



City of Richmond

Report to Committee

To: Finance and Audit Committee

Date: January 8, 2026

From: Mike Ching, CPA, CMA
Director, Finance

File: 03-0900-01/2025-Vol
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Re: 2025 Investment Report

Staff Recommendation

That the report titled "2025 Investment Report" dated January 8, 2026 from the Director, Finance be received for information.

Mike Ching, CPA, CMA
Director, Finance
(604-276-4137)

REPORT CONCURRENCE	
CONCURRENCE OF GENERAL MANAGER	
SENIOR STAFF REPORT REVIEW	INITIALS:
APPROVED BY CAO	

Staff Report

Origin

The purpose of this report is to provide Council with information on the City of Richmond’s (the City’s) cash and investment position and performance for fiscal year 2025 as required by the City’s Investment Policy 3703.

This report supports Council’s Strategic Plan 2022-2026 Focus Area #4 Responsible Financial Management and Governance:

Responsible financial management and efficient use of public resources to meet the needs of the community.

4.1 Ensure effective financial planning to support a sustainable future for the City.

Analysis

Permitted Investments

The City is only permitted to invest in the following types of investments, as prescribed under section 183 of the *Community Charter*:

- securities of Canada or of a province;
- securities guaranteed for principal and interest by Canada or by a province;
- securities of a municipality, regional district or greater board;
- investments guaranteed by a chartered bank;
- deposits in a savings institution, or non-equity or membership shares of a credit union;
- securities of the Municipal Finance Authority (MFA); and
- MFA pooled investment funds.

City’s Cash and Investment Balances

The City’s cash and investment balance was approximately \$1.76 billion as at December 31, 2025. The balance was comprised of \$1.58 billion in investments and \$185 million in high interest savings cash accounts (Table 1). The City’s overall weighted average investment yields for year 2025 was 4.00% (year 2024: 4.45%). The annual performance of the City’s investment portfolio for fiscal year 2025 outperformed the FTSE Canada Provincial Bond Index.

Table 1: Cash and Investment Balance by Issuer and Investment Type

Issuer	Investment Type	Investment Net Book Value (unaudited)	% of Total
Chartered Banks	Bonds and Term Deposits	\$ 777 million	45%
Provinces	Bonds	\$ 720 million	41%
Chartered Banks	High Savings Cash Accounts	\$ 185 million	10%
Credit Unions	Term Deposits	\$ 58 million	3%
MFA	Bond and Pooled Investments	\$ 23 million	1%
Cash and Investment Balance (December 31, 2025)		\$ 1.76 billion	100%

The aggregate net impact of the financial activities are reflected in the City’s assets (cash and investment), liabilities (deposits, restricted liabilities and working capital funds) and equity (reserve balances), as summarized in Table 2 below.

Table 2: Composition of the City’s December 31, 2025 Cash and Investment Balance

Type	Nature of Balance	% of Total
Liabilities and Working Capital	Funds held by the City arising from operational or contractual requirements where the City has an obligation to fulfill.	15%
Development Cost Charges (DCC)	Funds collected from developments to pay for capital infrastructure in the City’s approved DCC programs, including Roads, Water, Sewer, Sanitary, Park Acquisition and Park Development projects that are required to support growth.	15%
Committed Reserves and Provisions	Funds set aside for approved projects that are still in progress (i.e. when timing of capital approval does not coincide with cash outflow in the same fiscal period).	35%
Uncommitted Reserves and Provisions	Funds set aside for specific purposes where the use of funds must comply with the restrictions as set out in the reserve bylaw and usage must be approved by Council.	35%

The City’s Investment Policy 3703 requires that the City’s practices and procedures in the investment of public funds be conducted in compliance with statutory requirements of the *Community Charter*, while ensuring safety of capital, maintaining appropriate liquidity in meeting anticipated cash flow demands, and attaining a reasonable rate of return after taking into account the investment constraints and liquidity requirements.

All investment activities have been conducted in accordance with both the *Community Charter* and the City’s Investment Policy 3703.

ESG Rating

The City continues to assess its investment portfolio’s ESG rating on a quarterly basis using Morgan Stanley Capital International (MSCI). MSCI is one of the largest global investment research firms that provides benchmark indices and analytical services to investors. MSCI provides ESG Rating reports to measure a company’s resilience to long-term industry-specific ESG risks. Issuers are rated on a scale from “AAA” to “CCC” according to their exposure to industry-specific ESG risks and their ability to manage those risks relative to their peers.

The City’s fixed income investment portfolio continues to be rated with “AA” MSCI ESG rating for the 2025 fiscal year.

Interest Rate Outlook

The Bank of Canada engaged a modest easing cycle in 2025 with two interest rate cuts in the beginning of the year and two interest cuts towards the end of the year, for a total interest rate cut of 1.00%, ending the year with the overnight policy interest rate of 2.25%. The Governing Council indicated that the current policy interest rate is at the appropriate level to keep inflation close to the 2.00% target. Future monetary policy will be guided by economic indicators such as

inflation trends, job data, economic growth, and global economic and financial conditions. As long as inflation remains near target and the economy grows modestly, policy interest rate outlook is anticipated to remain stable in 2026.

Staff will continue to monitor the interest rate environment and will strategically deploy laddering investment approach to mitigate reinvestment risks and to maintain flexibility with the maturity profile of the City's investment portfolio. This will ensure that, amongst the City's investment policy objectives, capital preservation and liquidity continue to be the most critical considerations for all municipal investment decisions.

Financial Impact

None.

Conclusion

All investment activities have been conducted in compliance with the City's Investment Policy 3703. The City continues to hold and maintain a well-constructed and diversified portfolio with high credit quality in meeting the fundamental investment objectives of capital preservation, liquidity, diversification of credit risks and realizing reasonable yield on investments.



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