

# 3 Key Principles Related to Long Term Financial Plan

- *Long term capital spending and related financing plan*
- *Investment plan – maximize returns and minimize risk*
- *Maintain flexibility and contingency planning for unforeseen events*

# *Investment plan – maximize returns and minimize risk*

- **Key Principles of Investment Policy:**

- Investment Committee to review/meet policy & principles
- Use of External Investment Manager (*since 2016*)
- Preservation of capital
- Portfolio diversification
- Maximize investment returns
- Optimize utilization of cash resources

- **Uses of Investment Returns:**

- Hydro Legacy Fund: Key goals
  - Preserve and protect principal – includes indexing principal
  - Current target of 4% annual returns
  - Use of uncommitted investment earnings – major assets/infrastructure needs
- Tax supported operations: Annual offset to required tax levy of \$1.6 million or approx. 2%
- Reserves/Reserve Funds: statutory and Council approved
  - Used to fund long term capital plan
  - Offset required annual contributions

# 2024 Highlights of Annual Investment Report

- **Realized returns:**

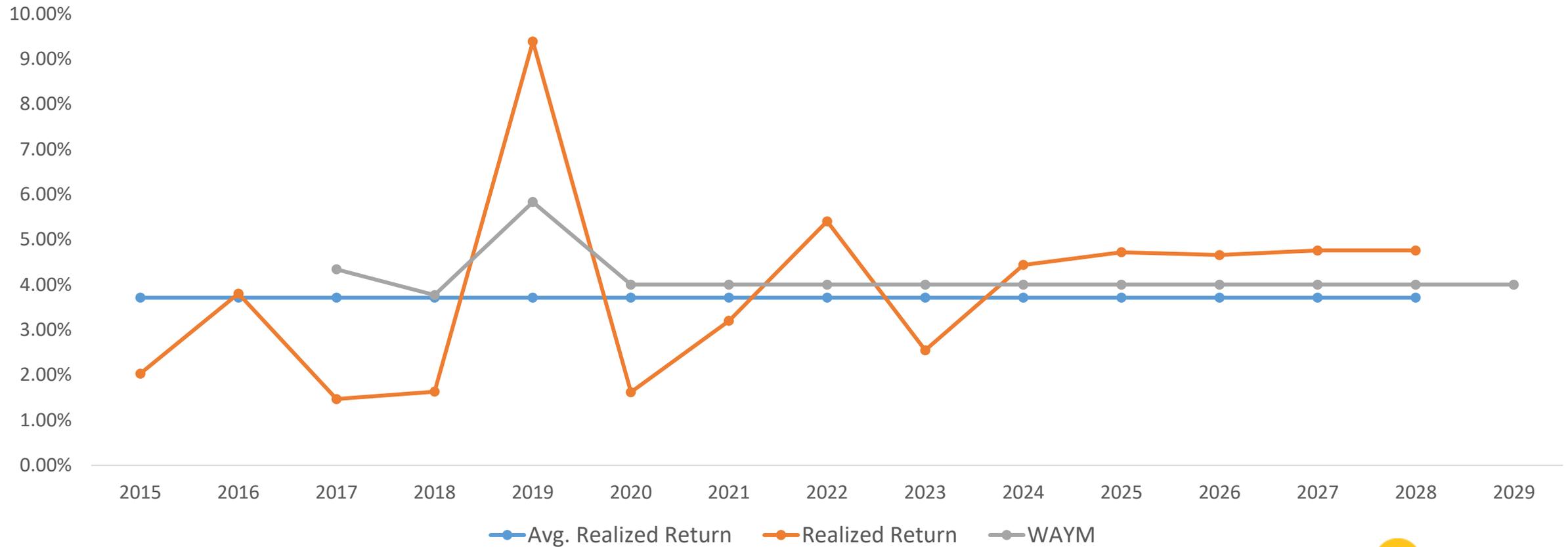
- Portfolio growth to \$264.4 million (increase of \$5.2 M)
- Realized returns totaling \$11.6 million (2023 - \$6.7 M) or 4.44% combined
- Operating Surplus of approx. \$2.4M (\$2.3M transfer to Investment Income Stabilization Reserve)
- Year end Balance of Investment Income Stabilization Reserve \$8.2 million (negative balance of \$3.3 M in 2018)

- **Hydro Legacy Fund:**

- Total has grown to \$101.3 million (\$82.4 M Principle Protected; \$18.9M uncommitted interest earnings)
- Principle protected balance started at \$72.6 M in 2015, was re-indexed in 2023 as per Policy changes from report FIN-16-2023
- 2024 accrued Investment earnings of \$3.9 million or 4.0%
- Review of Policy to take place with every new term of council, including required Public meeting

# Investment Fluctuations

Realized Returns Vs. Weighted Average Yield to Maturity (WAYM)



# Investment Portfolio Commitments

