



INVESTMENT ADVISORY COMMITTEE MEETING MINUTES

January 14, 2026, 8:30 a.m.

A meeting of the Investment Advisory Committee took place on Wednesday, January 14, 2026, at Town Hall, 354 Main Street, Kentville.

Present: Councillor Cate Savage, Chairperson
Councillor Rob Baker
Councillor John Andrew
Logan Morse, Public Member
Christopher MacRae, Investment Advisor
Wanda Matthews, Director of Finance
Chris McNeill, Chief Administrative Officer

Regrets: Chris Maynard, Public Member

1. Call to Order

The Chairperson called the meeting to order at 8:30 a.m. and welcomed the new members to the meeting.

2. Approval of the Agenda

It was moved by Logan Morse and seconded by Councillor John Andrew that the agenda be approved. Motion Carried Unanimously.

3. Approval of Minutes - December 10, 2025

It was moved by Logan Morse, seconded by Councillor Rob Baker that the minutes of December 10, 2025, be approved. Motion Carried Unanimously.

4. Advisor's Report - January 2026

Christopher MacRae reviewed his status with the Committee noting that he is both our investment advisor, as well as our portfolio manager.

There are essentially two accounts types that he manages on behalf of the Town of Kentville:

- a. Non-managed accounts where he makes recommendations to the committee and the committee decides; and
- b. Equities in the perpetual fund where he acts as portfolio manager and has discretion to trade our investments according to Town policy without the approval of the committee.

He noted that he has been in this industry for more than 30 years and has been the investment advisor for Kentville since 2017.

Councillor Andrew asked if he would make recommendations to the Committee if he saw big changes on the horizon?

Christopher MacRae replied that there are 34 different positions that he works with in the market and he only invests in big companies that have strong bond ratings as required by Town policy and focuses on investments that give dividends.

He noted that he focuses on fixed income to generate regular cash flows in order to meet cash payout needed to Town in March, and managed bonds that are purchased based on interest rates.

Wanda Matthews shared that the Town budgeted this year to receive \$460,000 in operating cash and \$100,000 in capital funding from this investment fund.

Christopher MacRae stated that we can take capital gains as well. When interest rates are low, we moved away from bonds and GIC's and invested more in equities.

Councillor Rob Baker questioned the \$5 million change in and out from the investments in 2024. Christopher MacRae explained that we had about 15 securities within 11 standardized sectors in the portfolio and simply re-balanced and moved them around. We have investments in all 11 sectors.

Christopher MacRae shared that we have more investments in equities over the longer term to generate more income, but this comes with more risk.

The Chairperson asked staff to send all related legislation and investment policies to all committee members for their awareness.

Christopher MacRae indicated that the big cloud over the markets now is CUSMA (Canada United States Mexico Agreement) which usually negatively

impacts sectors in Ontario because of manufacturing, and in Quebec because of aluminum and steel. He noted that 90% of Canadian manufacturers are not impacted by tariffs, and Prime Minister Carney is trying to make trade deals with other countries for the remaining 10% of manufacturers that are impacted by tariffs.

CUSMA is up for review this year, but does not technically expire until 2036.

Christopher MacRae noted that Canada needs to have a forward-looking view and focus on things we can control like a business-friendly environment. We can't control Venezuela issues. Advocates are hoping Prime Minister Carney focuses on lower taxes and regulations and better foreign relationships.

Page 3 of the January investment report notes dividends are increasing from both RBC and TD which are positive signs.

There was no trading activity for the Town's investments in December. Our focus over the next two months will be to put cash into money markets so the portfolio will have \$560,000 to pay the Town in March.

The Town's investments are doing well this year after losses in 2022 after COVID, a 2021 recovery year, then interest rates started to spike which created two impacts: double digit negative returns in both stocks and bonds.

Page 4 of the report shows cash and cash equivalents which are liquid up to one-year, medium term investments for 1-5 years, and longer-term investments over 5 years.

Page 5 shows cash of \$137,000 and money market funds of \$228,000. With higher income investments, we should expect less growth and vice versa.

Chairperson Savage asked if TD's 2027 forecast would be the same as RBC's? Christopher MacRae responded by saying yes and he expects in late 2026 or early 2027 to see rates increase by 25 basis points.

Christopher MacRae explained the term "preferred shares" noting if a company goes under, bond holders get paid first, followed by preferred shareholders, then common share holders.

Page 6 notes PIMCO at \$1,032,000, less \$34,000 capital, but getting 5.88% of equity for annual income of \$58,000. PHN is an RBC owned asset and has only been averaging 3%, but is all Canadian. Canadian stocks are listed on the bottom of Page 6 and USA stocks on the bottom of Page 7.

On Page 8, we see income assets, along with advisory fees, and unrecoverable HST expenses.

Christopher MacRae shared the he does two types of trading: tactical where he sells x and buys y in return, or re-balancing where he brings the investments back into alignment with Town policy usually twice a year.

He noted that when we buy GIC's, we don't worry that they may be far out because we are selling away liquidity for higher yields long-term. If we need liquidity, GIC's are usually off the table.

Chairperson Savage stated that we have to decide what we need in the future. Christopher MacRae suggested that it is probably best to keep most things short-term. We will however still need to look for growth. We want high returns and low standard deviation which is impossible so we select a portfolio to continually grow.

5. Next Meeting - February 11, 2026, 8:30 a.m.

It was agreed that the next meeting would be held on Wednesday, February 11, 2026, at 8:30 a.m. and will be held in person in the Council Chambers.

6. Adjournment

It was moved by Councillor Rob Baker that the meeting adjourn at 9:33 a.m.

Approved:

Chairperson

Date