958.



HRM Long Term Bond Pool

At the end of the quarter, the provincial bond segment of the portfolio had a face value of \$50,000,000 reflecting bond maturities during the quarter. This compares to the same period last year when there were five bond investments with total face value of \$157,100,000. The yield on the final remaining bond is 1.37% with a maturity date of June 2, 2024.

**Government Sector Performance – December 2021 to December 2023**



Subsequent to End of Reporting Quarter

On January 24, 2024, the Bank of Canada (BoC) maintained the overnight rate at 5% as expected. During deliberations, it was agreed that the interest rate increases have resulted in a slowing demand and weakened consumer confidence. The members of the Governing Council also recognized that labour market conditions are becoming balanced even though wage growth of 4% to 5% is still broad based. Inflation remains above the target with shelter prices being the largest component of the inflation index. That said, the Governing Council expected the inflation remaining around 3% for the first half of the year, gradually approaching the 2% target by 2025.

The timeline to begin cutting interest rates is still not clear from the deliberations of Governing Council. However, economists agree that the rates will be cut during 2024, starting as early as June. The full price drop may not be realized until late 2024 where it is anticipated the decrease will be a full 150 basis points from its current level of 5%.

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 January 11, 2024, 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 BoC's overnight rate. Given current guidance, staff anticipate the investment bank accounts 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 rolling one-year rate of return for money market return exceeds the 1<sup>st</sup> quartile for the quarter ending December 31, 2023 before allowing for fees that could have been paid to an external management firm. Staff maintains that the rate of return objective of the Investment Policy has been met for the money market portfolio. Bond investments will continue to be held to maturity.

#### 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 Investment Policy Advisory 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 above, operating fund investment income for the three months ending December 31, 2023, was \$4,909,167 versus a budgeted amount of \$3,600,000 which resulted in a surplus of \$1,309,167. The actual rate of return was 1.27% for the period.

### **RISK CONSIDERATION**

There are no significant risks associated with the recommendations in this report.

### **COMMUNITY ENGAGEMENT**

Investment activities are reported quarterly to the Investment Policy Advisory Committee. The majority of members of this Committee (4 of 5) are volunteers from the general public. The Committee reports to the Audit and Finance Committee of Council quarterly on staff's compliance with the Investment Policy. In addition, the Committee conducts an annual review of the Investment Policy and makes recommendations for any changes considered appropriate.

### **ENVIRONMENTAL IMPLICATIONS**

No environmental implications were identified.

### **ALTERNATIVES**

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

### **ATTACHMENTS**

Attachment 1 - Sector Weight Schedule @ December 31, 2023 (Schedule A)  
Appendix A - Economic Statistics and Central Bank Actions  
Appendix B - List of Eligible Investments  
Appendix C - DBRS Rating Scale

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A copy of this report can be obtained online at [halifax.ca](http://halifax.ca) or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Vicki Robertson, CPA, A/Director of Revenue, Deputy Treasurer, Finance & Asset Management, 902.817.1479

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**Total Portfolio**  
**Sector Weights @ December 31, 2023**

