



**ONE JIB  
Regular Board Meeting  
Agenda**

**Meeting #:** 2024-003  
**Date:** September 4 2024, 10:00 a.m.  
**Location:** AMO Office  
155 University Avenue - Suite 800, Toronto, ON M5H 3B7

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	<b>Pages</b>
<b>1. Land Acknowledgement</b>	
<b>2. Disclosures of Pecuniary Interest</b>	
<b>3. Minutes of Previous Meeting</b>	
3.a Approval of May 29, 2024 ONE JIB Meeting Minutes	1 - 10
3.b Business Arising from May 29, 2024 ONE JIB Meeting Minutes	
<b>4. Communications</b>	
4.a ONE Investment Annual Report 2023	11 - 34
<b>5. Delegations</b>	
<b>6. Board Committee Reports</b>	
<b>7. Consent Items</b>	
7.a Audit Committee Update – Q3 2024 (2024-040)	35 - 37
7.b Board Governance Self-Evaluation Fall 2024 (2024-050)	38 - 43
7.c Municipal Performance Reports Q2 2024 (2024-053)	44 - 337
7.d Compliance Report Asset Class and Target Weight Allocations Q2 2024 (2024-041)	338 - 347
7.e Strategic Plan Reporting Tool – Q2 2024 Progress (2024-052)	348 - 350

7.f	Global Fixed Income Manager - Presentation by Manulife (only staff report is consent) (2024-049)	351 - 352
8.	Investment Oversight	
8.a	Presentation - Fund Manager - Manulife	353 - 379
8.b	Investment Plan Implementation Report Q3 2024 (2024-054)	380 - 385
8.c	Town of Aurora's Investment Plan (2024-042)	386 - 437
8.d	Town of Huntsville's Investment Plan (2024-043)	438 - 525
8.e	Town of Innisfil's 2024 Investment Plan (2024-046)	526 - 577
8.f	District Municipality of Muskoka's Investment Plan (2024-045)	578 - 628
8.g	City of Thunder Bay's Investment Plan (2024-044)	629 - 677
8.h	Fund Manager Performance Report Q2 2024 (2024-056)	678 - 682
9.	Governance and Administrative Matters	
9.a	ONE JIB Meeting Dates 2025-2026 (2024-055)	683 - 684
9.b	Transition to OCIO Business Model (2024-038)	685 - 733
9.c	Template Review – Investment Plan, Investment Policy Statement and Municipal Client Questionnaire (2024-039)	734 - 798
9.d	2025 Pre-Budget Consultation (2024-048)	799 - 801
9.e	ONE JIB Member Survey by Haddad & Associates (2024-047)	802 - 818
10.	Strategy and Policy	
10.a	ONE JIB In-Kind Securities Policy (2024-025)	819 - 831
10.b	Municipal Insights Report – Q3 2024 (2024-057)	832 - 834
11.	Closed Session	
11.a	Education Session under s. 239 (3.1) of the Municipal Act	
12.	Reconvene in Public Session	

**13. Other Business**

**14. Meeting Outcomes**

**15. Authorizing Motion**

**16. Adjournment**

**17. Regular Meeting**

**17.a Regular Meeting - November 27, 2024 (10:00 am - 3:00 pm)**



ONE JIB

Regular Board Meeting

Minutes

Meeting #: 2024-03  
Date: May 29, 2024, 10:00 a.m.  
Location: AMO Office (In Person and Electronic) / Zoom  
155 University Avenue - Suite 800, Toronto, ON M5H 3B7

Members Present:

Board Chair B. Hughes  
Board Vice-Chair G. James  
J. Dowty  
H. Franken  
J. Giles  
M. Melinyshyn  
S. Pountney  
S. Rettie  
C. Tessier

Others Present:

J. Dezell, Co-President/Co-CEO, ONE Investment  
D. Herridge, Co-President/Co-CEO, ONE Investment  
H. Douglas, WeirFoulds LLP, Legal Counsel  
E. Foo, Chief Compliance Officer, ONE Investment  
J. Hagan, Program Manager, LAS/ONE Investment  
J. Hess, Manager of Investment Services, MFOA  
D. Kelly, Board Secretary  
C. Macdonald, Manager of Policy, MFOA  
J. Song, Board Coordinator, ONE Investment  
M. Takishita, Client Services Representative  
K. Taylor, Chief Investment Officer, ONE Investment

Board Chair Hughes welcomed Nancy Taylor, Commissioner of Finance/Treasurer, The Regional Municipality of Durham, and Craig Dyer, recently retired Chief Financial Officer for the Regional Municipality of Waterloo, to the meeting.

**1. Land Acknowledgement**

Board Chair Hughes made the following statement on behalf of the Board:

We recognize that our work as the ONE Joint Investment Board and the work of municipalities, take place on traditional Indigenous territories across Ontario. We recognize and we respect the history, languages, and cultures of the First Nations, Metis, Inuit, and all Indigenous peoples whose presence continues to enrich our communities.

**2. Disclosures of Pecuniary Interest**

There were no disclosures of pecuniary interest.

**3. Minutes of Previous Meeting**

**3.a Approval of the April 22, 2024, ONE JIB Special Meeting Minutes**

Moved by Board Member Melinyshyn

THAT the Minutes of the April 22, 2024, ONE JIB Special Meeting be approved as circulated.

Carried

**3.b Business Arising from the April 22, 2024, Meeting Minutes.**

There was no business arising from the April 22, 2024, ONE JIB Minutes.

**Order of Agenda**

Moved by Board Member Giles

THAT the Board consider items 11.a, 11.b, 11.c and 12.a on the Agenda, relating to the Nominating Committee Reports, immediately following item 7.c., relating to the Regional Municipality of Durham's Investment Plan.

Carried

4. Communication

4.a Municipality of Neebing and the City of Quinte West -- Revised Investment Plans

Moved by Board Member Dowty

THAT the Board adopt the recommendations in the memorandum from Judy Dezell, Co-President/CEO, ONE Investment, as follows:

1. Receive the memorandum.
2. Approve the revised Investment Plans for the Municipality of Neebing and the City of Quinte West.

Carried

5. Items Proceeding by Consent

Moved by Board Member Dowty

THAT the Board adopt consent items 5.a, 5.b, 5.c, 5.d, 5.e, 5.f and 5.g, and the recommendations contained in the related staff reports, as follows:

5.a Audit Committee Update - Q2 2024 (2024-027)

Recommendation: Receive the Report

5.b 2023 Pooled Funds Audit and Annual Compliance Update (2024-031)

Recommendation: Receive the Report

5.c Municipal Performance Reports Q1 2024 (2024-033)

Recommendation: Receive the Report

5.d Compliance Report Asset Class and Target Weight Allocations Q1 2024 (2024-028)

Recommendation: Receive the Report

5.e ONE JIB Agreement and Records Retention By-law Update (2024-029)

Recommendation: Receive the Report

5.f Strategic Plan - Q1 2024 Progress (2024-030)

Recommendation: Receive the Report

5.g Canadian Fixed Income Manager Presentation by MFS (staff report only)  
(2024-024)

Recommendation: Receive the Report

Carried

6. Delegations

6.a Regional Municipality of Durham re: Transition to Prudent Investor

Nancy Taylor, Commissioner of Finance/Treasurer, The Regional Municipality of Durham, made a presentation on Durham's transition to the Prudent Investor Program.

**Moved by** Board Member Tessier

THAT the Board receive the presentation from Nancy Taylor, Commissioner of Finance/Treasurer, The Regional Municipality of Durham.

Carried

7. Regional Municipality of Durham

7.a Regional Municipality of Durham – Request to Join ONE JIB (2024-019)

Jennifer Hess, Manager of Investment Services, MFOA made a presentation on the report on Regional Municipality of Durham – Request to Join ONE JIB.

**Moved by** Board Member Rettie

THAT the Board receive the presentation and adopt the recommendations in the report as follows:

1. Accept the Regional Municipality of Durham as a Participating Municipality with ONE JIB.
2. Authorize the Chair and Board Secretary to execute the ONE JIB Agreement on behalf of ONE JIB with the Regional Municipality of Durham and ONE Investment.

Carried

**7.b Presentation – Fund Manager – Phillips, Hager & North (PH&N)**

Martin Leclair, CFA: Vice President and Portfolio Manager, Paul Purcell, CFA: Managing Director and Portfolio Manager, and Dylan Rae, Portfolio Manager, Phillips, Hager & North (PH&N) Investment Services, made a presentation on RBC Global Asset Management and PH&N’s OCIO service offering and range of portfolios.

**Moved by** Board Member Tessier

THAT the Board receive the presentation from the representatives of Phillips, Hager & North (PH&N).

**Carried**

**7.c Regional Municipality of Durham’s Investment Plan (2024-O37)**

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the report on the Regional Municipality of Durham’s Investment Plan.

**Moved by** Board Member Tessier

THAT the Board receive the presentation and adopt the recommendations as follows:

1. Receive the Regional Municipality of Durham’s Investment Policy Statement (Attachment 1).
2. Receive the Regional Municipality of Durham’s Municipal Client Questionnaire (Attachment 2).
3. Approve the Regional Municipality of Durham’s proposed Investment Plan (Attachment 5).

**Carried**

**Moved by** Board Member Giles

That the Board recess for lunch.

**Carried**



The Board recessed at 12:06 p.m. and reconvened at 1:05 p.m.

## 8. Investment Oversight

### 8.a Presentation – Canadian Fixed Income Fund Manager – MFS

Darren Patrick, Managing Director – Institutional Relationship Management, and Soami Kohly, Fixed Income Portfolio Manager, MFS, made a presentation on MFS' Canadian Fixed Income Strategy.

**Moved by** Board Member Tessier

THAT the Board receive the presentation from MFS.

**Carried**

### 8.b Town of Whitby's Investment Plan 2024 (2024-035)

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the report on the Town of Whitby's Investment Plan 2024.

**Moved by** Board Member Rettie

THAT the Board receive the presentation and adopt the following recommendations in the report:

1. Receive the Town of Whitby's Investment Policy Statement (Attachment 1).
2. Receive the Town of Whitby's Municipal Client Questionnaire (Attachment 2).
3. Approve the Town of Whitby's proposed Investment Plan (Attachment 3).

**Carried**

### 8.c Fund Manager Performance Review Q1 2024 (2024-036)

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the report on the Fund Manager Performance Review Q1 2024.

**Moved by** Board Member Franken

THAT the Board receive the presentation and adopt the following recommendations in the report:

1. Confirm that the members have reviewed the Fund Manager Performance Report Q1 2024 provided in the Resource Library.
2. Receive the report.

Carried

9. Governance and Administrative Matters

9.a 2023-2024 Annual Report of the Integrity Commissioner

Moved by Board Member Pountney

THAT the Board receive the 2023-2024 Annual Report of the Integrity Commissioner from John Mascarin, Aird & Berlis, LLP, Integrity Commissioner.

Carried

10. Strategy and Policy

10.a Municipal Insights Update Q2 2024 (2024-O32)

Colin Macdonald, Manager of Policy, MFOA, made a presentation on the report on the Municipal Insights Update Q2 2024.

Moved by Board Member Rettie

THAT the Board receive the presentation and adopt the recommendation to receive the report.

Carried

11. Board Committee Reports

11.a Nominating Committee Report (2024-O1) April 26, 2024

11.b Nominating Committee Report (2024-O2) May 13, 2024

Moved by Board Member Franken

THAT the Board receive the Nominating Committee Reports from April 26, 2024 and May 13, 2024.

Carried

12. Closed Session

12.a Private Attachment to Nominating Committee Report (2024-O3) May 16, 2024 - personal matters about identifiable individuals

Moved by Board Member Dowty

THAT the Board move into closed session for the purposes of considering personal information about identifiable individuals.

Carried

The Board convened in closed session at 11:53 a.m.

13. Reconvene in Public Session

Moved by Board Member Dowty

THAT the Board reconvene in public session

Carried

The Board reconvened in public session at 12:05 p.m.

11.c Nominating Committee Report (2024-O3) May 16, 2024

Moved by Board Member Giles

THAT the Board receive the confidential documents pertaining to personal matters about identifiable individuals and that they remain confidential.

Carried

Moved by Board Member Tessier

THAT the Board appoint Craig Dyer, Deborah Leckman and Nancy Taylor as Board Members, with each for a three-year term effective June 1, 2024.

14. **Other Business**

There was no other business.

15. **Meeting Outcomes**

Board Chair Hughes outlined the outcomes from today's Board meeting. The Board:

- Approved technical adjustments to the Investment Plans for the Municipality of Neening and the City of Quinte West.
- Approved seven Consent items and the recommendations contained in the related staff reports. The consent items related to:
  - the recent activities of the ONE Investment Audit Committee
  - the quarterly 2023 Pooled Funds Audit and Annual Compliance Update
  - Municipal Performance Reports for Q1 2024
  - The quarterly report on Compliance Report for Q1 2024
  - A report noting that the amendments to the ONE JIB Agreement and the Records Retention By-law have been approved by all the Participating Municipalities and are now in effect
  - A quarterly report on progress on the Strategic Plan
  - The staff report on the Canadian Fixed Income Manager Presentation by MFS
- Received a presentation from the Regional Municipality of Durham's Commissioner of Finance and Treasurer, and was very pleased to have Durham join the Prudent Investor program.
- Approved the ONE Joint Investment Board entering into an Agreement with the Regional Municipality of Durham and ONE Investment and it approved the Regional Municipality of Durham's Investment Plan.
- Received a presentation from Phillips, Hager & North (PH&N) on the Outsourced Chief Investment Officer (OCIO) service offering.
- Received a presentation from the Board's Canadian Fixed Income Fund Manager - MFS.
- Approved the Town of Whitby's Investment Plan for 2024.
- Received the Fund Manager Performance Review for Q1 2024.
- Received the 2023-2024 Annual Report of the Integrity Commissioner, noting that there were no major issues or concerns.

- Received the Municipal Insights Report Q2 2024.  
Received two Nominating Committee Reports and adopted a third whereby we appointed three new Board members – Craig Dyer, Deborah Leckman, and Nancy Taylor

16. **Authorizing Motion**

Moved by Board Member Pountney

THAT the appropriate staff of ONE JIB and ONE Investment be given the authority to do all things necessary, including executing any documents, to give effect to the Board's decisions today.

Carried

17. **Adjournment**

Moved by Board Member Dowty

THAT the Board adjourn its meeting.

Carried

The meeting adjourned at 2:50 p.m.

18. **Next Meeting**

18.a Regular Meeting – September 4, 2024 (10:00 a.m. – 3:00 p.m.)

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Denis Kelly, Board Secretary



# Memorandum

To: ONE Joint Investment Board (“ONE JIB”)  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: September 4, 2024  
Re: ONE Investment Annual Report 2023  
Report: ONE JIB – Memo

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At its meeting of June 6, 2024, the ONE Investment Board received the ONE Investment Annual Report 2023.

In August 2024, both the CHUMS Board and LAS Board approved the ONE Investment Annual Report 2023.

We are forwarding this report to the ONE Joint Investment Board for its information.

It has also been posted on the ONE Investment website for public access.

Judy Dezell  
Co-President/Co-CEO, ONE Investment

Attachment 1: ONE Investment Annual Report 2023

Attachment 1



ANNUAL REPORT 2023

## Table of Contents

About	3
Governance	4
Message from the ONE Investment Board Chair	8
Message from ONE Joint Investment Board Chair	10
2023 Highlights	12
Financial Statements	14



## Vision

To be the leading investment solutions provider that empowers the Ontario municipal sector to effectively harness the potential of investments.

## **Marking 30 years as the only not-for-profit for municipal investors, serving nearly 40% of Ontario municipalities**

ONE Investment (ONE) brings Ontario's municipal sector together to benefit from the greater options and lower fees made possible by combining their investment power.

ONE was first offered as a program in 1993 by the Local Authority Services (LAS), the business services arm of the Association of Municipalities of Ontario (AMO), and CHUMS Financing Corp., a subsidiary of the Municipal Finance Officers' Association of Ontario (MFOA). It has evolved to meet changing needs and a new regulatory environment. ONE Investment is now an incorporated not-for-profit organization focused on one thing: providing investment options that support the needs of Ontario's municipalities.

ONE aims to be the leader in best practices for municipal investment. Our purpose is to offer enhanced investment services and to expand municipal capacity for long-term investing and asset management planning. We provide Investment Advisory Services to help municipalities develop investment strategies to meet their goals. As well, ONE offers education and training to help municipalities link investments to funding asset management plans.

ONE Investment offers municipalities and municipal treasurers:

- Five different investment products for different timeframes and needs, all compliant with the province's "Legal List" of eligible investments.
- Access to the Prudent Investor Standard, through the ONE Joint Investment Board (ONE JIB), to any municipality, regardless of population or financial assets, which seeks more strategic and flexible investment strategies.
- In-person and online education and training opportunities.
- Tools and templates to support staff reports to council.

# Governance

## ONE Investment Board of Directors

As a not-for-profit, ONE Investment is governed by a Board of Directors, which provides oversight and direction to the organization. This role is governed by federal not-for-profit legislation.

BOARD OF DIRECTORS	
<b>Julie Stevens</b> <i>Chair</i>	Chief Administrative Officer (CAO), District Municipality of Muskoka
<b>Gary McNamara</b> <i>Vice-Chair</i>	Mayor, Town of Tecumseh
<b>Stephanie Leveille</b>	Treasurer, City of Temiskaming Shores
<b>Terrie Miller</b>	CFA, Consultant
<b>Ken Nix</b>	CAO, Township of Scugog
<b>Trevor Pinn</b>	Deputy CAO, Finance and Technology/Treasurer, Municipality of Clarington
<b>Nancy Taylor</b>	Commissioner of Finance/Treasurer, Regional Municipality of Durham
<b>Julie Pittini</b>	Director of Treasury Services, Region of Peel
<b>Sandra Zwiers</b>	CAO, County of Essex

# ONE Joint Investment Board

The ONE Joint Investment Board is responsible for the control and management of investments under the Prudent Investor regime. This Board is governed by the Municipal Act. Ontario’s Prudent Investor regulation requires an arms-length, independent investment board to oversee and implement a municipality’s investments.

