

**REPORT TO HOSPITALS AND HOUSING COMMITTEE  
MEETING OF WEDNESDAY, MARCH 05, 2025**

**SUBJECT**      **Capital Region Housing Corporation Investment Portfolio Holdings and Performance Annual Update**

**ISSUE SUMMARY**

To provide an annual update on the Capital Region Housing Corporation (CRHC) investments held and performance for the period ended December 31, 2024.

**BACKGROUND**

The Capital Regional District (CRD) invests operating, capital and reserve funds in accordance with the *Local Government Act*, *Community Charter* and Board approved Investment Policy (Appendix A). The Investment Policy applies to the investment activities for all funds maintained by the CRD, the CRHC and the Capital Regional Hospital District (CRHD). The types and terms of investments purchased are evaluated on four fundamental objectives: safety of principal, liquidity, responsible investing and return on investment in alignment with the policy.

The policy also provides the minimum ratings of investment vehicles that can be purchased. Currently investments in chartered banks or savings institutions must have a risk rating of R-1 (low) or higher for short-term and a rating of A- for long-term as published by major credit rating agencies. Both ratings achieve a superior credit rating on all investments.

Investments are continuously monitored to ensure the appropriate strategy through current and forecasted economic conditions. The CRHC invests net working capital and replacement reserves in a mix of products including High-Interest Savings Accounts (HISA), fixed term Guaranteed Investment Certificates (GICs) and Municipal Finance Authority (MFA) pooled funds. The placement or divestiture of investments are timed with forecasted cash requirements.

Investments through 2024 have been made in alignment with the Board approved Investment Policy. Although economic and market conditions drove fluctuations and uncertainty in the portfolio, performance exceeded the benchmark rate, as detailed in the report.

**IMPLICATIONS**

*Financial Implications*

**Portfolio Holdings**

As of December 31, 2024, the CRHC investment portfolio totaled \$17.6 million, as outlined in Table 1. This decrease in long-term holdings was a result of the decision to prioritize liquidity, driven by the requirements of the capital plan.

**Table 1: CRHC Investment Holdings – as of December 31, 2024**

Investments	Balance (\$millions)	% Share
Investments Short-Term (less than 2 years)	8.1	46.1%
Investments Long-Term (more than 2 years)	9.5	53.9%
<b>Total Investments:</b>	<b>\$17.6</b>	<b>100.0%</b>

As shown in Table 1, the CRHC investment portfolio as of December 31, 2024, was allocated 46.1% to short-term investments and 53.9% to long-term investments. Investments with maturities greater than two years are classified as long-term.

## Performance

The total effective return on investments during 2024 was \$0.7 Million or 5.2%, driven by higher interest rates in 2024 impacting returns on the MFA Bond Fund and GICs.

Table 2 below shows the three-year trend on investment income.

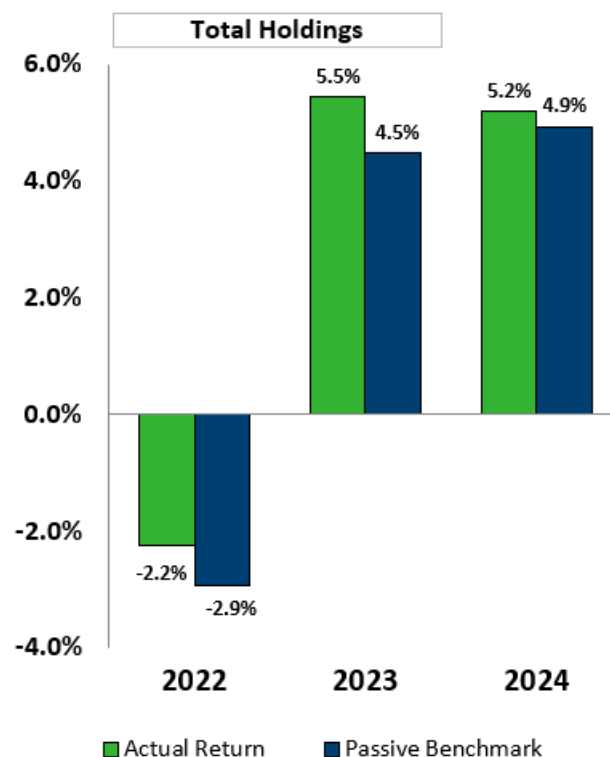
**Table 2: CRHC Investment Income Three-Year Trend (\$ Millions)**

	2022		2023		2024	
Passive Benchmark	-2.9%	-\$0.3	4.5%	\$0.6	4.9%	\$0.6
Active Management	0.7%	\$0.1	1.0%	\$0.1	0.3%	\$0.1
<b>Total</b>	<b>-2.2%</b>	<b>-\$0.2</b>	<b>5.5%</b>	<b>\$0.7</b>	<b>5.2%</b>	<b>\$0.7</b>

The passive benchmark approach, which reflects investment returns without active management, underwent a methodology update effective 2024. Previously, the passive income benchmark was calculated using an average of bank deposit rates through the year, weighted by cash flow timing. The new approach calculates the benchmark using weighted average holdings across investment categories (GICs, HISAs and MFA pooled funds). This adjustment ensures a more accurate representation of portfolio holdings, accounting for differences in passive investment returns based on their respective category. Table 2 above reflects this updated approach.

Graph 1 provides a summary report on investment returns in 2024.

**Graph 1: CRHC Investment Results - 2024:**



In 2024, the Bank of Canada lowered the overnight interest rate five times from elevated historic levels. Additional information can be found in Appendix B.

In 2024, monthly expenditures for operating, capital and financing activities averaged \$6 million. Notable capital projects during this period included the Michigan, Caledonia and Carey Lane construction projects.

Strong cash flow forecasting and an active investment management strategy led to the rebalancing of the portfolio throughout the year to manage performance. Further details regarding investment holdings and performance can be found in Appendix C.

### **CONCLUSION**

Overall, the CRHC portfolio of investments reflects the three fundamental objectives of safety of principal, liquidity and return on investment. Investments have been made in keeping with requirements under the Investment Policy Statement and investment performance exceeded expectations for the year ended December 31, 2024.

### **RECOMMENDATION**

There is no recommendation. This report is for information only.

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### **ATTACHMENTS**

Appendix A: Investment Policy  
Appendix B: Market Analysis  
Appendix C: Investment Holdings and Performance