SCHEDULE A

| Category   | Status  | Cumulative<br>Amount Invested<br>@ Book Value | Guideline Limit      | %           | Limit Available      | %           |
|--|---|---|----------------------|-------------|----------------------|-------------|
| <b>CASH &amp; EQUIVALENTS</b>                                      |   |   |                      |             |                      |             |
| <b>Federal Government &amp; its Guarantees</b>                     | <b>Open</b>                                   | <b>0</b>                                      | <b>1,037,400,453</b> | <b>100%</b> | <b>1,037,400,453</b> | <b>100%</b> |
| 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   |                      |             |                      |             |
| <b>Provincial Governments &amp; their Guarantees</b>               | <b>R-1 Mid or Greater</b>                     | <b>206,850,645</b>                            | <b>1,037,400,453</b> | <b>100%</b> | <b>830,549,808</b>   | <b>80%</b>  |
| Total Alberta (R-1 High)   | Open  | 0   | 259,350,113          | 25%         | 259,350,113          | 25%         |
| Alberta (R-1 High)   | Open  | 0   |                      |             |                      |             |
| Alberta Capital Finance Authority (R-1 High)                       | Open  | 0   |                      |             |                      |             |
| Alberta Treasury Branches (R-1 High)                               | Open  | 0   |                      |             |                      |             |
| British Columbia (R-1 High)  | Open  | 5,254,470                                     | 259,350,113          | 25%         | 254,095,643          | 24%         |
| Manitoba (R-1 Mid)   | Open  | 0   | 259,350,113          | 25%         | 259,350,113          | 25%         |
| New Brunswick (R-1 Mid)  | Open  | 30,301,653                                    | 259,350,113          | 25%         | 229,048,460          | 22%         |
| Nova Scotia (R-1 Mid)  | Open  | 0   | 259,350,113          | 25%         | 259,350,113          | 25%         |
| Ontario (R-1 Mid)  | Open  | 88,973,331                                    | 259,350,113          | 25%         | 117,692,783          | 11%         |
| Quebec (R-1 Mid)   | Open  | 82,321,191                                    | 259,350,113          | 25%         | 177,028,922          | 17%         |
| Quebec   |   | 82,321,191                                    |                      |             |                      |             |
| Financement Quebec   |   | 0   |                      |             |                      |             |
| Hydro Quebec   |   | 0   |                      |             |                      |             |
| Saskatchewan (R-1 High)  | Open  | 0   | 259,350,113          | 25%         | 259,350,113          | 25%         |
| <b>Municipal Governments &amp; their Guarantees*</b>               | <b>R-1 Mid or Greater</b>                     | <b>0</b>                                      | <b>259,350,113</b>   | <b>25%</b>  | <b>259,350,113</b>   | <b>25%</b>  |
| Calgary (R-1 High)   | Open  | 0   | 103,740,045          | 10%         | 103,740,045          | 10%         |
| <b>Financial Institutions &amp; their Guarantees /Corporations</b> |   | <b>627,897,903</b>                            | <b>719,997,285</b>   |             | <b>92,099,381</b>    |             |
|  | <b>BA's Schedule A<br/>Canadian Banks R-1</b> |   |                      |             |                      |             |
| <b>Tier 1 - Financial Institutions &amp; their Guarantees</b>      | <b>Mid</b>                                    | <b>614,457,262</b>                            |                      |             |                      |             |
| Bank of Montreal (R-1 High)  | Open  | 149,213,883                                   | 207,480,091          | 20%         | 58,266,208           | 6%          |
| BMO - Instruments  |   | 0   |                      |             |                      |             |
| BMO - Account  |   | 149,213,883                                   |                      |             |                      |             |
| Bank of Nova Scotia (R-1 High)                                     | Open  | 60,468,808                                    | 207,480,091          | 20%         | 147,011,283          | 14%         |
| Bank of Nova Scotia Effective Cash                                 |   | 60,468,808                                    |                      |             |                      |             |
| Bank of Nova Scotia - Notice Account                               |   | 0   |                      |             |                      |             |
| Canadian Imperial Bank of Commerce (R-1 High)                      | Open  | 157,275,188                                   | 207,480,091          | 20%         | 50,204,903           | 5%          |
| CIBC - Instruments   |   | 140,000,000                                   |                      |             |                      |             |
| CIBC - Account   |   | 17,275,188                                    |                      |             |                      |             |
| Royal Bank (R-1 High)  | Open  | 141,366,760                                   | 207,480,091          | 20%         | 66,113,330           | 6%          |
| RBC - Instruments  |   | 0   |                      |             |                      |             |
| RBC IS   |   | 5,931   |                      |             |                      |             |
| RBC - Account  |   | 141,360,830                                   |                      |             |                      |             |
| Toronto Dominion (R-1 High)  | Open  | 106,132,623                                   | 207,480,091          | 20%         | 101,347,468          | 10%         |
| TD - Instruments   |   | 106,132,400                                   |                      |             |                      |             |
| TD - Account   |   | 223   |                      |             |                      |             |
| 0  |   | 0   |                      |             |                      |             |
| <b>Tier 2 - Financial Institutions &amp; Corporations</b>          | <b>R-1 Mid/High***</b>                        | <b>13,440,641</b>                             |                      |             |                      |             |
| National Bank of Canada (R-1 Mid)                                  | Open  | 13,440,641                                    | 155,610,068          | 15%         | 142,169,427          | 14%         |
| National - Instruments   |   | 0   |                      |             |                      |             |
| National - Account   |   | 13,440,641                                    |                      |             |                      |             |
| <b>Total Cash and Equivalents</b>                                  |   | <b>834,748,548</b>                            |                      |             |                      |             |
| <b>Federal Government &amp; its Guarantees</b>                     |   |   |                      |             |                      |             |
| <b>Money Market</b>  |   | <b>0</b>                                      | <b>207,480,091</b>   | <b>100%</b> | <b>207,480,091</b>   | <b>20%</b>  |
| <b>Reserves - Bond Pool</b>  |   | <b>0</b>                                      | <b>207,480,091</b>   | <b>100%</b> | <b>207,480,091</b>   | <b>20%</b>  |
| <b>Provincial Government &amp; their Guarantees</b>                |   | <b>0</b>                                      | <b>207,480,091</b>   | <b>20%</b>  | <b>207,480,091</b>   | <b>20%</b>  |
| <b>Money Market</b>  |   | <b>0</b>                                      | <b>207,480,091</b>   | <b>20%</b>  | <b>207,480,091</b>   | <b>20%</b>  |
| Alberta  |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| Alberta  |   | 0   |                      |             |                      |             |
| Alberta Capital Finance Authority                                  |   | 0   |                      |             |                      |             |
| Alberta Treasury Branches  |   | 0   |                      |             |                      |             |
| British Columbia   |   | 0   | 207,480,091          | 20%         | 202,225,621          | 19%         |
| Manitoba   |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| New Brunswick  |   | 0   | 207,480,091          | 20%         | 177,178,437          | 17%         |
| Nova Scotia  |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| Ontario  |   | 0   | 207,480,091          | 20%         | 65,822,760           | 6%          |
| Quebec   |   | 0   | 207,480,091          | 20%         | 125,158,900          | 12%         |
| Quebec   |   | 0   |                      |             |                      |             |
| Financement Quebec   |   | 0   |                      |             |                      |             |
| Hydro Quebec   |   | 0   |                      |             |                      |             |
| Saskatchewan   |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| <b>Reserves - Bond Pool</b>  |   | <b>52,684,000</b>                             | <b>207,480,091</b>   | <b>20%</b>  | <b>154,796,091</b>   | <b>15%</b>  |
| Alberta  |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| Alberta  |   | 0   |                      |             |                      |             |
| Alberta Capital Finance Authority                                  |   | 0   |                      |             |                      |             |
| Alberta Treasury Branches  |   | 0   |                      |             |                      |             |
| British Columbia   |   | 0   | 207,480,091          | 20%         | 202,225,621          | 19%         |
| Manitoba   |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| New Brunswick  |   | 0   | 207,480,091          | 20%         | 177,178,437          | 17%         |
| Nova Scotia  |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| Ontario  |   | 52,684,000                                    | 207,480,091          | 20%         | 65,822,760           | 6%          |
| Quebec   |   | 0   | 207,480,091          | 20%         | 125,158,900          | 12%         |
| Quebec   |   | 0   |                      |             |                      |             |
| Financement Quebec   |   | 0   |                      |             |                      |             |
| Hydro Quebec   |   | 0   |                      |             |                      |             |
| Saskatchewan   |   | 0   | 207,480,091          | 20%         | 207,480,091          | 20%         |
| <b>Total Fixed</b>   |   | <b>52,684,000</b>                             |                      |             |                      |             |
| <b>Equities</b>  |   |   |                      |             |                      |             |
| Total Equities   |   | <b>6,410</b>                                  |                      |             |                      |             |
| Total Investments  |   | 887,438,958                                   |                      |             |                      |             |
| Interest Bearing Bank Accounts - O/S Cheque Coverage               |   | 35,000,000 *                                  |                      |             |                      |             |
| <b>Total Investments and O/S Cheques Coverage</b>                  |   | <b>922,438,958</b>                            |                      |             |                      |             |