JOINT INVESTMENT BOARD	
<p><b>Bill Hughes</b> MBA, MES – Chair</p>	<p>Senior Fellow, University of Toronto Institute on Municipal Finance and Governance</p>
<p><b>Geri James</b> CFA – Vice Chair</p>	<p>Senior Investment Specialist Former Director, Institutional Client Business BlackRock Asset Management</p>
<p><b>Jennifer Dowty</b> CFA</p>	<p>Equities analyst/business reporter Globe and Mail</p>
<p><b>Heidi Franken</b> CFA</p>	<p>Registrar CPA Ontario</p>
<p><b>James G. Giles</b> CFA, CPA</p>	<p>Former Chief Investment Officer Foresters Financial</p>
<p><b>Mike Melinyshyn</b> MBA, CPA, CMA</p>	<p>CFO/Director of Corporate Services and Deputy Treasurer Town of Innisfil</p>
<p><b>Scott Pountney</b> CFA, CAIA, RIPC</p>	<p>Director, Managed Assets Program, Aviso</p>
<p><b>Stephen Rettie</b> CPA, CMA</p>	<p>CAO and Deputy Treasurer Town of Bracebridge</p>
<p><b>Christine Tessier</b> CFA, CAIA</p>	<p>Chief Investment Officer at Harbourfront Wealth Management</p>

## Advisory Committees

ONE is further guided by a Peer Advisory Committee comprised of municipal leaders and an Investment Advisory Committee, comprised of investment sector experts and legal representatives. These Committees were established prior to incorporation as a not-for-profit and they continue to provide advice primarily related to ONE's Legal List investment products.

### PROGRAM (PEER) ADVISORY COMMITTEE

<b>Tara Baker</b>	General Manager/City Treasurer City of Guelph
<b>Erika Kromm</b>	Clerk-Treasurer Municipality of Neebing
<b>Mark Martin</b>	Manager, Treasury City of Ottawa
<b>Michael McGovern</b>	Treasurer Township of Central Frontenac

### INVESTMENT ADVISORY COMMITTEE

<b>Heather Douglas</b> <i>LLB, Committee Chair</i>	Partner, WeirFouldsLLP
<b>Jennifer Dowty</b> <i>CFA</i>	Equities analyst/business reporter Globe and Mail
<b>James G. Giles</b> <i>CFA, CPA</i>	Former Chief Investment Officer Foresters Financial
<b>Bill Hughes</b> <i>MBA, MES</i>	Senior Fellow, University of Toronto Institute on Municipal Finance and Governance
<b>Geri James</b> <i>CFA</i>	Senior Investment Specialist Former Director, Institutional Client Business BlackRock Asset Management
<b>Christine Tessier</b> <i>CFA, CAIA</i>	Chief Investment Officer at Harbourfront Wealth Management

## 2023-2027 Strategic Plan:

A renewed vision to be the leading investment solutions partner for the Ontario municipal sector.

The Strategic Plan aligns our goals with the needs of municipal and broader public sector investors. The plan identifies four main strategic imperatives:

**1 Develop our data & analytics capabilities:** initiatives that help ONE collect and leverage insights in a more effective manner.



**2 Grow our people & capabilities:** initiatives that improve ONE's ability to provide products and services to current and potential clients.



**3 Grow our brand, awareness & education:** initiatives that support ONE's growth goals as they relate to engagement with and support of municipalities.



**4 Drive investment maturity:** initiatives that better enable ONE to support the investment maturity development of municipalities, with the goal of Prudent Investor participation.



# Message from the ONE Investment Board Chair



The world does not stop changing, and neither does ONE Investment. The pressures on municipal budgets, asset management plans and infrastructure spending are only escalating.

In 2023, ONE marked its 30th anniversary and continued to evolve as a leader in municipal investments – creating innovative new solutions to help make investing easier, less costly and more effective – for more municipalities.

The ONE Legal List Investment Program allows municipalities to jointly invest in securities that are specified in provincial regulations. Choices include High Interest Savings Accounts, as well as Canadian government and corporate bonds and equities that are all aligned with this provincial Legal List.

The ONE Prudent Investment (PI) Program, launched in 2020, allows Participating Municipalities to invest long-term funds far more broadly and globally while still being compliant with provincial legislation.

Municipalities appoint the ONE Joint Investment Board (ONE JIB), an independent board of seasoned experts, to manage their portfolio. The Program includes a suite of investment products that is broader than those offered under the Legal List Program, as well as advisory services including templates and support for the Council process.

The PI Program continued to grow in 2023. The Town of Aylmer and the Town of Aurora both joined the program, bringing the total to 11 municipalities. This is nearly double the six that helped found the ONE JIB in 2020.

## **Providing more ways for municipal investors to benefit from ONE**

Given the growth in the PI Program, and to ensure that the largest municipal investors have a Prudent Investor solution to meet their unique needs, ONE Investment recognized the need to develop a new offering.

In 2023, ONE staff worked to lay the foundation for the new Outsourced Chief Investment Officer (OCIO) Offering. This will be a comprehensive investment program available through ONE JIB, along with an external portfolio manager, to offer broader investment opportunities. The OCIO offering provides the scale and specialization that larger municipalities seek, without compromising ONE Investment's own staff capacity.

The OCIO Offering will be competitively priced and far more efficient for municipalities as compared to creating and managing their own investment board. This program will be ready for launch in 2024.

## Expanding municipal expertise and capacity

Many municipalities have limited staff capacity or expertise to manage a long-term investment strategy while also managing budgets and day-to-day operations.

Investing public sector funds requires a high level of transparency and accountability. ONE Investment provides several tools to help municipalities fulfill these expectations.

For example, in 2023, ONE developed a Responsible Investing policy to guide ONE Investment activities in 2024 and beyond. ONE Investment believes that environmental, social and governance (ESG) risks are important considerations for investment decisions as they may affect long-term risk and potential returns of securities. The ONE policy builds on existing frameworks used by our fund managers. It provides confidence to municipalities that ESG risks are being mitigated.

As well, ONE offers monthly and quarterly reporting for all investors, to make it easier for finance staff to monitor and report back to Council.

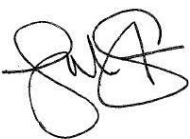
In addition, webinars from our fund managers keep municipalities apprised of our offerings and investment sector developments. ONE's quarterly e-newsletters on investment topics provide practical insights and continue to be well received. Many are still being viewed long after their initial publication date.

The world keeps getting more complicated. ONE Investment aims to make life easier for municipal finance staff. ONE is laying a strong financial foundation for local communities.

ONE Investment does not do this work alone and we benefit from the insights of many experts. I would like to thank my fellow Board members, ONE Investment staff, members of our advisory committees and the ONE Joint Investment Board for supporting our work. Their professional knowledge, experience and expertise is benefitting communities across Ontario.

The support of the Boards of both LAS and CHUMS is valued as we build successful solutions for municipalities by municipalities.

Finally, I must thank our more than 190 municipal and public sector investors for their confidence and trust over the past year, and over the past three decades.



### **Julie Stevens**

Chair, ONE Investment Board

# Message from ONE Joint Investment Board Chair



In 2023, the ONE JIB continued to attract new investors. The Board has a robust governance and policy framework designed to ensure that it carries out its fiduciary responsibilities in an effective and ethical manner.

The Prudent Investment Program has become increasingly attractive to municipalities, especially given the changes affecting the sector. ONE JIB launched in 2020 with six founding municipalities and about \$315 million in assets under management. By end of 2023, assets under management had more than doubled to \$664 million, and the number of Participating Municipalities had grown to 11.

Two new municipalities joined ONE JIB in 2023, the Town of Aylmer and the Town of Aurora.

ONE JIB is in the process of introducing a new Outsourced Chief Investment Officer (OCIO) offering under the Prudent Investment Program. It will provide the scale and investment specialization needed to appeal to large municipal investors. The OCIO offering will be available to all Participating Municipalities.

ONE has partnered with Phillips, Hager & North (PH&N) Institutional to deliver a scalable OCIO program with a broad suite of investment products and services.

## What is ONE JIB?

The ONE Joint Investment Board, or ONE JIB, develops and manages investments for municipalities under the Prudent Investor (PI) Standard. Under PI, municipalities can build more strategic and diverse investment portfolios to better manage risk and achieve higher long-term risk-adjusted returns.

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### Prudent Investor for municipalities is governed by provincial legislation and regulation:

- To be eligible, a municipality or group of municipalities must have \$100 million in funds set aside for long-term use.
- Municipalities must create an independent board of experts to manage their long-term investments or join a Joint Investment Board.

### The ONE Joint Investment Board (JIB) combines municipal investments so any municipality can benefit.

- Comprised of senior-level global investment experts and specialists in municipal finance.
- Develops a tailor-made Investment Plan for each Participating Municipality's investment goals and risk tolerance.
- Created and uses an Outcomes Framework to allocate investments.



## Governance

Independent expertise ensures that investment decisions are based on experience and strategy, even during difficult times. ONE JIB is comprised of investment, municipal finance and compliance experts.

In late 2023, ONE JIB increased the maximum number of Board members from 10 to 12. This will allow a seat for a municipal treasurer from a large municipality.

ONE JIB reviewed its Terms of Reference, Code of Conduct and Procedure By-law in 2023 to ensure they continued to support a strong governance framework.

ONE has consistently worked with firms that strive for high standards of investing through an environmental, social and governance (ESG) framework. ONE Investment formed an ESG Working Group to begin the work of formalizing the ESG practices already embedded in ONE Investment and ONE JIB's investment decision-making processes, with a goal of a single policy to govern the Legal List and Prudent Investment Programs. This policy was approved in 2024.

On behalf of the entire ONE JIB, I would like to thank all the municipalities who have entrusted us with their investments. We are committed to working with you to build your community.



### **Bill Hughes**

Chair, ONE Joint Investment Board

“

**With the help of ONE's staff team, joining the ONE Investment Prudent Investment (PI) Program was straightforward. We appreciate the broader investment powers and professional investment expertise that our Town receives from ONE Investment and ONE Joint Investment Board. We also are pleased to take a more diversified, risk-managed and flexible approach to investing our longer-term funds to help us prepare for future municipal capital needs.**”

**- Andy Grozelle**  
CAO, Town of Aylmer

# 2023 Highlights

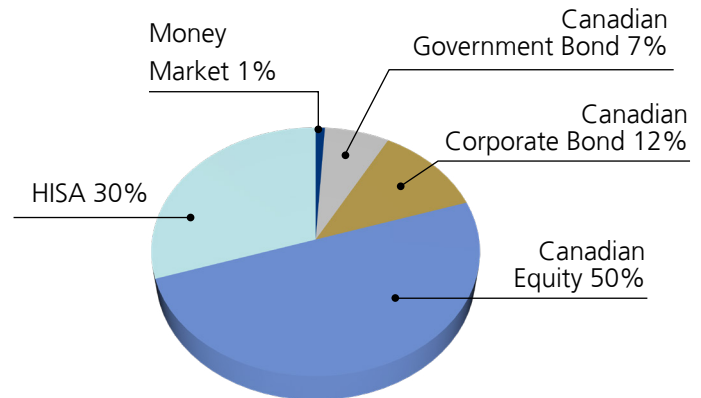
ONE Investment had **192** active Ontario municipal and broader public sector investors, with a total investment balance of **\$3.13 billion** at the end of 2023.

## Legal List Results Overview

ONE Investment has created a range of investment products that comply with the provincially approved list of municipal investments. In fact, ONE's equity portfolio is the only equities product allowed for municipalities investing under the Legal List framework.

The available products meet different time horizons, to serve different municipal needs. At the end of 2023, ONE was managing \$2.47 billion in its Legal List and High Interest Savings Account (HISA) portfolios for about 192 municipal and public sector clients.

**ONE - Legal List Portfolio and HISA - \$2.47B**  
(As of December 31, 2023)

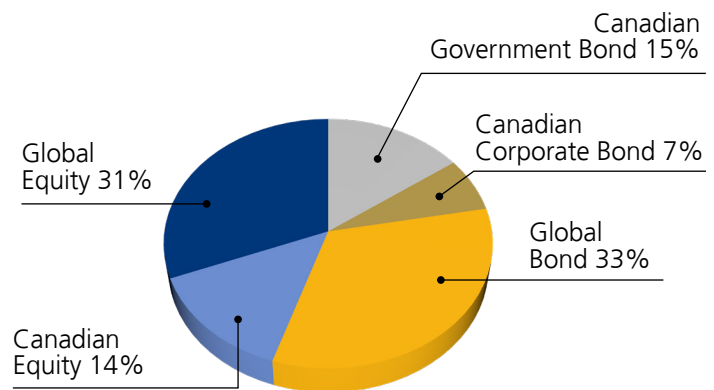


## Prudent Investor Overview

The Prudent Investment Program features ONE JIB – the sector's first and only Joint Investment Board created by municipalities for municipalities. Through the collective approach of ONE JIB, any municipality will meet the investment threshold set by the Municipal Act and can take part in Prudent Investor.

Under the Prudent Investor framework, municipalities who opt-in can invest in a broader range of investments, to better diversify portfolios. This helps manage risk and improve returns over the long-term.

**ONE - Prudent Investor Funds - \$664.4M**  
(As of December 31, 2023)



To further enhance the Prudent Investment Offering, ONE JIB, through its agent, ONE Investment, is looking to leverage an Outsourced Chief Investment Officer (OCIO) model to offer more investment solutions to municipalities in 2024 and beyond.

In 2023, two more municipalities, the Towns of Aylmer and Aurora, also transitioned their investments to ONE JIB. At year-end, ONE JIB was managing investments of \$664.4 million for 11 municipalities.

## Building Municipal Capacity: Investment Advisory Services, Education and Training

Many municipalities do not have the resources, capacity, or expertise to manage long-term investments. ONE's team of advisors support municipalities through the process, creating financial strategies to help pay for asset management plans, and setting up investments.

Through the advisory services team, municipalities access advice from both a dedicated investment expert and a municipal finance expert. This team bridges the gap, translating the realities of Main Street into a Bay Street financing strategy appropriate for a municipality's investment policy and portfolio structure.

The team works with prospective and current investors. In 2023, the team onboarded two new PI municipalities as well as supported many Legal List investors.

ONE also offers training for municipal staff. Investment 101 sessions will be back again in person in 2024. This training helps bridge the skills of municipal staff who are seeking to learn how investment planning can fund asset management and capital plans.

ONE fosters investment maturity through a quarterly newsletter that provides insights about current market and economic trends, as well as investment basics. It was created in 2018 to help municipalities learn about the Prudent Investor opportunity and it continues to serve both our Legal List and Prudent Investor clients. It has been well received, consistently meeting or exceeding industry benchmarks.

In 2023, more than 160 existing ONE clients or prospective municipalities contacted us to discuss their investments, learn more about ONE Investment options, or seek support from our Investment Advisory Services team.

“**Kincardine has chosen ONE Investment's Legal List products since 2013 because it gives us confidence that we are leveraging professional portfolio management and maintaining our compliance with the Municipal Act. As a next step, we are on track to use all of ONE's Legal List portfolios to invest funds from a newly created legacy fund. This strategy is the result of a council-approved investment policy that we created with the support of ONE's Investment Advisory Services team. ONE will help us manage a well-diversified portfolio of securities that will maximize the value of these legacy funds for future community infrastructure projects.**”

**- Roxana Baumann CPA, CA, CMO**  
Director of Corporate Services/Treasurer, Municipality of Kincardine

# Financial Statements

**ONE Investment  
Financial Statements  
For the year ended December 31, 2023**

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	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>15 - 16</b>
<b>Financial Statements</b>	
Statement of Financial Position	17
Statement of Operations	18
Statement of Cash Flows	19
Notes to Financial Statements	<b>20 - 22</b>

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## Independent Auditor's Report

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### To the Directors of ONE Investment

#### Opinion

We have audited the financial statements of ONE Investment (the "Organization"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



### **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
June 12, 2024

## ONE Investment Statement of Financial Position

December 31	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 1,841,321	\$ 149,968
Investments (Note 4)	-	1,262,284
Accounts receivable (Note 6 (a))	2,093,446	1,768,394
Prepaid expenses	104,908	109,093
	4,039,675	3,289,739
<b>Equipment (Note 3)</b>	<b>2,500</b>	<b>6,270</b>
	<b>\$ 4,042,175</b>	<b>\$ 3,296,009</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities (Notes 5 and 6 (b))	\$ 1,864,240	\$ 1,616,487
Advances from related parties (Note 6 (c))	2,177,935	1,679,522
	<b>\$ 4,042,175</b>	<b>\$ 3,296,009</b>

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

## ONE Investment Statement of Operations

For the year ended December 31	2023	2022
<b>Revenue</b>		
Management fees (Note 6 (d))	\$ 6,916,238	\$ 6,087,360
<b>Fund management expenditures</b>		
Bond manager - legal list	201,533	210,268
Corporate bond fund - prudent investor	46,094	39,332
Custodial recordkeeping - legal list	282,035	271,418
Custodial recordkeeping - prudent investor	234,356	216,733
Equity fund - prudent investor	132,435	109,920
Equity manager - legal list	1,767,000	1,545,533
General administration fees - legal list	67,956	65,062
Global bond fund - prudent investor	626,325	543,279
Global equity fund - prudent investor	1,041,152	844,474
Government bond fund - prudent investor	63,092	40,396
Money market manager - legal list	6,628	7,794
Prudent rebates and tier discounts	354,576	275,312
Universe corporate bond manager - legal list	352,147	345,008
	<b>5,175,329</b>	<b>4,514,529</b>
<b>Operating expenditures</b>		
Advertising and promotion	42,378	21,042
Amortization	3,770	4,038
Bank fees	1,171	1,748
Consulting	61,290	2,126
General administration fees	123,024	117,926
Governance	360,946	340,789
Harmony system	79,900	99,328
Insurance	135,890	129,261
IT services	51,499	48,680
Legal fees	168,810	58,557
Office and general	50,671	23,849
Professional fees	145,920	128,932
Special projects	27,612	203,708
Staff support	429,797	378,289
Training and development	49,546	8,888
Travel	8,685	5,670
	<b>1,740,909</b>	<b>1,572,831</b>
<b>Total expenditures</b>	<b>6,916,238</b>	<b>6,087,360</b>
<b>Excess of revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.



## ONE Investment Statement of Cash Flows

For the year ended December 31	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ -	\$ -
Adjustment required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization	3,770	4,038
Changes in non-cash working capital balances		
Accounts receivable	(325,052)	(258,231)
Prepaid expenses	4,185	(23,252)
Accounts payable and accrued liabilities	247,753	226,115
	(69,344)	(51,330)
<b>Investing activities</b>		
Purchase of equipment	-	(1,298)
Purchase of investments	-	(458,712)
Redemption of investments	1,262,284	-
	1,262,284	(460,010)
<b>Financing activity</b>		
Advances from related parties	498,413	451,073
<b>Increase (decrease) in cash during the year</b>	<b>1,691,353</b>	<b>(60,267)</b>
<b>Cash, beginning of year</b>	<b>149,968</b>	<b>210,235</b>
<b>Cash, end of year</b>	<b>\$ 1,841,321</b>	<b>\$ 149,968</b>

The accompanying notes are an integral part of these financial statements.

