Investment Holdings and Performance

Portfolio Holdings

On December 31, 2023, the Capital Regional District (CRD) held $374.6 million in short-term and long-term investments, as detailed in Table 1 below.

Table 1: CRD Investment Holdings – Dec 31, 2023

Investments	Balance ($millions)	% Share
Investments Short-Term (less than 2 years)		
High Interest Savings Accounts (Cash)	5.2	1.4%
Guaranteed Investment Certificates (< 2 year)	192.5	51.4%
Total Short-term:	**197.7**	**52.8%**
Investments Long-Term (more than 2 years)		
MFA DMAC Fund	15.3	4.1%
MFA Pooled Mortgage Fund	17.6	4.7%
MFA FFF Bond Fund	30.3	8.1%
MFA Short-Term Bond Fund	34.3	9.2%
Guaranteed Investment Certificates (> 2 year)	79.4	21.2%
Total Long-term:	**176.9**	**47.2%**
Total Investments:	**$374.6**	**100%**

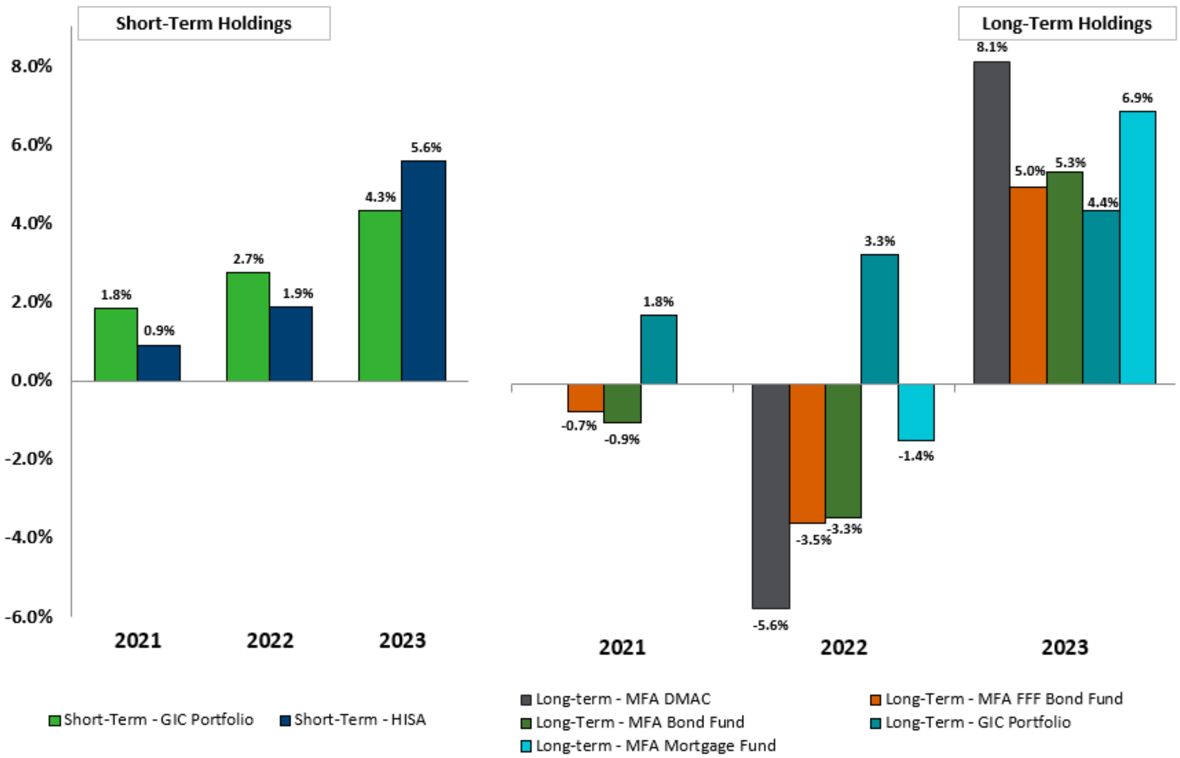
The portfolio was distributed between short-term and long-term investments in a 53%/47% split. As per Investment Policy, investments with maturities or approaching maturities less than two years are classified as short-term and investments with maturity and divestiture dates beyond two years are classified as long term.

APPENDIX C

Performance

Graph 1 provides a detailed report on investment returns in 2023.

Graph 1: CRD Investment Results



<u>Short-Term Investments</u>

These funds focus on liquidity and are monies needed for near-term expenditures in operating and capital. The funds are invested in a mix of High Interest Savings Accounts (HISA) and Guaranteed Investment Certificates (GIC) with varying terms throughout the year in alignment to cashflow needs. GIC rates rose steadily throughout 2023, exceeding yield from deposit products.

For short-term holdings (terms less than two years), the short-term GIC portfolio yielded a 4.3% return, outperforming the 4.0% benchmark. The HISA accounts exceed their benchmark of 5.3% with a 5.6% return.

<u>Long-Term Investments</u>

Funds invested in long-term GICs and Municipal Finance Authority (MFA) pooled funds are primarily long-term capital reserves. The long-term GIC portfolio returned 4.4% exceeding the passive benchmark of 2.9% due to active GIC placements in 2023 at higher rates.

APPENDIX C

In 2023, the MFA Bond Fund produced a 5.3% return while the MFA Fossil-Fuel-Free (FFF) Bond Fund returned 5.0%, the MFA Mortgage Fund returned 6.9%, the MFA Diversified Multi-Asset Class (DMAC) Fund returned 8.5% all benefiting from the inverse relationship between interest rates and long-term bond yields. As interest rates decreased rapidly from their peak in the last quarter of the year, the bond funds, mortgage fund and fixed income DMAC holdings generated capital gains. Furthermore, despite the decline from peak, interest rates remained relatively high contributing to increased annual bond coupon income compared to previous years.