## Appendix A

| Economic Statistics                  | Canada |      |      | United States |      |      |
|--------------------------------------|--------|------|------|---------------|------|------|
|                                      | Oct    | Nov  | Dec  | Oct           | Nov  | Dec  |
| Unemployment Rate                    | 5.7%   | 5.8% | 5.8% | 3.8%          | 3.7% | 3.7% |
| Jobs Created / (Lost) ('000's)       | 24     | 24   | 12   | 165           | 182  | 333  |
| Core Inflation Rate (year over year) | 3.1%   | 3.1% | 3.4% | 3.2%          | 3.1% | 3.4% |

| Date           | Central Bank                       | Central Bank Action                       |
|----------------|------------------------------------|---|
| Jan 25, 2023   | Bank of Canada                     | Raised overnight rate to 4.50%            |
| Feb 1, 2023    | U.S. Federal Open Market Committee | Raised target range to 4.50% to 4.75%     |
| March 8, 2023  | Bank of Canada                     | Maintained overnight rate at 4.50%        |
| March 22, 2023 | U.S. Federal Open Market Committee | Raised target range to 4.75% to 5.00%     |
| April 12, 2023 | Bank of Canada                     | Maintained overnight rate at 4.50%        |
| May 3, 2023    | U.S. Federal Open Market Committee | Raised target range to 5.00% to 5.25%     |
| June 7, 2023   | Bank of Canada                     | Raised overnight rate to 4.75%            |
| June 14, 2023  | U.S. Federal Open Market Committee | Maintained target range to 5.00% to 5.25% |
| July 12, 2023  | Bank of Canada                     | Raised overnight rate to 5.00%            |
| July 26, 2023  | U.S. Federal Open Market Committee | Raised target range to 5.25% to 5.50%     |
| Sep 6, 2023    | Bank of Canada                     | Maintained overnight rate at 5.00%        |
| Sep 20, 2023   | U.S. Federal Open Market Committee | Maintained target range at 5.25% to 5.50% |
| Oct 25, 2023   | Bank of Canada                     | Maintained overnight rate at 5.00%        |
| Nov 1, 2023    | U.S. Federal Open Market Committee | Maintained target range at 5.25% to 5.50% |
| Dec 6, 2023    | Bank of Canada                     | Maintained overnight rate at 5.00%        |
| Dec 13, 2023   | U.S. Federal Open Market Committee | Maintained target range at 5.25% to 5.50% |
| Jan 24, 2024   | Bank of Canada                     | Maintained overnight rate at 5.00%        |
| Jan 31, 2024   | U.S. Federal Open Market Committee | Maintained target range at 5.25% to 5.50% |

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

Financial Institutions & Corporations (Tier 2):

National Bank of Canada

### **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.