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# ONE Investment

## Notes to Financial Statements

December 31, 2023

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### 1. Basis of Presentation

ONE Investment (the "Organization") is a not-for-profit organization incorporated, without share capital, under Letters Patent on July 10, 2018 under the Canada Not-for-profit Corporations Act, and operations commenced transitioning to the Organization in 2019. The members of the Organization are Local Authority Services ("LAS") and CHUMS Financing Corporation ("CHUMS"). The Organization's mandate is to facilitate investments by municipalities and public sector bodies in investment products and vehicles and to make available, and lower the cost of, such products and services in a manner consistent with the investment objectives of such municipalities and public sector bodies, including:

- i. providing access to appropriate cash and treasury management products and services;
- ii. assisting municipalities and municipal agencies, boards and commissions (including local boards as well as conservation authorities) in building and expanding capacity as relates to effective financial and infrastructure asset management;
- iii. providing education and training to municipalities and municipal officers with respect to financial and infrastructure asset management; and
- iv. providing leadership through promotion of best practices in municipal finance.

As a not-for-profit organization, the Organization is exempt from income taxes provided certain requirements of the Income Tax Act (Canada) are met.

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### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Accounting standards for not-for-profit organizations require entities to select policies appropriate for their circumstances from choices provided in the specific standards. The following are details of the choices selected by the Organization and applied in these financial statements.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Financial assets include cash, High Interest Savings Account (HISA), and accounts receivable. Transaction costs incurred on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

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## ONE Investment Notes to Financial Statements

**December 31, 2023**

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### 2. Significant Accounting Policies (continued)

#### Revenue Recognition

Management fees are recognized as revenue in the period to which the fees relate.

#### Equipment

Equipment is recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the assets' estimated useful life as follows:

Computer equipment   -       4 years straight-line

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### 3. Equipment

	<b>2023</b>		<b>2022</b>	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 16,477	\$ 13,977	\$ 16,477	\$ 10,207
Net book value		\$ 2,500		\$ 6,270

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### 4. Investments

	<b>2023</b>	<b>2022</b>
One Investment High Interest Savings Account (HISA) bearing interest at bank prime rate less 1.675% (2022 - bank prime rate less 2.235%)	\$ -	\$ 1,262,284

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### 5. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are amounts payable to the government of \$43,096 (2022 - \$36,821).

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## ONE Investment Notes to Financial Statements

December 31, 2023

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### 6. Related Party Transactions

- a) Included in accounts receivable are amounts due from Local Authority Services of \$1,040,181 (2022 - \$883,847) and amounts due from CHUMS Financing Corporation of \$1,040,181 (2022 - \$883,847).
- b) Included in accounts payable and accrued liabilities are amounts owing to Local Authority Services of \$55,451 (2022 - \$29,376).
- c) Amounts due to Local Authority Services of \$1,091,109 (2022 - \$841,170) and CHUMS Financing Corporation of \$1,086,826 (2022 - \$838,353) are unsecured, repayable on demand and are non-interest bearing.
- d) Included in revenue is \$3,458,119 (2022 - \$3,043,680) from Local Authority Services and \$3,458,119 (2022 - \$3,043,680) from CHUMS Financing Corporation, which is 100% of the Organization's revenue, for management fee income related to services performed. These transactions are measured at the exchange amount, which is the consideration established and agreed to by the related parties.
- e) Administration fees paid to Local Authority Services were \$190,980 (2022 - \$182,988).

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### 7. Financial Instrument Risks

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of market changes in interest rates. The Organization is exposed to interest rate risk on its investments.

#### Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and advances from related parties. The Organization reduces exposure to liquidity risk by ensuring that it maintains adequate cash reserves to pay creditors.

#### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable and investments.



[oneinvestment.ca](http://oneinvestment.ca)

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: September 4, 2024  
Re: Audit Committee Update – Q3 2024  
Report: ONE JIB 2024-040

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

This report provides a summary of the ONE Investment Audit Committee meeting held on May 22, 2024. Updates on the following topics were provided:

- Approval of 2023 Draft Financial Statements for ONE Investment (“ONE”)
- The Outsourced Chief Investment Officer (OICO) Offering.
- A review of the performance of ONE’s two auditors and recommendations for their reappointment – PriceWaterhouse Cooper and BDO audit the Financial Statements of ONE’s Pooled Funds and ONE’s Financial Statements, respectively.
- Management update on cyber security assessment, enterprise-wide risk assessment and compliance task list
- ONE JIB and ONE Investment Board Reports
- Quarterly report on CIBC Mellon that noted all variances were within industry standards.

## 3. BACKGROUND

The Audit Committee is a Committee of the ONE Investment Board and is comprised of five representatives as follows:

- James (Jim) Giles (Chair), ONE JIB,
- Heidi Franken, ONE JIB,
- Sandra Zwiers (Vice Chair), ONE Investment Board,
- Duane Ramkisson, Manager, Investment Portfolio with Durham Region, and,
- Anna Lisa Barbon, Deputy City Manager, Finance Supports with the City of London

ONE Investment Audit Committee’s next meeting is scheduled on September 11, 2024.

#### 4. ANALYSIS

##### **The Audit Committee received the audit report for ONE Investment and recommended approval of the 2023 draft Financial Statements to the ONE Investment Board**

Melanie Borho-Persechini, Partner from BDO Canada, reported on the overall status of the audit, findings, internal control matters, adjusted/unadjusted errors and other communications/ resources. The draft 2023 Financial Statements were reviewed and recommended for approval by the ONE Investment Board. BDO provided an unqualified audit opinion. ONE's 2023 Financial Statements are included in the annual report, which will be posted on [ONE's website](#) once approved by the members in September.

##### **Staff provided an OCIO update**

The OCIO Offering is currently in the development phase, with the goal of enrolling the first investor by Q3 2024. The New Products Committee of ONE JIB and ONE will collaborate on the creation of the funds included in the OCIO Offering. Staff have begun to consider the strategy for shifting the current 11 Participating Municipalities to the OCIO Offering. As the transition plan is being created, staff will bring additional considerations to the Audit Committee's attention in addition to the examination of policies and procedures.

##### **The Audit Committee recommended that the Board reappoint PriceWaterhouse Coopers (PwC) and BDO Canada as the auditors for the 2024 fiscal year for the ONE Investment Annual Statement of Pooled Funds and ONE Investment, respectively.**

Staff presented reports regarding the performance of PwC and BDO for the ONE Investment Annual Statement of Pooled Funds and ONE Investment, respectively. Both audits went very smoothly and the Audit Committee is recommending that the ONE Investment Board appoint PwC and BDO Canada for the 2024 fiscal year.

##### **Staff provided the Audit Committee with an update on the cybersecurity assessment, the compliance task list and risk assessment**

Management provided an update on the cyber security assessment, compliance task list and risk assessment, which were unchanged from the previous Audit Committee meeting.

##### **Staff gave an update on ONE JIB meeting on April 22, 2024 as well as the ONE Investment Board meetings on February 20, 2024 and April 12, 2024**

The reports from the most recent ONE JIB Board meeting, which was held on April 22, 2024, as well as the decisions made by the ONE Investment Board at its meetings on February 20, 2024 and April 12, 2024 are summarized in this report.

##### **CIBC Mellon quarterly key performance report was reviewed with all variances within industry standards**

The key performance report is issued on a quarterly basis summarizing key service delivery metrics by CIBC Mellon for their custody and fund administration servicing. All

variances were within industry standards. ONE's CCO will continue to meet with CIBC Mellon monthly.

## **5. CONCLUSION**

The Audit Committee provides oversight and recommendations to ONE Investment Board and staff. ONE JIB is provided updates on the Audit Committee as a mechanism of transparency for ONE JIB on the work its agent is doing.

Drafted by: Donna Herridge, Co-President/Co-CEO, ONE Investment

Approved by: Judy Dezell and Donna Herridge, Co-President/Co-CEO, ONE Investment



To: ONE Joint Investment Board  
From: Jason Hagan, Program Manager  
Date: September 4, 2024  
Re: Board Governance Self-Evaluation Fall 2024  
Report: ONE JIB 2024-050

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

The ONE JIB Terms of Reference contemplate an annual evaluation of the Board. ONE JIB has conducted annual self-evaluations online since the Fall of 2020. This year's evaluation will be conducted online during the month of October.

## 3. BACKGROUND

### **ONE JIB's Terms of Reference require an annual self-assessment**

Board evaluation is a critical part of good governance and is intended to help boards improve their effectiveness. Evaluation results can inform a board's continuous improvement efforts, identify substantive and procedural strengths and weaknesses, help orient new board members, and validate the board's future priorities.

Section 4.13 of ONE JIB's Terms of Reference, set out below, provides direction that has informed the initial design of the self-assessment.

#### 4.13 – Self Assessment

Annually, ONE JIB must review and assess:

- a) its effectiveness as a board, as well as the effectiveness and contribution of each of its members, including a consideration of:
  - i. the competencies and knowledge each member is expected to bring to ONE JIB;
  - ii. the level of complexity of the issues reasonably expected to be raised by members in connection with the matters under review by ONE JIB;
  - iii. continuing education activities and industry knowledge of each member of ONE JIB; and

- iv. the ability of each member to contribute the necessary time required to serve effectively on ONE JIB;
- b) its structural effectiveness, including a consideration of:
- i. the frequency of meetings;
  - ii. the substance of meeting agendas;
  - iii. the policies and procedures that ONE Investment has established to refer matters to ONE JIB;
  - iv. the usefulness of the materials provided to members of ONE JIB; and
  - v. the collective experience and background of the members of ONE JIB;
- c) The written minutes of ONE JIB meetings at which these assessments take place shall form the basis of the records of such assessments. ONE JIB may also establish a process for and determine the frequency of additional assessments as it sees fit. ONE JIB shall consider how to respond appropriately to address any weaknesses found in a self-assessment.

ONE JIB completed its most recent annual board governance self-evaluation in Fall 2023. The results of the evaluation and ONE Investment’s responses are documented in Report 2023-060.

#### 4. ANALYSIS

##### **Progress has been made on Board priorities in 2024**

There were three priorities for ONE JIB set for 2023-24 as identified in Table 1. In addition, ONE JIB has helped get the revised Prudent Investment Offering (OCIO) with PH&N Institutional in place with a large municipal investor currently onboarding and model portfolios forthcoming this fall through the New Products Committee. ONE JIB members also actively participated in some municipal conferences where they met existing investors and municipal representatives who are interested in investment opportunities for their municipalities.

*Table 1 - ONE JIB Priorities*

<b>Key ONE JIB Areas of Focus</b>	<b>ONE Investment Response</b>	<b>Status as of August 31, 2024</b>
Building relationships with municipal investors	ONE JIB members will have the opportunity to attend municipal conferences throughout the year to build further understanding of municipal investor needs.	ONE JIB members have attended four different municipal conferences with more planned for Fall 2024.
Developing a strategy for expanding municipal participation in the prudent investor program.	The new ONE Strategic Plan has identified a key strategic objective of growing municipal participation in the Prudent Investment Program.	Following the completion of an agreement for an OCIO partner, a large municipal investor is being onboarded into the Prudent Investment Program with 2-3 additional municipalities expected to

Key ONE JIB Areas of Focus	ONE Investment Response	Status as of August 31, 2024
		onboard in fall/winter.
Implementation of the Strategic Plan for ONE JIB with respect to municipal prudent investing	ONE Investment staff will provide quarterly updates on initiatives to advance the key objectives of the Strategic Plan.	ONE JIB has a tool updated quarterly that helps track the implementation of both annual work initiatives.

**The self-assessment will enable the Board to continue building on what has been accomplished so far**

The ONE JIB is a groundbreaking collective effort. The growth of assets under management and in the number of Participating Municipalities demonstrates the value of ONE JIB in the municipal sector. Undertaking a self-assessment is a critical part of the continuous improvement process. The self-evaluation questions are designed to identify where improvements could be made, celebrate successes, and plan the future work of ONE JIB.

**The self-assessment will be done online**

The survey questions are included in Attachment 1 to allow ONE JIB members the opportunity to reflect on the questions in advance of completing the survey online. ONE Investment staff will use an online survey tool to set up the self-evaluation survey for ONE JIB members. It will open October 1, 2024, and be available until October 29, 2024. ONE Investment staff will aggregate the results of Sections A, B, C and D of the survey and report back to ONE JIB with recommendations for next steps.

**5. CONCLUSION**

The proposed self-assessment will fulfill the requirements set out in the Terms of Reference and help ONE JIB ensure it is still on course for the future.

**ATTACHMENTS**

Attachment 1: ONE JIB Self Evaluation Survey Questions

Drafted by: Jason Hagan, Program Manager  
 Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO

## Attachment 1

### ONE JIB Self-Assessment Questionnaire Fall 2024

This survey and a follow-up discussion at a ONE JIB meeting will fulfill the requirement in the ONE JIB's Terms of Reference to carry out an annual self-assessment.

Once completed, Questions 1 to 8 will be aggregated for discussion by ONE JIB at a suitable time. Questions 9 and 10 are designed for individual self-reflection; it will not be aggregated and shared with the group. The questionnaire also includes optional feedback to the Chair of ONE JIB.

The rating scale for each statement is: (1) Strongly Disagree; (2) Disagree; (3) Neutral; (4) Agree; (5) Strongly Agree.

#### A. How well has the ONE JIB done its job?

1. ONE JIB is making good decisions
2. ONE JIB's governance structure (formation agreement, ONE JIB Agreement, Terms of Reference, service agreement with ONE Investment, procedure bylaw, code of conduct) is working effectively
3. ONE JIB has selected high quality fund managers
4. The outcomes framework is an effective means of translating municipal reserves and investment objectives into asset allocations
5. The core documents (MCQ, Investment Policy Statement template, Investment Plan template) are adequately designed to meet ONE JIB's needs
6. The ONE JIB is making reasonable progress on its priorities
7. The ONE JIB has a sound performance reporting framework in place
8. The ONE JIB is paying sufficient attention to compliance matters
9. Looking at my answers for this section, how might the ONE JIB do a better job?

My overall rating: Excellent (32+) Satisfactory (20-31) Poor (8-19)

#### B. How well has the ONE JIB functioned?

1. As ONE JIB members we are aware of what is expected of us
2. The agendas of ONE JIB meetings are well planned so that we can get through all necessary ONE JIB business
3. It seems like most ONE JIB members come to meetings prepared
4. We receive written reports to ONE JIB in advance of our meetings and with enough time to review them
5. ONE JIB members participate in discussions
6. We listen to different points of view from ONE JIB members
7. We all support the decisions we make
8. There is an appropriate balance of decision items and information items on the agendas

9. The reports to the ONE JIB are well written
10. The reports to the ONE JIB contain the information we need to make good decisions
11. Staff do a good job of presenting the information in their reports and answering ONE JIB members' questions
12. The training on municipal finance this year has been useful
13. Hybrid meetings worked well
14. The frequency of ONE JIB meetings is adequate for ONE JIB to deliver on its mandate
15. Looking at my answers for this section, how might ONE JIB do a better job?

My overall rating: Excellent (56+) Satisfactory (35-55) Poor (14-34)

**C. Does the ONE JIB have effective relationships?**

1. On most matters there is a clear understanding of the respective roles of ONE JIB and staff
2. ONE JIB is clear about its relationship with the participating municipalities
3. ONE JIB is clear about its relationship with ONE Investment
4. ONE JIB provides appropriate feedback to staff and is appreciative of staff efforts
5. There is good two-way communication between ONE JIB and ONE Investment Co-Presidents
6. ONE JIB trusts the judgment of the ONE Investment Co-Presidents
7. There is mutual respect between staff and ONE JIB members
8. ONE JIB members have confidence in the advice provided by staff
9. ONE JIB members and staff act appropriately at ONE JIB meetings
10. ONE JIB is sufficiently familiar with the fund managers
11. ONE JIB is sufficiently familiar with the needs of its municipal investors
12. ONE JIB members have good relationships with each other
13. Looking at my answers for this section, how might ONE JIB do a better job?

My overall rating: Excellent (48+) Satisfactory (30-47) Poor (12-29)

**D. What should the ONE JIB's priorities be over the next 1-2 years?**

1. Reviewing the core documents (MCO, Investment Policy Statement template, Investment Plan template)
2. Meeting with existing and potential investors
3. Reviewing the outcomes framework
4. Building relationships with municipal investors
5. Gaining a better understanding of municipal finance as it relates to investment
6. Growing assets under management through the OCIO model
7. Developing guidance for municipalities with respect to the prudent investor regimes
8. Develop a data strategy informed by systematic data collection and filling data gaps
9. Carefully monitoring fund manager performance
10. Updating the asset allocation study

11. ONE JIB governance training
12. Others?

#### **E. Reflecting on my performance as a ONE JIB member**

This section is designed for self-reflection. It will not be shared with ONE JIB, but it should inform your thoughts during the governance evaluation discussion.

1. I am aware of what is expected of me as a ONE JIB member
2. I have a good record of meeting attendance
3. I read the minutes, reports and other materials in advance of our ONE JIB meetings
4. I am familiar with the ONE JIB's governance policies and documents
5. I am a good listener at ONE JIB meetings
6. I follow through on things I have said I would do
7. I maintain the confidentiality of all ONE JIB decisions
8. When I have a different opinion than the majority, I raise it
9. I support ONE JIB decisions once they are made even if I do not agree with them
10. I promote municipal prudent investing and ONE JIB whenever I have a chance and it is appropriate
11. I stay informed about issues relevant to municipal prudent investing and bring information to the attention of the ONE JIB
12. I am committed to the ONE JIB and the concept of prudent investing in the municipal sector
13. What additional information or skills do I need to be a better ONE JIB member?

My overall rating: Excellent (48+) Satisfactory (30-47) Poor (12-29)

#### **F. Feedback to the Chair of ONE JIB**

This section is optional.

1. The Chair is well prepared for ONE JIB meetings
2. The Chair helps ONE JIB stick to the agenda
3. The Chair tries hard to ensure that every ONE JIB member has an opportunity to be heard
4. The Chair is good at managing the different perspectives of ONE JIB members
5. The Chair is familiar with ONE JIB governance and procedure
6. The Chair helps ONE JIB work well together
7. The Chair demonstrates good listening skills
8. ONE JIB supports the Chair

My overall rating: Excellent (32+) Satisfactory (20-31) Poor (8-19)



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: September 4, 2024  
Re: Municipal Performance Reports Q2 2024  
Report: ONE JIB 2024-053

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

### **Quarterly municipal performance packages were distributed on August 9, 2024**

On August 9, 2024, ONE Investment distributed quarterly reporting packages for the second quarter of 2024 to the Participating Municipalities. These packages allow the Participating Municipalities to monitor the performance of their investments. The reporting packages are included as Attachments to this report.

## 3. BACKGROUND

### **The reporting packages follow the standardized format used in previous quarters**

The packages include information such as book values and market values of investments, investment income, gains/losses, transactions, and performance by outcome and by fund. A commentary on performance is also included in the reporting packages. The details support municipal reporting needs while also providing valuable performance-related information. These reports were distributed to the Participating Municipalities within the expected six weeks of the quarter-end.

## 4. CONCLUSION

ONE Investment has distributed investment performance packages to allow staff and councils of the Participating Municipalities to evaluate the performance of their MNRI invested with ONE JIB.

## **ATTACHMENTS**

- Attachment 1: PI-AURORA\_ - Quarterly Report Q2 2024
- Attachment 2: PI-AYLMER - Quarterly Report Q2 2024
- Attachment 3: PI-BRACEBRIDGE - Quarterly Report Q2 2024
- Attachment 4: PI-HUNTSVILLE - Quarterly Report Q2 2024
- Attachment 5: PI-INNISFIL - Quarterly Report Q2 2024
- Attachment 6: PI-KENORA-CPTF - Quarterly Report Q2 2024
- Attachment 7: PI-KEN-GENERAL ACCOUNT - Quarterly Report Q2 2024
- Attachment 8: PI-MUSKOKA - Quarterly Report Q2 2024
- Attachment 9: PI-NEEBING - Quarterly Report Q2 2024
- Attachment 10: PI-QUINTE WEST - Quarterly Report Q2 2024
- Attachment 11: PI-THUNDERBAY - Quarterly Report Q2 2024
- Attachment 12: PI-WHITBY - Quarterly Report Q2 2024

Drafted by: Keith Taylor, Chief Investment Officer

Approved by: Judy Dezell and Donna Herridge - Co-Presidents/CEO, ONE Investment



**QUARTERLY  
INVESTMENT  
REPORT**

**For The Period Ended June 30, 2024**

**Aurora Prudent Investor Portfolio**

100 John West Way, Box 1000  
Aurora, ON  
L4G 6J1

Rachel Wainwright-Van Kessel  
Director, Finance/Treasurer  
rvankessel@aurora.ca  
(905) 727-1375 x4772

**ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

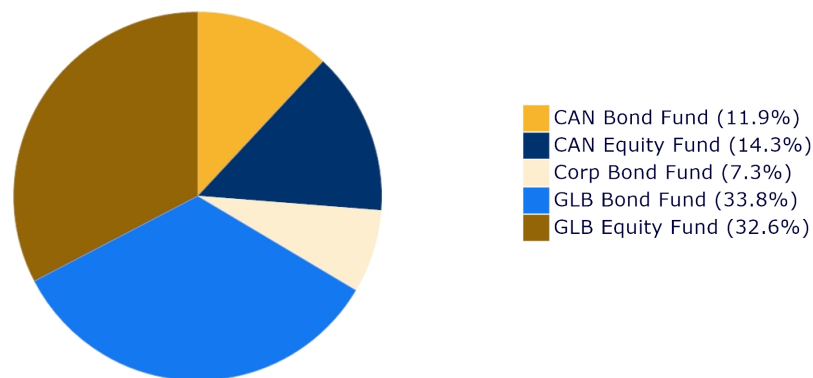
**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Aurora Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	-0.0%	3.4%	-	-	-	-	10.3%	09/27/2023

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	5,574,032.93	-	-	63,446.06	-	5,637,478.99
CAN Equity Fund	6,818,281.10	-	-	(59,377.86)	-	6,758,903.24
Corp Bond Fund	3,405,633.48	-	-	32,022.05	-	3,437,655.53
GLB Bond Fund	15,943,412.64	-	-	39,227.41	-	15,982,640.05
GLB Equity Fund	15,492,905.92	-	-	(81,354.57)	-	15,411,551.35
<b>Total</b>	<b>47,234,266.07</b>	<b>0.00</b>	<b>0.00</b>	<b>(6,036.91)</b>	<b>0.00</b>	<b>47,228,229.16</b>

**Aurora Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	-	-	-	-	-	17.2	09/27/2023
ONE Global Equity Fund	-0.5	6.4	-	-	-	-	-	14.5	09/27/2023
ONE Canadian Corporate Bond Fund	0.9	0.4	-	-	-	-	-	7.1	09/27/2023
ONE Canadian Government Bond Fund	1.1	1.5	-	-	-	-	-	4.2	09/27/2023
ONE Global Bond Fund	0.2	0.6	-	-	-	-	-	6.7	09/27/2023

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1AURCONT	-0.2	4.2	-	-	-	-	-	11.7	09/27/2023
JIB2AURTD35	0.4	1.4	-	-	-	-	-	6.9	09/27/2023
JIB3AURTD510	-0.1	3.6	-	-	-	-	-	10.9	09/27/2023
JIB4AURTD10P	-0.3	5.1	-	-	-	-	-	13.1	09/27/2023

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Aurora Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	4,688.529	1,277.92	5,991,581.38	1,441.58	6,758,903.24	14.31%
GLB Equity Fund	11,794.279	1,161.51	13,699,229.89	1,306.69	15,411,551.35	32.63%
Corp Bond Fund	3,728.958	875.19	3,263,580.40	921.88	3,437,655.53	7.28%
CAN Bond Fund	5,775.228	936.24	5,407,000.00	976.14	5,637,478.99	11.94%
GLB Bond Fund	18,300.633	849.43	15,545,258.76	873.33	15,982,640.05	33.84%
					<b>47,228,229.16</b>	<b>100.00%</b>

**Aurora Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Aurora - Contingency Outcome**  
**Account Number: 570050682**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	920.90	875.19	805,973.09	921.88	848,962.98	5.7%	7,908.16	0.00
CAN Equity Fund	1,932.00	1,277.92	2,468,955.50	1,441.58	2,785,146.81	18.8%	(24,467.89)	0.00
CAN Bond Fund	845.93	936.23	792,000.00	976.14	825,759.96	5.6%	9,293.37	0.00
GLB Bond Fund	4,517.58	849.43	3,837,409.80	873.33	3,945,376.48	26.7%	9,683.44	0.00
GLB Equity Fund	4,860.07	1,161.51	5,645,052.07	1,306.69	6,350,650.31	43.0%	(33,523.85)	0.00
			13,549,390.46		14,755,896.54	100.0%	(31,106.77)	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.2	4.2	-	-	-	-	-	11.7	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	4.2	-	-	-	-	-



**Aurora Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Aurora - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050690**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,342.98	875.19	1,175,377.41	921.88	1,238,070.51	10.5%	11,532.73	0.00
CAN Equity Fund	268.33	1,277.92	342,910.47	1,441.58	386,825.71	3.2%	(3,398.31)	0.00
CAN Bond Fund	3,583.48	936.24	3,355,000.00	976.14	3,498,009.86	29.7%	39,367.77	0.00
GLB Bond Fund	6,595.99	849.43	5,602,878.85	873.33	5,760,529.37	48.9%	14,138.50	0.00
GLB Equity Fund	675.01	1,161.51	784,035.00	1,306.69	882,033.68	7.5%	(4,656.08)	0.00
			11,260,201.73		11,765,469.13	100.0%	56,984.61	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	0.4	1.4	-	-	-	-	-	6.9	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.4	-	-	-	-	-

**Aurora Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Aurora - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050708**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,308.10	875.19	1,144,848.13	921.88	1,205,912.54	7.2%	11,233.18	0.00
CAN Equity Fund	1,829.55	1,277.92	2,338,026.05	1,441.58	2,637,449.44	15.8%	(23,170.34)	0.00
CAN Bond Fund	1,201.61	936.24	1,125,000.00	976.14	1,172,954.44	7.0%	13,200.82	0.00
GLB Bond Fund	6,417.01	849.43	5,450,866.17	873.33	5,604,227.18	33.6%	13,754.88	0.00
GLB Equity Fund	4,602.34	1,161.51	5,345,693.26	1,306.69	6,013,873.94	36.1%	(31,746.07)	0.00
			15,404,433.61		16,634,417.54	100.0%	(16,727.53)	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.1	3.6	-	-	-	-	-	10.9	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	3.6	-	-	-	-	-

**Aurora Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Aurora - Target Date 10 Year Plus Outcome**  
**Account Number: 570050716**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	156.97	875.19	137,381.77	921.88	144,709.50	3.5%	1,347.98	0.00
CAN Equity Fund	658.63	1,277.92	841,689.36	1,441.58	949,481.28	23.3%	(8,341.32)	0.00
CAN Bond Fund	144.19	936.23	135,000.00	976.14	140,754.73	3.4%	1,584.10	0.00
GLB Bond Fund	770.04	849.43	654,103.94	873.33	672,507.02	16.5%	1,650.59	0.00
GLB Equity Fund	1,656.84	1,161.51	1,924,449.56	1,306.69	2,164,993.42	53.1%	(11,428.57)	0.00
			3,692,624.63		4,072,445.95	100.0%	(15,187.22)	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.3	5.1	-	-	-	-	-	13.1	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.1	-	-	-	-	-



**Aurora Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

---

Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

## Town of Aurora - In kind Securities

As at June 30, 2024

Account	Bond Description	Expected Maturity (last call date if market value less than book value)	Book Value (\$)	Market Value 30-Jun-24 (\$)
CIBC Wood Gundy	CDN IMPERIAL BK OF COMMERCE AUTO-EXT 2031 FIX CPN DEP NT 2% JUL 09 2025-JUL 09 2031 DUE: JUL 09 2025 2.000%	July - 2031	1,500,000.00	1,232,790.00
CIBC Wood Gundy	CDN IMPERIAL BK OF COMMERCE CALL LINEAR ACCRUAL SENIOR NTS DUE: MAR 09 2031, CALL: MAR 09 2024	March - 2031	4,000,000.00	3,620,280.00
CIBC Wood Gundy	PRINCIPAL PROTECTED NOTES BNS CAN BANKS AC DEPOSIT S9 PP DSC MATURITY: MAY 05 2031	May - 2031	1,000,000.00	921,000.00
CIBC Wood Gundy	BANK OF MONTREAL EXT MAR 16 2032 STEP UP NTS 3.25%-4% MAR 16 2023 Maturity: MAR 16 2032	March - 2032	4,000,000.00	3,962,000.00
CIBC Wood Gundy	BANK OF MONTREAL EXT AUG 17 2036 ACCRUAL NOTE 2.71% AUG 17 2022 AUG 17 2036 DUE AUG 17 2036 2.710%	August - 2036	5,000,000.00	4,214,645.00
BMO Wealth Management	PRINCIPAL PROTECTED DEPOSIT NOTES BMO CANADIAN EQUITY 5379 (3071) 03/22/2030 - JHN3071 DSC	March - 2030	2,000,000.00	1,763,240.00
BMO Wealth Management	PRINCIPAL PROTECTED DEPOSIT NOTES BMO GROWTH S421 (3134) 06/24/2030 - JHN3134 DSC	June - 2030	750,000.00	686,962.50
BMO Wealth Management	PRINCIPAL PROTECTED DEPOSIT NOTES BMO S&P /TSX COMP LOW VOL S9 (1966) MAT: 04/05/2027 JHN1996 DSC	April - 2027	1,750,000.00	1,816,255.00
BMO Wealth Management	PRINCIPAL PROTECTED DEPOSIT NOTES CIBC AUTO CALL CDN IDX S1 (30030) 09/24/2029 DSC CBL30030	September - 2029	2,000,000.00	2,379,600.00
BMO Wealth Management	BMO EXT 08/24/2031 STEP UP NOTES 2%-2.5% 08/24/2022 08/24/2031 DUE: 08/24/2022 2.100%	August - 2031	500,000.00	428,935.00
BMO Wealth Management	NATIONAL BANK OF CDA GIC COMPOUND-ANNUAL DUE: 04/08/2026 2.800%	April - 2026	1,000,000.00	1,255,272.00
BMO Wealth Management	NATIONAL BANK OF COA GIC ANNUAL DUE: 08/23/2027 2.890%	August - 2027	1,000,000.00	1,000,000.00
BMO Wealth Management	BMO EXT 09/01/2027 ACCRUAL NOTE 1.37% 09/01/21 09/01/27 DUE: 09/01/2027 1.370%	September - 2027	1,000,000.00	945,940.00
BMO Wealth Management	CITY OF TORONTO DUE :11/09/2029 2.650%	November - 2029	233,574.12	219,990.65
BMO Wealth Management	BMO EXT 07/02/2030 ACCRUAL NTS 20/07/02/2021 07/02/2030 DUE: 07/02/2030 2.000%	July - 2030	1,134,000.00	1,052,249.94
BMO Wealth Management	BMO EXT 03/12/2031 STEP UP NTS 2.15%-2.650/03/12/22 03/12/31 DUE: 03/12/2031 2.250%	December - 2031	4,000,000.00	3,499,120.00
BMO Wealth Management	BMO EXT 08/13/2031 STEP UP NTS 2.00%-2.500/08/13/22 8/13/31 DUE: 08/13/2031 2.100%	August - 2031	3,000,000.00	2,575,620.00
BMO Wealth Management	BMO EXT 03/15/2032 ACCRUAL NOTE 3.62% 03/15/2023 03/15/2032 DUE: 03/15/2032 3.620%	March - 2032	2,500,000.00	2,487,500.00
BMO Wealth Management	CITY OF TORONTO GREEN BOND DEB DUE: 09/24/2039 2.600%	September - 2039	794,400.00	624,119.20
BMO Wealth Management	BMO CDN EQUITY PP DEBO NTS 5391 DSC (3089) 11/29/2028- JHN3089	November - 2028	747,000.00	663,283.71
<b>Grand Total</b>			<b>\$37,908,974.12</b>	<b>\$35,348,803.00</b>

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	



## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

## **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

## **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

## **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

## **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

## **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- Calendar Year Return: reflects the total return generated by investments in the specified year any between January 1 to December 31.
- Annualized Returns: the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- Time-weighted returns: returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.



# QUARTERLY INVESTMENT REPORT

For The Period Ended June 30, 2024

## **Aylmer Prudent Investor Portfolio**

46 Talbot St. West  
Aylmer, ON, ON  
N5H 1J7

Heather Sachs  
Director of Financial Services/Treasurer  
hsachs@town.aylmer.on.ca  
(519) 773-3164 x4919

## **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

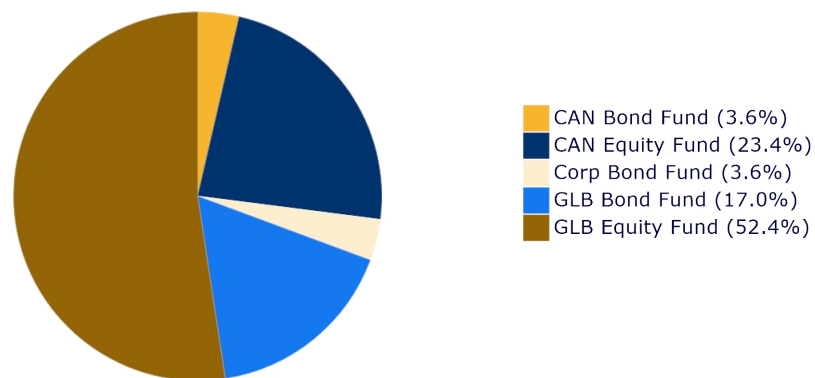
## **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Aylmer Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	-0.3%	5.1%	-	-	-	-	5.9%	12/11/2023

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	59,789.88	-	-	680.55	-	60,470.43
CAN Equity Fund	394,381.72	-	-	(3,434.53)	-	390,947.19
Corp Bond Fund	59,872.79	-	-	562.96	-	60,435.75
GLB Bond Fund	282,804.58	-	-	695.81	-	283,500.39
GLB Equity Fund	880,120.47	-	-	(4,621.59)	-	875,498.88
<b>Total</b>	<b>1,676,969.44</b>	<b>0.00</b>	<b>0.00</b>	<b>(6,116.80)</b>	<b>0.00</b>	<b>1,670,852.64</b>

**Aylmer Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	-	-	-	-	-	10.2	12/11/2023
ONE Global Equity Fund	-0.5	6.4	-	-	-	-	-	5.8	12/11/2023
ONE Canadian Corporate Bond Fund	0.9	0.4	-	-	-	-	-	2.2	12/11/2023
ONE Canadian Government Bond Fund	1.1	1.5	-	-	-	-	-	2.3	12/11/2023
ONE Global Bond Fund	0.2	0.6	-	-	-	-	-	2.6	12/11/2023

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1AYLTD10P	-0.3	5.1	-	-	-	-	-	5.9	12/11/2023

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Aylmer Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	271.193	1,355.84	367,696.38	1,441.58	390,947.19	23.40%
GLB Equity Fund	670.009	1,255.86	841,443.88	1,306.69	875,498.88	52.40%
Corp Bond Fund	65.557	916.80	60,102.79	921.88	60,435.75	3.62%
CAN Bond Fund	61.948	954.15	59,108.04	976.14	60,470.43	3.62%
GLB Bond Fund	324.617	882.46	286,461.56	873.33	283,500.39	16.97%
					<b>1,670,852.64</b>	<b>100.00%</b>

**Aylmer Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Aylmer - Target Date 10 Year Plus Outcome  
Account Number: 570050823**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	65.55	916.80	60,102.79	921.88	60,435.75	3.6%	562.96	0.00
CAN Equity Fund	271.19	1,355.84	367,696.38	1,441.58	390,947.19	23.4%	(3,434.53)	0.00
CAN Bond Fund	61.94	954.15	59,108.04	976.14	60,470.43	3.6%	680.55	0.00
GLB Bond Fund	324.61	882.46	286,461.56	873.33	283,500.39	16.9%	695.81	0.00
GLB Equity Fund	670.00	1,255.86	841,443.88	1,306.69	875,498.88	52.4%	(4,621.59)	0.00
			<u>1,614,812.65</u>		<u>1,670,852.64</u>	100.0%	<u>(6,116.80)</u>	<u>0.00</u>

**Aylmer Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.1	-	-	-	-	-	5.9	12/11/2023

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.1	-	-	-	-	-





**Aylmer Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

---

Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

## **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

## **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

## **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

## **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

## **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.



## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

# QUARTERLY INVESTMENT REPORT

For The Period Ended June 30, 2024

## **Bracebridge Prudent Investor Portfolio**

1000 Taylor Court  
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Paul Judson  
Director of Finance/Treasurer  
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## **ONE Investment**

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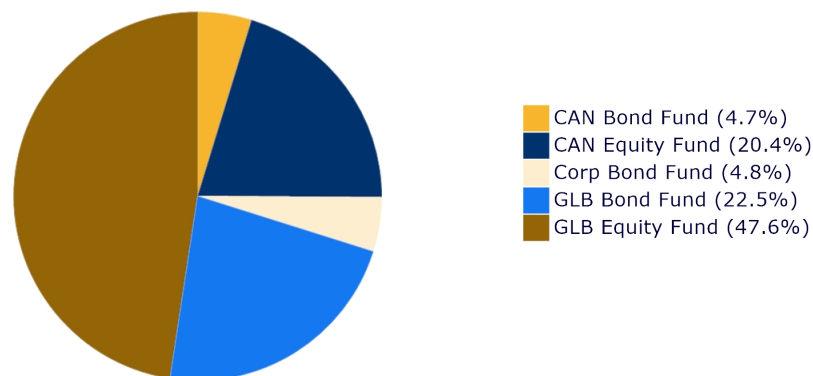
## **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Bracebridge Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	-0.3%	4.8%	10.6%	12.2%	4.9%	-	7.5%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	297,180.26	55,000.00	-	3,990.88	-	356,171.14
CAN Equity Fund	1,706,797.82	-	160,000.00	(16,201.50)	-	1,530,596.32
Corp Bond Fund	293,403.79	60,000.00	-	3,901.61	-	357,305.40
GLB Bond Fund	1,563,047.69	125,742.10	-	6,269.51	-	1,695,059.30
GLB Equity Fund	3,678,905.38	-	80,000.00	(20,924.09)	-	3,577,981.29
<b>Total</b>	<b>7,539,334.94</b>	<b>240,742.10</b>	<b>240,000.00</b>	<b>(22,963.59)</b>	<b>0.00</b>	<b>7,517,113.45</b>

**Bracebridge Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1BRBCONT	-0.2	4.3	9.9	11.3	4.3	-	-	6.7	07/02/2020
JIB2BRBTD10P	-0.3	5.2	11.2	13.1	5.4	-	-	8.3	07/02/2020
JIBBRBCASH	0.0	0.0	1.7	2.9	2.2	-	-	1.8	08/06/2020

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.



## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Bracebridge Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	1,061.747	1,033.79	1,097,630.44	1,441.58	1,530,596.32	20.36%
GLB Equity Fund	2,738.187	1,013.27	2,774,529.18	1,306.69	3,577,981.29	47.60%
Corp Bond Fund	387.583	974.55	377,720.85	921.88	357,305.40	4.75%
CAN Bond Fund	364.874	980.85	357,890.23	976.14	356,171.14	4.74%
GLB Bond Fund	1,940.897	966.12	1,875,151.34	873.33	1,695,059.30	22.55%
					<b>7,517,113.45</b>	<b>100.00%</b>

**Bracebridge Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Bracebridge - Contingency Outcome  
Account Number: 570050021**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	226.30	976.96	221,093.95	921.88	208,628.12	5.8%	2,230.03	0.00
CAN Equity Fund	453.22	1,033.79	468,536.44	1,441.58	653,354.20	18.2%	(7,031.08)	0.00
CAN Bond Fund	216.76	981.13	212,677.70	976.14	211,596.74	5.9%	2,371.87	0.00
GLB Bond Fund	1,147.49	967.17	1,109,819.35	873.33	1,002,146.74	27.9%	3,298.21	0.00
GLB Equity Fund	1,155.81	1,013.25	1,171,139.49	1,306.69	1,510,301.53	42.1%	(8,863.94)	0.00
			<u>3,183,266.93</u>		<u>3,586,027.33</u>	100.0%	(7,994.91)	0.00

**Bracebridge Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.2	4.3	9.9	11.3	4.3	-	-	6.7	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	4.3	13.1	-9.1	12.7	-	-

**Bracebridge Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Bracebridge - Target Date 10 Year Plus Outcome  
Account Number: 570050039**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	161.27	971.17	156,626.90	921.88	148,677.28	3.7%	1,671.58	0.00
CAN Equity Fund	608.52	1,033.79	629,094.00	1,441.58	877,242.12	22.3%	(9,170.42)	0.00
CAN Bond Fund	148.10	980.45	145,212.53	976.14	144,574.40	3.6%	1,619.01	0.00
GLB Bond Fund	793.40	964.61	765,331.99	873.33	692,912.56	17.6%	2,971.30	0.00
GLB Equity Fund	1,582.37	1,013.28	1,603,389.69	1,306.69	2,067,679.76	52.6%	(12,060.15)	0.00
			<u>3,299,655.11</u>		<u>3,931,086.12</u>	100.0%	(14,968.68)	0.00

**Bracebridge Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.2	11.2	13.1	5.4	-	-	8.3	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.2	14.8	-9.4	15.9	-	-

**Bracebridge Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Bracebridge - Contingency Outcome**  
**Account Number: 570050021**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	31.07	30,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	33.16	30,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	58.35	50,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	52.46	75,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	27.32	35,000.00

**Bracebridge Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Bracebridge - Target Date 10 Year Plus Outcome**  
**Account Number: 570050039**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	25.89	25,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	33.16	30,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	0.86	742.10
Buy	GLB Bond Fund	04/17/2024	04/17/2024	87.53	75,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	59.45	85,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	35.12	45,000.00

**Bracebridge Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

---

Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board



*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

## **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

## **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

## **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

## **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

## **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.



## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

**QUARTERLY  
INVESTMENT  
REPORT**

**For The Period Ended June 30, 2024**

**Huntsville Prudent Investor Portfolio**

37 Main St. East  
Huntsville, ON  
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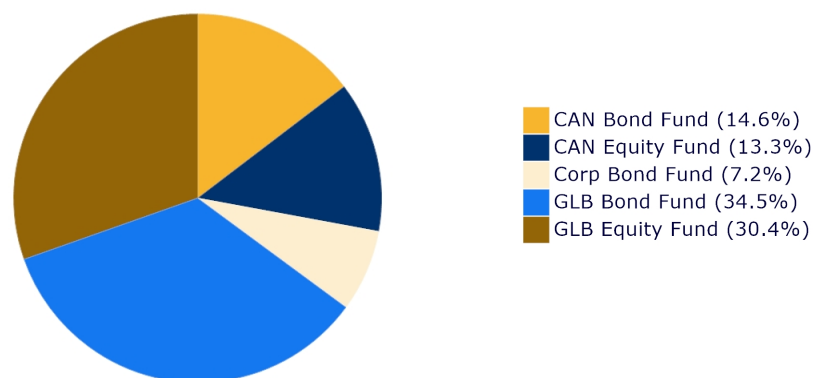
Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

## Huntsville Prudent Investor Portfolio

### Executive Summary for the Quarter Ended June 30, 2024

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	0.0%	3.3%	8.3%	9.0%	3.0%	-	4.4%	07/02/2020

### Overall Asset Allocation



### Consolidated Portfolio Activity for Quarter

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	1,512,114.15	26,049.27	-	17,499.73	-	1,555,663.15
CAN Equity Fund	1,496,067.19	-	75,000.00	(13,655.57)	-	1,407,411.62
Corp Bond Fund	725,727.75	30,000.00	-	7,395.20	-	763,122.95
GLB Bond Fund	3,595,814.77	60,000.00	-	10,003.56	-	3,665,818.33
GLB Equity Fund	3,285,927.68	-	40,000.00	(18,057.61)	-	3,227,870.07
<b>Total</b>	<b>10,615,651.54</b>	<b>116,049.27</b>	<b>115,000.00</b>	<b>3,185.31</b>	<b>0.00</b>	<b>10,619,886.12</b>

**Huntsville Prudent Investor Portfolio**  
**Performance History At**  
**June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1HNTCONT	-0.2	4.3	9.8	11.2	4.2	-	-	6.7	07/02/2020
JIB2HNTTD35	0.4	1.5	5.7	5.3	1.2	-	-	2.0	07/02/2020
JIB3HNTTD10P	-0.3	5.1	11.1	13.0	5.4	-	-	8.2	07/02/2020
JIBHNTCASH	0.0	0.0	1.4	9.1	11.7	-	-	8.8	07/02/2020
JIB4HNTTD510	-0.1	3.7	8.9	9.9	-	-	-	2.7	08/04/2021

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.



## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Huntsville Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	976.296	1,085.11	1,059,389.75	1,441.58	1,407,411.62	13.25%
GLB Equity Fund	2,470.251	1,044.57	2,580,366.74	1,306.69	3,227,870.07	30.39%
Corp Bond Fund	827.789	979.31	810,662.80	921.88	763,122.95	7.19%
CAN Bond Fund	1,593.675	958.36	1,527,323.09	976.14	1,555,663.15	14.65%
GLB Bond Fund	4,197.479	981.19	4,118,565.43	873.33	3,665,818.33	34.52%
					<b>10,619,886.12</b>	<b>100.00%</b>

**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Huntsville - Contingency Outcome  
Account Number: 570050047**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	274.08	977.24	267,846.65	921.88	252,671.91	5.9%	2,640.30	0.00
CAN Equity Fund	526.17	1,048.40	551,646.55	1,441.58	758,529.21	17.9%	(7,955.05)	0.00
CAN Bond Fund	259.68	981.13	254,785.69	976.14	253,490.10	6.0%	2,844.78	0.00
GLB Bond Fund	1,344.32	973.70	1,308,985.61	873.33	1,174,053.73	27.8%	3,887.84	0.00
GLB Equity Fund	1,364.46	1,019.79	1,391,479.94	1,306.69	1,782,943.90	42.2%	(10,430.13)	0.00
			<u>3,774,744.44</u>		<u>4,221,688.85</u>	100.0%	<u>(9,012.26)</u>	<u>0.00</u>

**Huntsville Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.2	4.3	9.8	11.2	4.2	-	-	6.7	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	4.3	13.0	-9.1	12.6	-	-



**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Huntsville - Target Date 3 to 5 Year Outcome  
Account Number: 570050054**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	423.59	982.49	416,181.28	921.88	390,506.95	9.9%	3,637.61	0.00
CAN Equity Fund	96.07	1,115.76	107,200.29	1,441.58	138,504.40	3.5%	(1,216.78)	0.00
CAN Bond Fund	1,208.51	951.44	1,149,835.33	976.14	1,179,685.96	30.0%	13,276.58	0.00
GLB Bond Fund	2,178.01	985.99	2,147,511.22	873.33	1,902,143.48	48.4%	4,668.57	0.00
GLB Equity Fund	242.36	1,076.36	260,869.52	1,306.69	316,693.75	8.0%	(1,671.76)	0.00
			<u>4,081,597.64</u>		<u>3,927,534.54</u>	100.0%	18,694.22	0.00

**Huntsville Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.4	1.5	5.7	5.3	1.2	-	-	2.0	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	1.5	7.4	-6.1	1.9	-	-

**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Huntsville - Target Date 10 Year Plus Outcome  
Account Number: 570050062**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	51.04	975.28	49,787.36	921.88	47,061.10	3.3%	438.38	0.00
CAN Equity Fund	231.56	1,033.79	239,392.13	1,441.58	333,823.03	24.0%	(2,932.68)	0.00
CAN Bond Fund	48.63	978.76	47,601.10	976.14	47,474.00	3.4%	534.15	0.00
GLB Bond Fund	258.89	971.12	251,415.12	873.33	226,098.50	16.2%	554.93	0.00
GLB Equity Fund	561.45	1,013.32	568,934.29	1,306.69	733,646.45	52.8%	(3,872.78)	0.00
			<u>1,157,130.00</u>		<u>1,388,103.08</u>	<u>100.0%</u>	<u>(5,278.00)</u>	<u>0.00</u>

**Huntsville Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.1	11.1	13.0	5.4	-	-	8.2	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.1	14.8	-9.4	15.9	-	-

**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Huntsville - Target Date 5 to 10 Year Outcome  
Account Number: 570050377**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	79.05	972.02	76,847.51	921.88	72,882.99	6.7%	678.91	0.00
CAN Equity Fund	122.47	1,315.80	161,150.78	1,441.58	176,554.98	16.3%	(1,551.06)	0.00
CAN Bond Fund	76.84	977.29	75,100.97	976.14	75,013.09	6.9%	844.22	0.00
GLB Bond Fund	416.24	986.56	410,653.48	873.33	363,522.62	33.5%	892.22	0.00
GLB Equity Fund	301.97	1,189.12	359,082.99	1,306.69	394,585.97	36.4%	(2,082.94)	0.00
			<u>1,082,835.73</u>		<u>1,082,559.65</u>	100.0%	<u>(1,218.65)</u>	<u>0.00</u>

**Huntsville Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.7	8.9	9.9	-	-	-	2.7	08/04/2021

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.7	11.8	-8.9	-	-	-

**Huntsville Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Huntsville - Contingency Outcome**  
**Account Number: 570050047**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	25.89	25,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	33.16	30,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	70.02	60,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	52.46	75,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	31.22	40,000.00

**Huntsville Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

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**Account Name: Huntsville - Target Date 10 Year Plus Outcome**  
**Account Number: 570050062**

<b>TRANSACTION TYPE</b>	<b>SECURITY</b>	<b>TRADE DATE</b>	<b>SETTLEMENT DATE</b>	<b>QUANTITY</b>	<b>TRADE AMOUNT (CAD)</b>
Buy	CAN Bond Fund	04/17/2024	04/17/2024	1.08	1,049.27



**Huntsville Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.



## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

**QUARTERLY  
INVESTMENT  
REPORT**

**For The Period Ended June 30, 2024**

**Innisfil Prudent Investor Portfolio**

2101 Innisfil Beach Rd.  
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Audrey Webb  
Treasurer  
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**ONE Investment**

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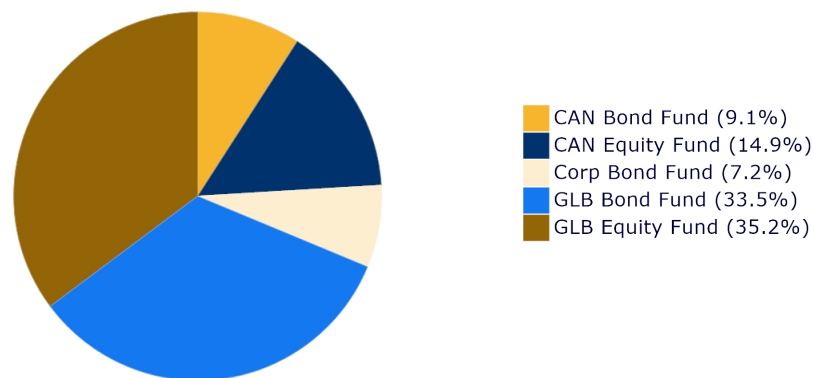
**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Innisfil Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	-0.0%	3.7%	8.9%	10.2%	3.7%	-	6.3%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	4,418,748.97	425,000.00	-	54,991.73	-	4,898,740.70
CAN Equity Fund	9,019,002.43	-	900,000.00	(86,062.83)	-	8,032,939.60
Corp Bond Fund	3,488,868.32	350,000.00	-	39,475.83	-	3,878,344.15
GLB Bond Fund	17,194,956.87	780,779.25	-	57,355.06	-	18,033,091.18
GLB Equity Fund	19,691,100.37	-	650,000.00	(116,450.48)	-	18,924,649.89
<b>Total</b>	<b>53,812,676.96</b>	<b>1,555,779.25</b>	<b>1,550,000.00</b>	<b>(50,690.69)</b>	<b>0.00</b>	<b>53,767,765.52</b>

**Innisfil Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1INNCONT	-0.2	4.3	9.9	11.2	4.3	-	-	6.7	07/02/2020
JIBINNCASH	0.0	0.0	1.8	2.9	2.2	-	-	1.8	08/06/2020
JIB2INNTD510	-0.1	3.8	9.0	10.0	-	-	-	2.8	08/04/2021
JIB3INNTD35	0.4	1.5	5.5	-	-	-	-	5.3	06/20/2023

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.



## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Innisfil Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	5,572.305	1,131.11	6,302,916.01	1,441.58	8,032,939.60	14.94%
GLB Equity Fund	14,482.812	1,049.09	15,193,898.12	1,306.69	18,924,649.89	35.20%
Corp Bond Fund	4,206.990	927.83	3,903,398.84	921.88	3,878,344.15	7.21%
CAN Bond Fund	5,018.439	953.39	4,784,564.41	976.14	4,898,740.70	9.11%
GLB Bond Fund	20,648.465	923.14	19,061,449.25	873.33	18,033,091.18	33.54%
					<b>53,767,765.52</b>	<b>100.00%</b>

**Innisfil Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Innisfil - Contingency Outcome  
Account Number: 570050070**

**For the Quarter Ending  
June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,282.92	972.61	1,247,800.13	921.88	1,182,706.03	6.0%	12,452.05	0.00
CAN Equity Fund	2,434.01	1,033.79	2,516,276.44	1,441.58	3,508,834.40	17.9%	(38,571.77)	0.00
CAN Bond Fund	1,189.17	980.97	1,166,554.66	976.14	1,160,809.20	5.9%	13,006.57	0.00
GLB Bond Fund	6,089.60	970.17	5,907,958.73	873.33	5,318,284.93	27.2%	15,246.86	0.00
GLB Equity Fund	6,411.57	1,013.25	6,496,575.34	1,306.69	8,377,983.18	42.8%	(44,225.74)	0.00
			17,335,165.30		19,548,617.74	100.0%	(42,092.03)	0.00

**Innisfil Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.2	4.3	9.9	11.2	4.3	-	-	6.7	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	4.3	13.1	-9.1	12.7	-	-

**Innisfil Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Innisfil - Target Date 5 to 10 Year Outcome  
Account Number: 570050385**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	2,326.46	911.91	2,121,531.13	921.88	2,144,719.27	7.4%	21,891.93	0.00
CAN Equity Fund	3,016.46	1,203.65	3,630,778.30	1,441.58	4,348,488.69	15.0%	(45,948.24)	0.00
CAN Bond Fund	2,201.94	950.52	2,093,009.75	976.14	2,149,427.80	7.4%	24,107.61	0.00
GLB Bond Fund	11,617.82	912.07	10,596,298.45	873.33	10,146,290.08	35.0%	35,804.10	0.00
GLB Equity Fund	7,766.30	1,073.99	8,340,982.52	1,306.69	10,148,211.61	35.0%	(70,121.38)	0.00
			<u>26,782,600.15</u>		<u>28,937,137.45</u>	100.0%	<u>(34,265.98)</u>	<u>0.00</u>

**Innisfil Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.8	9.0	10.0	-	-	-	2.8	08/04/2021

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.8	11.8	-8.8	-	-	-

**Innisfil Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Innisfil - Target Date 3 to 5 Year Outcome  
Account Number: 570050666**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	597.60	893.68	534,067.58	921.88	550,918.85	10.4%	5,131.85	0.00
CAN Equity Fund	121.82	1,279.41	155,861.27	1,441.58	175,616.51	3.3%	(1,542.82)	0.00
CAN Bond Fund	1,627.31	937.12	1,525,000.00	976.14	1,588,503.70	30.0%	17,877.55	0.00
GLB Bond Fund	2,941.03	869.48	2,557,192.07	873.33	2,568,516.17	48.6%	6,304.10	0.00
GLB Equity Fund	304.93	1,168.58	356,340.26	1,306.69	398,455.10	7.5%	(2,103.36)	0.00
			<u>5,128,461.18</u>		<u>5,282,010.33</u>	100.0%	<u>25,667.32</u>	<u>0.00</u>

**Innisfil Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.4	1.5	5.5	-	-	-	-	5.3	06/20/2023

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	1.5	-	-	-	-	-

**Innisfil Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Innisfil - Contingency Outcome**  
**Account Number: 570050070**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	181.25	175,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	165.81	150,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	6.74	5,779.25
Buy	GLB Bond Fund	04/17/2024	04/17/2024	145.88	125,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	314.76	450,000.00

**Innisfil Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Innisfil - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050385**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	258.93	250,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	221.08	200,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	758.61	650,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	314.76	450,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	507.42	650,000.00



**Innisfil Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.



## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

# QUARTERLY INVESTMENT REPORT

For The Period Ended June 30, 2024

## **Kenora CPTF - Prudent Investor Portfolio**

1 Main Street South  
Kenora, ON  
P9N 3X2

Ryan Marsh  
Director of Finance/City Treasurer  
rymarsh@kenora.ca  
(807)-467-2013

## **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

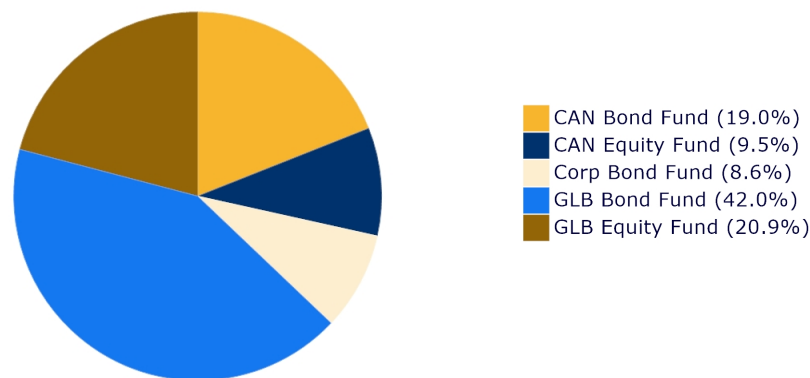
## **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Kenora CPTF - Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	0.1%	2.6%	7.2%	7.6%	2.3%	-	3.8%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	7,458,420.81	270,000.00	-	86,019.22	-	7,814,440.03
CAN Equity Fund	3,934,717.93	-	-	(34,266.00)	-	3,900,451.93
Corp Bond Fund	3,311,646.43	200,000.00	-	34,950.54	-	3,546,596.97
GLB Bond Fund	16,614,258.62	617,662.04	-	49,491.92	-	17,281,412.58
GLB Equity Fund	9,416,814.45	-	750,000.00	(64,506.64)	-	8,602,307.81
<b>Total</b>	<b>40,735,858.24</b>	<b>1,087,662.04</b>	<b>750,000.00</b>	<b>71,689.04</b>	<b>0.00</b>	<b>41,145,209.32</b>

**Kenora CPTF - Prudent Investor Portfolio**  
**Performance History At**  
**June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB2KENCSTAB	0.1	2.6	7.2	7.6	2.3	-	-	3.8	07/02/2020

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.



## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Kenora CPTF - Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	2,705.673	1,085.30	2,936,479.26	1,441.58	3,900,451.93	9.48%
GLB Equity Fund	6,583.245	1,063.40	7,000,635.43	1,306.69	8,602,307.81	20.91%
Corp Bond Fund	3,847.131	975.31	3,752,147.34	921.88	3,546,596.97	8.62%
CAN Bond Fund	8,005.382	956.59	7,657,877.96	976.14	7,814,440.03	18.99%
GLB Bond Fund	19,787.769	977.31	19,338,813.53	873.33	17,281,412.58	42.00%
					<b>41,145,209.32</b>	<b>100.00%</b>

**Kenora CPTF - Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Kenora - Stable Return Outcome**  
**Account Number: 570050179**

**For the Quarter Ending**  
**June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	3,847.13	975.31	3,752,147.34	921.88	3,546,596.97	8.6%	34,950.54	0.00
CAN Equity Fund	2,705.67	1,085.30	2,936,479.26	1,441.58	3,900,451.93	9.4%	(34,266.00)	0.00
CAN Bond Fund	8,005.38	956.59	7,657,877.96	976.14	7,814,440.03	18.9%	86,019.22	0.00
GLB Bond Fund	19,787.76	977.31	19,338,813.53	873.33	17,281,412.58	42.0%	49,491.92	0.00
GLB Equity Fund	6,583.24	1,063.40	7,000,635.43	1,306.69	8,602,307.81	20.9%	(64,506.64)	0.00
			<u>40,685,953.52</u>		<u>41,145,209.32</u>	100.0%	71,689.04	0.00

**Kenora CPTF - Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.1	2.6	7.2	7.6	2.3	-	-	3.8	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	2.6	9.5	-7.5	6.2	-	-

**Kenora CPTF - Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Kenora - Stable Return Outcome**  
**Account Number: 570050179**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	103.57	100,000.00
Buy	CAN Bond Fund	06/12/2024	06/12/2024	174.17	170,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	221.08	200,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	6.02	5,162.04
Buy	GLB Bond Fund	04/17/2024	04/17/2024	525.19	450,000.00
Buy	GLB Bond Fund	06/12/2024	06/12/2024	185.88	162,500.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	585.49	750,000.00

**Kenora CPTF - Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

---

Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

**City Of Kenora - CPTF**  
**In kind securities**  
As At June 30 2024

Identifier	Description	Maturity	Price	Quantity	Market Value
CA13509PHJ53	CANADA HSG TR NO 1 1.8 15DEC24 144A	2024-12-15	98.705	80,000.00	78,964.00
CA13509PHN65	CANADA HSG TR NO 0.95 15JUN25 144A	2025-06-15	96.793	89,000.00	86,145.77
CA614852NP21	MONTREAL QUE 3.5 01SEP24	2024-09-01	99.739	66,000.00	65,827.74
CA626209JP62	MUNICIPAL FIN AUTH BRI 2.95 14OCT24	2024-10-14	99.491	93,000.00	92,526.63
CA62957ZGE93	NHA MTG-BACKED 97514581 1.9 01JUL24	2024-07-01	99.787	48,000.00	8,463.04
CA68333ZAF41	ONTARIO PROV MED TERM P 2.3 08SEP24	2024-09-08	99.536	106,000.00	105,508.16
CA68333ZAK36	ONTARIO PROV MED TERM 1.75 08SEP25	2025-09-08	97.042	140,000.00	135,858.80
CA891145T792	TORONTO DOMINION BK O 3.226 24JUL24	2024-07-24	99.896	88,000.00	87,908.48
<b>Total Bonds=</b>					<b>661,202.62</b>
<b>Cash =</b>					<b>403,926.46</b>



## ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

### ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

## **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

## **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

## **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

## **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

## **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.



### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

# QUARTERLY INVESTMENT REPORT

**For The Period Ended June 30, 2024**

## **Kenora General Account - Prudent Investor Portfolio**

1 Main Street South  
Kenora, ON  
P9N 3X2

Ryan Marsh  
Director of Finance/City Treasurer  
rymarsh@kenora.ca  
(807)-467-2013

## **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

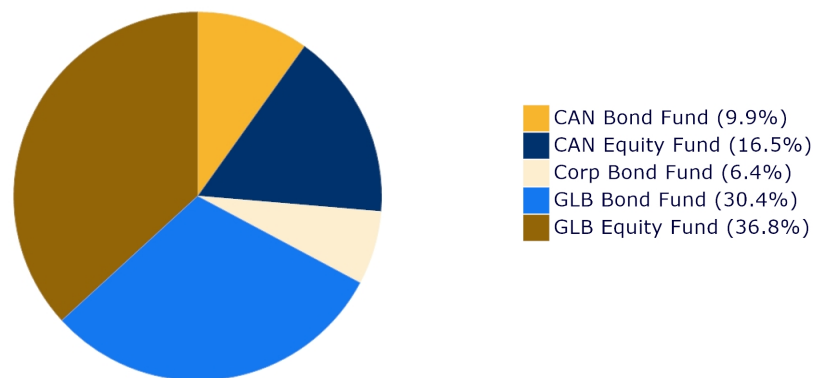
## **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Kenora General Account - Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	-0.0%	3.8%	8.9%	10.1%	3.7%	-	5.8%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	2,082,533.81	2,701.11	-	23,734.46	-	2,108,969.38
CAN Equity Fund	3,550,987.12	-	-	(30,924.22)	-	3,520,062.90
Corp Bond Fund	1,362,483.36	-	-	12,810.98	-	1,375,294.34
GLB Bond Fund	6,487,365.40	-	-	15,961.61	-	6,503,327.01
GLB Equity Fund	7,902,641.37	-	-	(41,497.44)	-	7,861,143.93
<b>Total</b>	<b>21,386,011.06</b>	<b>2,701.11</b>	<b>0.00</b>	<b>(19,914.61)</b>	<b>0.00</b>	<b>21,368,797.56</b>

**Kenora General Account - Prudent Investor Portfolio**  
**Performance History At**  
**June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1KENCONT	-0.2	4.3	9.7	11.2	4.2	-	-	6.7	07/02/2020
JIB3KENTD35	0.4	1.5	5.6	5.3	1.1	-	-	1.9	07/02/2020

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.



**Kenora General Account - Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	2,441.804	1,034.56	2,526,192.79	1,441.58	3,520,062.90	16.47%
GLB Equity Fund	6,016.041	1,013.74	6,098,728.45	1,306.69	7,861,143.93	36.79%
Corp Bond Fund	1,491.835	976.94	1,457,435.67	921.88	1,375,294.34	6.44%
CAN Bond Fund	2,160.501	964.13	2,083,018.57	976.14	2,108,969.38	9.87%
GLB Bond Fund	7,446.517	972.82	7,244,141.44	873.33	6,503,327.01	30.43%
					<b>21,368,797.56</b>	<b>100.00%</b>

**Kenora General Account - Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Kenora - Contingency Outcome**  
**Account Number: 570050161**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,054.37	977.90	1,031,077.68	921.88	972,004.59	5.5%	9,054.30	0.00
CAN Equity Fund	2,352.14	1,033.79	2,431,636.51	1,441.58	3,390,807.69	19.4%	(29,788.70)	0.00
CAN Bond Fund	960.82	981.44	942,992.07	976.14	937,902.81	5.3%	10,555.47	0.00
GLB Bond Fund	5,287.19	973.46	5,146,894.82	873.33	4,617,507.09	26.4%	11,333.10	0.00
GLB Equity Fund	5,781.01	1,013.25	5,857,660.14	1,306.69	7,554,037.42	43.2%	(39,876.29)	0.00
			<u>15,410,261.22</u>		<u>17,472,259.60</u>	100.0%	<u>(38,722.12)</u>	<u>0.00</u>

**Kenora General Account - Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.2	4.3	9.7	11.2	4.2	-	-	6.7	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	4.3	13.0	-9.1	12.7	-	-

**Kenora General Account - Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Kenora - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050187**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	437.46	974.61	426,357.99	921.88	403,289.75	10.3%	3,756.68	0.00
CAN Equity Fund	89.66	1,054.58	94,556.28	1,441.58	129,255.21	3.3%	(1,135.52)	0.00
CAN Bond Fund	1,199.68	950.27	1,140,026.50	976.14	1,171,066.57	30.0%	13,178.99	0.00
GLB Bond Fund	2,159.32	971.25	2,097,246.62	873.33	1,885,819.92	48.4%	4,628.51	0.00
GLB Equity Fund	235.02	1,025.71	241,068.31	1,306.69	307,106.51	7.8%	(1,621.15)	0.00
			<u>3,999,255.70</u>		<u>3,896,537.96</u>	100.0%	18,807.51	0.00

**Kenora General Account - Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	0.4	1.5	5.6	5.3	1.1	-	-	1.9	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.5	7.3	-6.1	1.9	-	-

**Kenora General Account - Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Kenora - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050187**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	2.79	2,701.11

**Kenora General Account - Prudent Investor Portfolio**  
**COMPLIANCE CERTIFICATE**  
**June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

### ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	



## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.



# QUARTERLY INVESTMENT REPORT

For The Period Ended June 30, 2024

## **Muskoka Prudent Investor Portfolio**

70 Pine St.  
Bracebridge, ON  
P1L 1N3

Vineet Bhatia  
Director, Tax Policy and Long Term Financial Planning  
vineet.bhatia@muskoka.on.ca  
(705) 645-2100 x4222

## **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

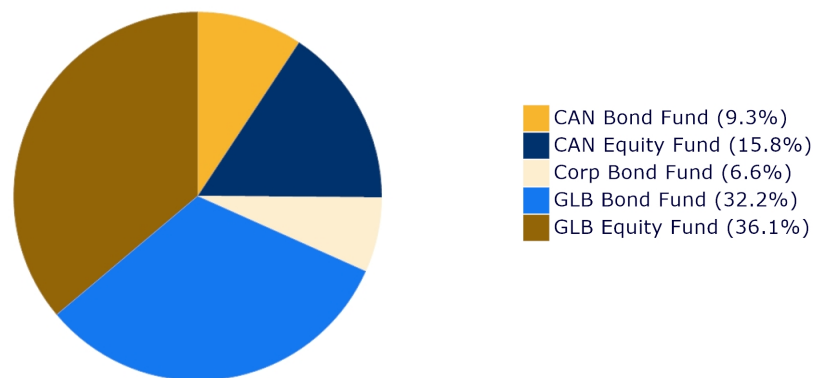
## **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Muskoka Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	-0.0%	3.7%	8.8%	10.0%	4.1%	-	5.4%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	14,149,660.09	84,753.73	-	161,994.09	-	14,396,407.91
CAN Equity Fund	25,066,024.79	-	300,000.00	(220,796.78)	-	24,545,228.01
Corp Bond Fund	9,958,092.20	100,000.00	-	95,538.33	-	10,153,630.53
GLB Bond Fund	49,322,161.30	450,000.00	-	130,025.78	-	49,902,187.08
GLB Equity Fund	56,578,425.60	-	300,000.00	(303,121.42)	-	55,975,304.18
<b>Total</b>	<b>155,074,363.98</b>	<b>634,753.73</b>	<b>600,000.00</b>	<b>(136,360.00)</b>	<b>0.00</b>	<b>154,972,757.71</b>

**Muskoka Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1MUSCONT	-0.2	4.3	9.8	11.1	4.2	-	-	6.7	07/02/2020
JIB2MUSTD35	0.4	1.4	5.6	5.3	1.1	-	-	1.9	07/02/2020
JIB3MUSTD510	-0.1	3.7	8.8	10.0	3.4	-	-	5.6	07/02/2020
JIBMUSCASH	1.1	1.5	5.8	11.4	7.8	-	-	5.9	07/02/2020
JIB4MUSTD10P	-0.3	5.1	11.0	-	-	-	-	12.8	07/04/2022

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Muskoka Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	17,026.581	1,089.01	18,542,212.45	1,441.58	24,545,228.01	15.84%
GLB Equity Fund	42,837.242	1,030.19	44,130,636.15	1,306.69	55,975,304.18	36.12%
Corp Bond Fund	11,014.036	972.12	10,706,989.82	921.88	10,153,630.53	6.55%
CAN Bond Fund	14,748.177	964.83	14,229,494.66	976.14	14,396,407.91	9.29%
GLB Bond Fund	57,139.597	969.01	55,369,311.62	873.33	49,902,187.08	32.20%
					<b>154,972,757.71</b>	<b>100.00%</b>

**Muskoka Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Muskoka - Contingency Outcome  
Account Number: 570050088**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	1,354.28	971.23	1,315,321.52	921.88	1,248,488.69	6.0%	12,586.17	0.00
CAN Equity Fund	2,573.87	1,224.45	3,151,585.72	1,441.58	3,710,451.30	17.8%	(37,760.46)	0.00
CAN Bond Fund	1,259.58	978.61	1,232,653.80	976.14	1,229,541.76	5.9%	13,821.51	0.00
GLB Bond Fund	6,680.57	982.73	6,565,214.07	873.33	5,834,397.18	28.1%	21,866.85	0.00
GLB Equity Fund	6,669.91	1,131.26	7,545,436.46	1,306.69	8,715,560.56	42.0%	(53,646.44)	0.00
			<u>19,810,211.57</u>		<u>20,738,439.49</u>	100.0%	<u>(43,132.37)</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.2	4.3	9.8	11.1	4.2	-	-	6.7	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	4.3	12.9	-9.1	12.6	-	-



**Muskoka Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Muskoka - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050096**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	2,359.08	970.12	2,288,604.56	921.88	2,174,793.80	10.4%	20,258.39	0.00
CAN Equity Fund	452.71	1,043.15	472,252.90	1,441.58	652,630.53	3.1%	(5,733.44)	0.00
CAN Bond Fund	6,424.41	950.34	6,105,403.61	976.14	6,271,181.78	30.2%	70,566.24	0.00
GLB Bond Fund	11,626.75	961.96	11,184,510.80	873.33	10,154,087.25	48.8%	24,921.95	0.00
GLB Equity Fund	1,159.64	1,018.86	1,181,519.27	1,306.69	1,515,306.18	7.3%	(7,999.01)	0.00
			21,232,291.14		20,767,999.54	100.0%	102,014.13	0.00

**Muskoka Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	0.4	1.4	5.6	5.3	1.1	-	-	1.9	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.4	7.3	-6.1	2.0	-	-

**Muskoka Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Muskoka - Target Date 5 to 10 Year Outcome  
Account Number: 570050104**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	6,211.41	989.75	6,147,791.08	921.88	5,726,187.32	6.6%	53,339.93	0.00
CAN Equity Fund	9,594.96	1,033.79	9,919,235.98	1,441.58	13,831,931.70	16.1%	(121,515.39)	0.00
CAN Bond Fund	5,969.68	983.85	5,873,297.80	976.14	5,827,293.96	6.8%	65,582.32	0.00
GLB Bond Fund	33,474.82	984.47	32,955,184.06	873.33	29,234,841.81	34.1%	71,753.29	0.00
GLB Equity Fund	23,785.75	1,013.25	24,101,103.52	1,306.69	31,080,780.77	36.2%	(164,069.38)	0.00
			<u>78,996,612.44</u>		<u>85,701,035.56</u>	100.0%	<u>(94,909.23)</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.7	8.8	10.0	3.4	-	-	5.6	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.7	11.8	-8.9	10.5	-	-

**Muskoka Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Muskoka - Cash Outcome**  
**Account Number: 570050757**

For the Quarter Ending  
June 30, 2024

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
CAN Bond Fund	86.66	936.24	81,139.45	976.14	84,597.89	100.0%	952.09	0.00
			<u>81,139.45</u>		<u>84,597.89</u>	100.0%	952.09	0.00

**Muskoka Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	1.1	1.5	5.8	11.4	7.8	-	-	5.9	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.5	6.7	15.2	0.5	-	-

**Muskoka Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Muskoka - Target Date 10 Year Plus Outcome  
Account Number: 570050625**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	1,089.25	876.99	955,272.66	921.88	1,004,160.72	3.6%	9,353.84	0.00
CAN Equity Fund	4,405.02	1,134.87	4,999,137.85	1,441.58	6,350,214.48	22.9%	(55,787.49)	0.00
CAN Bond Fund	1,007.83	929.71	937,000.00	976.14	983,792.52	3.5%	11,071.93	0.00
GLB Bond Fund	5,357.44	870.63	4,664,402.69	873.33	4,678,860.84	16.9%	11,483.69	0.00
GLB Equity Fund	11,221.92	1,007.18	11,302,576.90	1,306.69	14,663,656.67	52.9%	(77,406.59)	0.00
			<u>22,858,390.10</u>		<u>27,680,685.23</u>	100.0%	<u>(101,284.62)</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.1	11.0	-	-	-	-	12.8	07/04/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.1	14.7	-	-	-	-

**Muskoka Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Muskoka - Contingency Outcome**  
**Account Number: 570050088**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	51.78	50,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	110.54	100,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	525.19	450,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	209.84	300,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	234.19	300,000.00

**Muskoka Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

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**Account Name: Muskoka - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050096**

<b>TRANSACTION TYPE</b>	<b>SECURITY</b>	<b>TRADE DATE</b>	<b>SETTLEMENT DATE</b>	<b>QUANTITY</b>	<b>TRADE AMOUNT (CAD)</b>
Buy	CAN Bond Fund	04/17/2024	04/17/2024	35.99	34,753.73

**Muskoka Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

---

Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*



**The District of Muskoka  
In Kind Securities**  
As at June 30, 2024

Symbol	Status	Quantity	Average Unit Cost (\$)	Book Cost (\$)	Market Price (\$)	Market Value (\$)	% of Portfolio
<b>Cash and Equivalents</b>							
DISTRICT MUN OF MUSKOKA BEO 4.95% 5MAY25	SEG	211,000	112.650	237,691.50	100.077	212,764.91 <sup>(4)</sup>	11.6
<b>Total Cash and Equivalents</b>				<b>237,691.50</b>		<b>212,764.91</b>	<b>11.6</b>
<b>Fixed Income Securities and Fixed Income Funds</b>							
DISTRICT MUN OF MUSKOKA BEO 5% 5MAY26	SEG	105,000	112.991	118,641.00	101.415	107,291.23 <sup>(4)</sup>	5.8
DISTRICT MUN OF MUSKOKA BEO 5.05% 5MAY27	SEG	295,000	112.065	330,590.50	102.048	303,327.24 <sup>(4)</sup>	16.5
DISTRICT MUN OF MUSKOKA BEO 5.05% 5MAY28	SEG	360,000	109.856	395,482.00	102.996	373,574.86 <sup>(4)</sup>	20.4
DISTRICT MUN OF MUSKOKA BEO 5.1% 5MAY29	SEG	400,000	104.270	417,080.00	104.129	419,645.86 <sup>(4)</sup>	22.9
DISTRICT MUN OF MUSKOKA BEO 5.1% 5MAY30	SEG	137,000	116.369	159,425.00	104.662	144,458.92 <sup>(4)</sup>	7.9
DISTRICT MUN OF MUSKOKA ONT 2.95% 27NOV30	SEG	100,000	98.240	98,240.00	92.332	92,606.79 <sup>(4)</sup>	5.0
DISTRICT MUN OF MUSKOKA ONT 3% 27NOV31	SEG	100,000	98.120	98,120.00	91.411	91,690.45 <sup>(4)</sup>	5.0
DISTRICT MUN OF MUSKOKA ONT 3.05% 27NOV32	SEG	100,000	98.010	98,010.00	90.401	90,685.11 <sup>(4)</sup>	4.9
<b>Total Fixed Income Securities and Fixed Income Funds</b>				<b>1,715,588.50</b>		<b>1,623,280.46</b>	<b>88.4</b>
<b>Total Account Value - CAD Cash</b>				<b>1,953,280.00</b>		<b>1,836,045.37</b>	<b>100.0</b>

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.



## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

**QUARTERLY  
INVESTMENT  
REPORT**

**For The Period Ended June 30, 2024**

**Neebing Prudent Investor Portfolio**

4766 Highway 61  
Neebing, ON  
P7L 0B5

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**ONE Investment**

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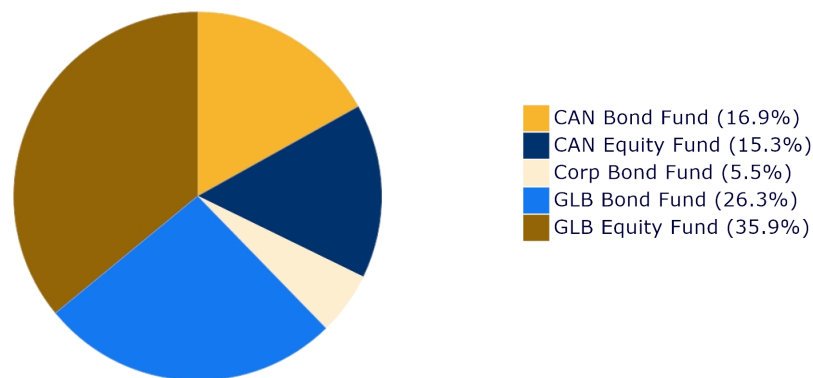
**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Needing Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	-0.0%	3.8%	9.1%	10.0%	-	-	3.4%	01/07/2022

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	452,048.28	4,000.00	-	5,189.61	-	461,237.89
CAN Equity Fund	443,480.00	-	22,000.00	(4,045.17)	-	417,434.83
Corp Bond Fund	142,455.53	6,000.00	-	1,454.31	-	149,909.84
GLB Bond Fund	670,845.11	45,000.00	-	2,518.27	-	718,363.38
GLB Equity Fund	1,019,465.31	-	33,000.00	(6,016.43)	-	980,448.88
<b>Total</b>	<b>2,728,294.23</b>	<b>55,000.00</b>	<b>55,000.00</b>	<b>(899.41)</b>	<b>0.00</b>	<b>2,727,394.82</b>

**Needing Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	-	-	-	6.2	01/07/2022
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	-	-	-	5.7	01/07/2022
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-	-	-	-0.3	01/07/2022
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	-	-	-	0.4	01/07/2022
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-	-	-	-0.5	01/07/2022

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIBNEECASH	1.1	1.5	6.0	5.1	-	-	-	4.3	01/07/2022
JIB1NEECONT	-0.2	4.3	9.8	11.1	-	-	-	3.4	01/07/2022
JIB2NEETD35	0.4	1.5	5.6	5.3	-	-	-	1.2	01/07/2022
JIB3NEETD510	-0.1	3.8	8.9	9.9	-	-	-	2.8	01/07/2022
JIB4NEETD10P	-0.3	5.2	11.1	12.9	-	-	-	4.3	01/07/2022

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.



## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Needing Prudent Investor Portfolio  
Consolidated Portfolio Holdings in CAD  
As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	289.567	1,295.20	375,049.02	1,441.58	417,434.83	15.31%
GLB Equity Fund	750.326	1,170.39	878,181.07	1,306.69	980,448.88	35.95%
Corp Bond Fund	162.613	937.00	152,369.37	921.88	149,909.84	5.50%
CAN Bond Fund	472.508	944.66	446,361.21	976.14	461,237.89	16.91%
GLB Bond Fund	822.549	927.75	763,120.52	873.33	718,363.38	26.34%
					<b>2,727,394.82</b>	<b>100.00%</b>

**Neebing Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

Account Name: Neebing - Cash Outcome  
Account Number: 570050773

For the Quarter Ending  
June 30, 2024

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
CAN Bond Fund	223.55	936.28	209,309.13	976.14	218,220.88	100.0%	2,455.93	0.00
			<u>209,309.13</u>		<u>218,220.88</u>	100.0%	2,455.93	0.00

**Neebing Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	1.1	1.5	6.0	5.1	-	-	-	4.3	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.5	7.1	-	-	-	-

**Neebing Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Neebing - Contingency Outcome  
Account Number: 570050443**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	25.44	942.91	23,989.71	921.88	23,454.50	5.9%	237.78	0.00
CAN Equity Fund	48.68	1,296.62	63,131.17	1,441.58	70,189.23	17.9%	(702.12)	0.00
CAN Bond Fund	23.41	965.27	22,600.00	976.14	22,854.56	5.8%	257.12	0.00
GLB Bond Fund	125.64	940.96	118,227.87	873.33	109,730.57	28.0%	437.04	0.00
GLB Equity Fund	126.57	1,171.73	148,309.67	1,306.69	165,392.58	42.2%	(1,076.48)	0.00
			<u>376,258.42</u>		<u>391,621.44</u>	100.0%	(846.66)	0.00

**Neebing Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.2	4.3	9.8	11.1	-	-	-	3.4	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	4.3	12.9	-	-	-	-

**Neebing Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Neebing - Target Date 3 to 5 Year Outcome  
Account Number: 570050450**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	52.08	922.11	48,026.46	921.88	48,014.33	10.2%	447.26	0.00
CAN Equity Fund	11.17	1,259.64	14,070.25	1,441.58	16,102.48	3.4%	(141.46)	0.00
CAN Bond Fund	144.73	942.75	136,452.08	976.14	141,284.78	30.0%	1,590.07	0.00
GLB Bond Fund	260.31	899.30	234,101.37	873.33	227,341.26	48.3%	557.98	0.00
GLB Equity Fund	28.37	1,136.43	32,244.14	1,306.69	37,074.92	7.8%	(195.71)	0.00
			<u>464,894.30</u>		<u>469,817.77</u>	100.0%	2,258.14	0.00

**Neebing Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.4	1.5	5.6	5.3	-	-	-	1.2	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	1.5	7.3	-	-	-	-

**Neebing Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Neebing - Target Date 5 to 10 Year Outcome  
Account Number: 570050468**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	40.33	946.53	38,176.60	921.88	37,182.23	6.9%	346.36	0.00
CAN Equity Fund	56.90	1,296.63	73,782.16	1,441.58	82,030.39	15.3%	(806.15)	0.00
CAN Bond Fund	38.84	965.27	37,500.00	976.14	37,922.39	7.0%	426.80	0.00
GLB Bond Fund	215.37	942.04	202,895.64	873.33	188,097.81	35.1%	713.66	0.00
GLB Equity Fund	145.91	1,171.72	170,976.32	1,306.69	190,670.64	35.5%	(1,261.75)	0.00
			<u>523,330.72</u>		<u>535,903.46</u>	100.0%	<u>(581.08)</u>	<u>0.00</u>

**Neebing Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.8	8.9	9.9	-	-	-	2.8	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.8	11.7	-	-	-	-

**Neebing Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Neebing - Target Date 10 Year Plus Outcome  
Account Number: 570050476**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	44.75	942.38	42,176.60	921.88	41,258.78	3.7%	422.91	0.00
CAN Equity Fund	172.80	1,296.63	224,065.44	1,441.58	249,112.73	22.4%	(2,395.44)	0.00
CAN Bond Fund	41.95	965.29	40,500.00	976.14	40,955.28	3.6%	459.69	0.00
GLB Bond Fund	221.21	939.79	207,895.64	873.33	193,193.74	17.3%	809.59	0.00
GLB Equity Fund	449.46	1,171.73	526,650.94	1,306.69	587,310.74	52.8%	(3,482.49)	0.00
			<u>1,041,288.62</u>		<u>1,111,831.27</u>	100.0%	<u>(4,185.74)</u>	<u>0.00</u>

**Neebing Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.2	11.1	12.9	-	-	-	4.3	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.2	14.6	-	-	-	-

**Neebing Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Neebing - Contingency Outcome**  
**Account Number: 570050443**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	1.03	1,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	2.21	2,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	11.67	10,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	3.49	5,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	6.24	8,000.00



**Neebing Prudent Investor Portfolio**  
Transaction Summary for the Quarter Ended June 30, 2024

**TRANSACTION SUMMARY**

**Account Name: Neebing - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050468**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	04/17/2024	04/17/2024	17.50	15,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	3.49	5,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	7.80	10,000.00

**Neebing Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Neebing - Target Date 10 Year Plus Outcome**  
**Account Number: 570050476**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	3.10	3,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	4.42	4,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	23.34	20,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	8.39	12,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	11.71	15,000.00

**Needing Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.



## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

**QUARTERLY  
INVESTMENT  
REPORT**

**For The Period Ended June 30, 2024**

**Quinte West Prudent Investor Portfolio**

7 Creswell Dr., P O Box 490  
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K8V 5R6

Caleb DenOuden  
Director of Finance/Treasurer  
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**ONE Investment**

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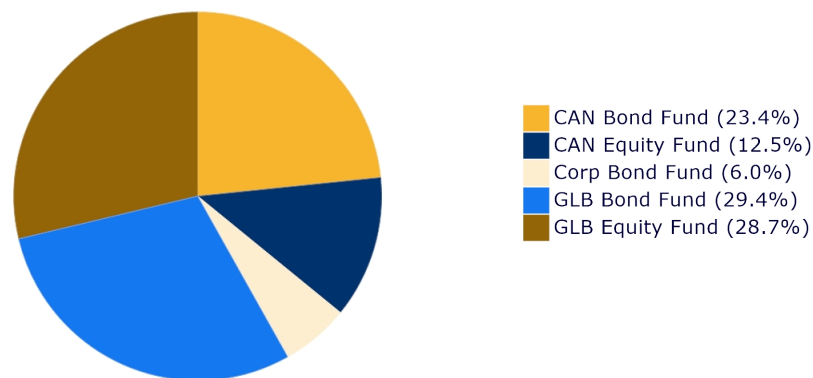
**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Quinte West Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	0.1%	3.3%	8.3%	8.8%	-	-	2.9%	01/07/2022

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	8,316,878.73	17,000.00	-	94,854.35	-	8,428,733.08
CAN Equity Fund	4,735,068.80	-	187,000.00	(42,797.88)	-	4,505,270.92
Corp Bond Fund	2,105,333.54	30,000.00	-	20,367.18	-	2,155,700.72
GLB Bond Fund	9,967,015.95	600,000.00	-	36,086.73	-	10,603,102.68
GLB Equity Fund	10,885,706.59	-	460,000.00	(66,398.05)	-	10,359,308.54
<b>Total</b>	<b>36,010,003.61</b>	<b>647,000.00</b>	<b>647,000.00</b>	<b>42,112.33</b>	<b>0.00</b>	<b>36,052,115.94</b>



**Quinte West Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	-	-	-	6.2	01/07/2022
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	-	-	-	5.7	01/07/2022
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-	-	-	-0.3	01/07/2022
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	-	-	-	0.4	01/07/2022
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-	-	-	-0.5	01/07/2022

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIBQUICASH	1.1	1.5	6.0	5.0	-	-	-	4.2	01/07/2022
JIB1QUICONT	-0.2	4.3	9.8	11.1	-	-	-	3.4	01/07/2022
JIB2QUITD35	0.4	1.5	5.6	5.3	-	-	-	1.2	01/07/2022
JIB3QUITD510	-0.1	3.8	8.9	9.9	-	-	-	2.8	01/07/2022
JIB4QUITD10P	-0.3	5.2	11.1	12.9	-	-	-	4.3	01/07/2022

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Quinte West Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	3,125.225	1,296.63	4,052,281.86	1,441.58	4,505,270.92	12.50%
GLB Equity Fund	7,927.857	1,171.73	9,289,352.70	1,306.69	10,359,308.54	28.73%
Corp Bond Fund	2,338.372	945.96	2,212,020.85	921.88	2,155,700.72	5.98%
CAN Bond Fund	8,634.685	943.79	8,149,348.14	976.14	8,428,733.08	23.38%
GLB Bond Fund	12,140.891	943.15	11,450,756.25	873.33	10,603,102.68	29.41%
					<b>36,052,115.94</b>	<b>100.00%</b>

**Quinte West Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Quinte West - Cash Outcome  
Account Number: 570050781**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	For the Quarter Ending June 30, 2024	
							Market Value Gain (Loss)	Income Received
CAN Bond Fund	5,035.87	936.28	4,714,998.14	976.14	4,915,757.89	100.0%	55,323.58	0.00
			<u>4,714,998.14</u>		<u>4,915,757.89</u>	100.0%	55,323.58	0.00

**Quinte West Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	1.1	1.5	6.0	5.0	-	-	-	4.2	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.5	6.9	-	-	-	-

**Quinte West Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Quinte West - Contingency Outcome  
Account Number: 570050484**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	274.70	944.03	259,330.13	921.88	253,245.32	5.8%	2,502.32	0.00
CAN Equity Fund	550.45	1,296.63	713,745.57	1,441.58	793,532.28	18.2%	(7,694.17)	0.00
CAN Bond Fund	255.88	965.28	247,000.00	976.14	249,778.78	5.7%	2,808.52	0.00
GLB Bond Fund	1,394.75	941.05	1,312,532.06	873.33	1,218,090.06	27.9%	4,834.48	0.00
GLB Equity Fund	1,405.49	1,171.73	1,646,865.31	1,306.69	1,836,552.46	42.2%	(11,986.67)	0.00
			<u>4,179,473.07</u>		<u>4,351,198.90</u>	100.0%	(9,535.52)	0.00

**Quinte West Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.2	4.3	9.8	11.1	-	-	-	3.4	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	4.3	12.9	-	-	-	-

**Quinte West Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Quinte West - Target Date 3 to 5 Year Outcome  
Account Number: 570050492**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	736.29	946.56	696,951.72	921.88	678,780.06	10.1%	6,322.90	0.00
CAN Equity Fund	157.52	1,296.64	204,249.34	1,441.58	227,081.02	3.3%	(1,994.94)	0.00
CAN Bond Fund	2,069.98	946.19	1,958,600.00	976.14	2,020,613.31	30.0%	22,740.65	0.00
GLB Bond Fund	3,743.46	946.07	3,541,615.82	873.33	3,269,309.74	48.6%	8,024.12	0.00
GLB Equity Fund	400.91	1,171.73	469,763.37	1,306.69	523,870.59	7.8%	(2,765.41)	0.00
			<u>6,871,180.25</u>		<u>6,719,654.72</u>	100.0%	<u>32,327.32</u>	<u>0.00</u>

**Quinte West Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.4	1.5	5.6	5.3	-	-	-	1.2	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	1.5	7.3	-	-	-	-



**Quinte West Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Quinte West - Target Date 5 to 10 Year Outcome  
Account Number: 570050500**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	1,125.26	946.56	1,065,126.71	921.88	1,037,355.81	6.9%	9,663.05	0.00
CAN Equity Fund	1,615.20	1,296.63	2,094,332.52	1,441.58	2,328,450.47	15.5%	(22,177.44)	0.00
CAN Bond Fund	1,083.88	965.28	1,046,250.00	976.14	1,058,029.57	7.0%	11,907.42	0.00
GLB Bond Fund	5,987.43	942.35	5,642,288.41	873.33	5,229,051.61	34.9%	19,542.54	0.00
GLB Equity Fund	4,054.70	1,171.73	4,751,043.64	1,306.69	5,298,274.28	35.4%	(35,607.26)	0.00
			<u>14,599,041.28</u>		<u>14,951,161.74</u>	100.0%	(16,671.69)	0.00

**Quinte West Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.8	8.9	9.9	-	-	-	2.8	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.8	11.7	-	-	-	-

**Quinte West Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Quinte West - Target Date 10 Year Plus Outcome**  
**Account Number: 570050518**

**For the Quarter Ending**  
**June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	202.10	943.12	190,612.29	921.88	186,319.53	3.6%	1,878.91	0.00
CAN Equity Fund	802.04	1,296.63	1,039,954.43	1,441.58	1,156,207.15	22.6%	(10,931.33)	0.00
CAN Bond Fund	189.06	965.28	182,500.00	976.14	184,553.53	3.6%	2,074.18	0.00
GLB Bond Fund	1,015.24	939.99	954,319.96	873.33	886,651.27	17.3%	3,685.59	0.00
GLB Equity Fund	2,066.74	1,171.73	2,421,680.38	1,306.69	2,700,611.21	52.8%	(16,038.71)	0.00
			<u>4,789,067.06</u>		<u>5,114,342.69</u>	100.0%	(19,331.36)	0.00

**Quinte West Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.2	11.1	12.9	-	-	-	4.3	01/07/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.2	14.6	-	-	-	-

**Quinte West Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Quinte West - Contingency Outcome**  
**Account Number: 570050484**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	7.25	7,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	16.58	15,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	128.38	110,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	29.37	42,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	70.25	90,000.00

**Quinte West Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Quinte West - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050500**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	04/17/2024	04/17/2024	466.84	400,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	69.94	100,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	234.19	300,000.00

**Quinte West Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Quinte West - Target Date 10 Year Plus Outcome**  
**Account Number: 570050518**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	04/17/2024	04/17/2024	10.35	10,000.00
Buy	Corp Bond Fund	04/17/2024	04/17/2024	16.58	15,000.00
Buy	GLB Bond Fund	04/17/2024	04/17/2024	105.03	90,000.00
Sell	CAN Equity Fund	04/17/2024	04/17/2024	31.47	45,000.00
Sell	GLB Equity Fund	04/17/2024	04/17/2024	54.64	70,000.00



**Quinte West Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%



### ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)



- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

# QUARTERLY INVESTMENT REPORT

**For The Period Ended June 30, 2024**

## **Thunder Bay Prudent Investor Portfolio**

500 Donald St. E., P.O. Box 80  
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P7E 5K4

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City Treasurer  
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## **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

## **Relationship Manager**

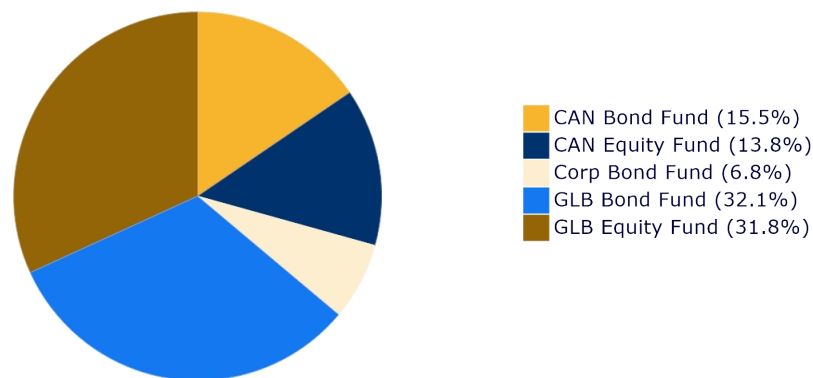
Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

## Thunder Bay Prudent Investor Portfolio

### Executive Summary for the Quarter Ended June 30, 2024

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	0.0%	3.4%	8.4%	9.1%	-	-	4.6%	04/01/2022

### Overall Asset Allocation



### Consolidated Portfolio Activity for Quarter

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	18,975,751.98	-	-	215,990.30	-	19,191,742.28
CAN Equity Fund	17,278,899.34	-	-	(150,475.51)	-	17,128,423.83
Corp Bond Fund	8,334,405.95	12,546.04	-	78,605.21	-	8,425,557.20
GLB Bond Fund	39,660,185.43	-	-	97,580.50	-	39,757,765.93
GLB Equity Fund	39,620,426.46	-	-	(208,050.26)	-	39,412,376.20
<b>Total</b>	<b>123,869,669.16</b>	<b>12,546.04</b>	<b>0.00</b>	<b>33,650.24</b>	<b>0.00</b>	<b>123,915,865.44</b>

**Thunder Bay Prudent Investor Portfolio  
Performance History At  
June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	-	-	-	7.5	04/01/2022
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	-	-	-	8.7	04/01/2022
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-	-	-	1.5	04/01/2022
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	-	-	-	1.6	04/01/2022
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-	-	-	1.0	04/01/2022

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1THUCONT	-0.2	4.3	9.7	11.0	-	-	-	5.5	04/01/2022
JIB2THUTD35	0.4	1.5	5.6	5.3	-	-	-	2.6	04/01/2022
JIB3THUTD510	-0.1	3.7	8.8	9.8	-	-	-	4.8	04/01/2022
JIB4THUTD10P	-0.3	5.1	11.1	12.9	-	-	-	6.6	04/01/2022
JIBTHUCASH	1.1	1.5	6.0	5.0	-	-	-	4.6	04/04/2022

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.

**Thunder Bay Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	11,881.678	1,278.88	15,195,342.85	1,441.58	17,128,423.83	13.82%
GLB Equity Fund	30,161.828	1,115.54	33,646,727.23	1,306.69	39,412,376.20	31.81%
Corp Bond Fund	9,139.528	907.79	8,296,790.60	921.88	8,425,557.20	6.80%
CAN Bond Fund	19,660.683	938.44	18,450,410.73	976.14	19,191,742.28	15.49%
GLB Bond Fund	45,523.911	916.44	41,720,338.63	873.33	39,757,765.93	32.08%
					<b>123,915,865.44</b>	<b>100.00%</b>



**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Thunder Bay - Contingency Outcome**  
**Account Number: 570050567**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,649.91	907.92	1,497,991.36	921.88	1,521,022.52	5.5%	14,288.88	0.00
CAN Equity Fund	3,572.98	1,279.09	4,570,188.25	1,441.58	5,150,754.08	18.7%	(45,250.07)	0.00
CAN Bond Fund	1,548.95	941.28	1,458,000.00	976.14	1,512,005.89	5.4%	17,016.63	0.00
GLB Bond Fund	8,454.60	914.45	7,731,324.74	873.33	7,383,730.41	26.8%	18,122.45	0.00
GLB Equity Fund	9,152.52	1,115.38	10,208,547.63	1,306.69	11,959,584.02	43.4%	(63,132.31)	0.00
			25,466,051.98		27,527,096.92	100.0%	(58,954.42)	0.00

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.2	4.3	9.7	11.0	-	-	-	5.5	04/01/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	4.3	12.9	-	-	-	-

**Thunder Bay Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Thunder Bay - Target Date 3 to 5 Year Outcome  
Account Number: 570050575**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	3,699.61	907.95	3,359,062.56	921.88	3,410,602.01	10.2%	31,770.05	0.00
CAN Equity Fund	769.49	1,279.09	984,251.77	1,441.58	1,109,283.63	3.3%	(9,745.20)	0.00
CAN Bond Fund	10,594.12	937.90	9,936,307.64	976.14	10,341,438.08	31.0%	116,386.00	0.00
GLB Bond Fund	18,080.95	918.43	16,606,126.97	873.33	15,790,782.52	47.4%	38,756.52	0.00
GLB Equity Fund	2,030.90	1,115.60	2,265,694.83	1,306.69	2,653,775.26	7.9%	(14,008.77)	0.00
			<u>33,151,443.77</u>		<u>33,305,881.50</u>	100.0%	163,158.60	0.00

**Thunder Bay Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.4	1.5	5.6	5.3	-	-	-	2.6	04/01/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	1.5	7.3	-	-	-	-

**Thunder Bay Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Thunder Bay - Target Date 5 to 10 Year Outcome  
Account Number: 570050583**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	3,095.69	907.49	2,809,339.38	921.88	2,853,863.32	7.1%	26,583.98	0.00
CAN Equity Fund	4,423.34	1,279.09	5,657,880.50	1,441.58	6,376,619.95	15.8%	(56,019.47)	0.00
CAN Bond Fund	2,876.39	941.28	2,707,500.00	976.14	2,807,788.09	7.0%	31,599.79	0.00
GLB Bond Fund	15,420.29	915.61	14,119,108.66	873.33	13,467,134.63	33.5%	33,053.41	0.00
GLB Equity Fund	11,193.19	1,115.60	12,487,238.64	1,306.69	14,626,116.57	36.4%	(77,208.42)	0.00
			<u>37,781,067.18</u>		<u>40,131,522.56</u>	100.0%	(41,990.71)	0.00

**Thunder Bay Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.7	8.8	9.8	-	-	-	4.8	04/01/2022

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.7	11.7	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At June 30, 2024**

**Account Name: Thunder Bay - Target Date 10 Year Plus Outcome**  
**Account Number: 570050591**

**For the Quarter Ending**  
**June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	694.30	907.95	630,397.30	921.88	640,069.35	3.3%	5,962.30	0.00
CAN Equity Fund	3,115.85	1,278.30	3,983,022.33	1,441.58	4,491,766.17	23.5%	(39,460.77)	0.00
CAN Bond Fund	657.34	941.28	618,750.00	976.14	641,669.13	3.3%	7,221.56	0.00
GLB Bond Fund	3,568.05	914.72	3,263,778.26	873.33	3,116,118.37	16.3%	7,648.12	0.00
GLB Equity Fund	7,785.20	1,115.60	8,685,246.13	1,306.69	10,172,900.35	53.3%	(53,700.76)	0.00
			17,181,194.02		19,062,523.37	100.0%	(72,329.55)	0.00

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.3	5.1	11.1	12.9	-	-	-	6.6	04/01/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.1	14.6	-	-	-	-

**Thunder Bay Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Thunder Bay - Cash Outcome  
Account Number: 570050799**

**For the Quarter Ending  
June 30, 2024**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
CAN Bond Fund	3,983.86	936.24	3,729,853.09	976.14	3,888,841.09	100.0%	43,766.32	0.00
			<u>3,729,853.09</u>		<u>3,888,841.09</u>	100.0%	43,766.32	0.00

**Thunder Bay Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	1.1	1.5	6.0	5.0	-	-	-	4.6	04/04/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.5	6.9	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

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**Account Name: Thunder Bay - Contingency Outcome**  
**Account Number: 570050567**

<b>TRANSACTION TYPE</b>	<b>SECURITY</b>	<b>TRADE DATE</b>	<b>SETTLEMENT DATE</b>	<b>QUANTITY</b>	<b>TRADE AMOUNT (CAD)</b>
Buy	Corp Bond Fund	04/17/2024	04/17/2024	13.86	12,546.04

**Thunder Bay Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*



### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

## ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.



### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

**QUARTERLY  
INVESTMENT  
REPORT**

**For The Period Ended June 30, 2024**

**Whitby Prudent Investor Portfolio**

575 Rossland Rd. E.  
Whitby, ON  
L1N 2M8

Fuwing Wong  
Commissioner of Financial Services/Treasurer  
wongf@whitby.ca  
(905) 668-5803

**ONE Investment**

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Toronto, Ontario  
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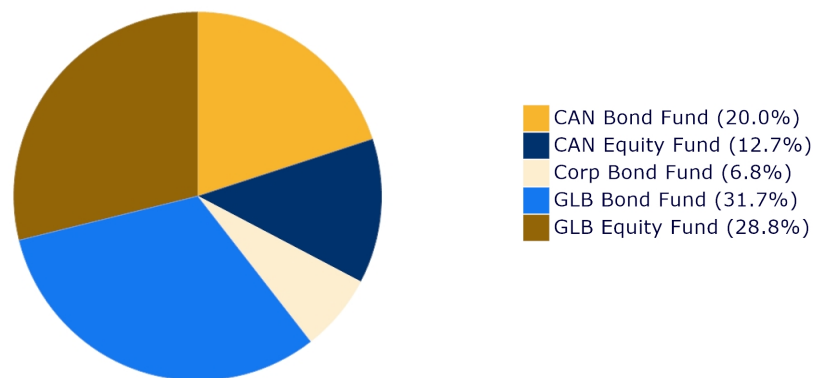
**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Whitby Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended June 30, 2024**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	0.1%	3.2%	8.1%	9.1%	3.1%	-	4.6%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	37,093,581.74	45,340.64	-	422,716.58	-	37,561,638.96
CAN Equity Fund	24,096,924.51	-	-	(209,851.18)	-	23,887,073.33
Corp Bond Fund	12,645,349.02	-	-	118,900.07	-	12,764,249.09
GLB Bond Fund	59,383,611.26	-	-	146,108.31	-	59,529,719.57
GLB Equity Fund	54,514,276.57	-	-	(286,259.14)	-	54,228,017.43
<b>Total</b>	<b>187,733,743.10</b>	<b>45,340.64</b>	<b>0.00</b>	<b>191,614.64</b>	<b>0.00</b>	<b>187,970,698.38</b>

**Whitby Prudent Investor Portfolio**  
**Performance History At**  
**June 30, 2024**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-0.8	6.9	14.6	15.8	6.4	-	-	13.1	07/02/2020
ONE Global Equity Fund	-0.5	6.4	12.7	16.0	7.6	-	-	9.7	07/02/2020
ONE Canadian Corporate Bond Fund	0.9	0.4	4.5	3.6	-0.6	-	-	-0.8	07/02/2020
ONE Canadian Government Bond Fund	1.1	1.5	3.8	2.5	0.0	-	-	0.1	07/02/2020
ONE Global Bond Fund	0.2	0.6	4.3	4.2	-0.5	-	-	0.7	07/02/2020

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1WHICONT	-0.2	4.2	9.7	11.1	4.2	-	-	6.7	07/02/2020
JIB2WHITD35	0.4	1.4	5.5	5.3	1.1	-	-	1.9	07/02/2020
JIB3WHITD510	-0.1	3.7	8.8	9.9	3.4	-	-	5.6	07/02/2020
JIB4WHIAMR	-0.5	6.0	12.4	14.7	6.5	-	-	9.8	07/02/2020
JIB5WHITD10P	-0.3	5.1	11.0	12.9	5.3	-	-	8.2	07/02/2020
JIBWHICASH	1.1	1.5	6.0	4.9	-	-	-	4.8	06/13/2022

## **QUARTERLY REVIEW**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter following two successive quarters of very strong returns. In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%. The performance of global equity markets was generally mixed in the quarter, with weakness seen in continental European and Asian equity markets. US equity markets were higher in the quarter, with the strength focused almost exclusively on the 'Magnificent 7' stocks, a group of large capitalization tech stocks that have experienced explosive price performance over the last year.

While overall returns were weak in the Canadian equity markets, the materials sector was particularly strong. It was the best-performing sector in the quarter, with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE fund is designed to have light exposure to commodity-related companies, which tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to this sector versus the broader Canadian equity market.

The strength in the Canadian equity markets paused in the quarter as the Bank of Canada began cutting interest rates in response to evidence of slowing economic growth and increasing signs that inflation pressures were easing. This should help bolster economic growth and be generally supportive for Canadian equity markets.

## **QUARTERLY REVIEW**

The global equity markets posted modest returns in the second quarter, but the performance was mixed across the different regions. Positive returns were noted in the US, UK, and certain Asian equity markets, but negative returns were observed in many other equity markets, including Canada and continental Europe. The ONE Global Equity Fund returned -0.5% in the second quarter. Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets.

The key theme that continues to push equity markets higher is investor focus on what is known as the 'Magnificent 7' stocks. These seven stocks are technology-related firms that represent some of the largest listed firms in the US. With growing interest in Artificial Intelligence (AI), these stocks have had spectacular performance over the last year, with average returns of over 50%. Collectively, these 7 stocks represent over 30% of the market capitalization of the S&P500. While these 7 stocks were collectively up about 17% in the quarter, the average returns for the rest of the S&P500 was about -1%. The ONE Global Equity Fund's underexposure to AI-related mega-cap stocks meant that the fund did not fully participate in the gains experienced in this high-performing segment of the equity markets.

The fund manager's approach continues to focus on stock selection, emphasizing firms with a competitive advantage, sustainable business models, and tends to favour equities that are trading at a discount to their intrinsic value. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. This long-term approach echoes the view of the fund's investment manager.

## **QUARTERLY REVIEW**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada (BoC) cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund. These returns were reflective of the high interest rates currently available in the fixed income markets.

After being on 'pause' for nearly a year, the BoC cut rates in early June, becoming the first G7 central bank to do so in this cycle. The overnight rate was reduced by a quarter of a percent to 4.75%. The decision to cut rates was the result of easing inflationary pressures, as headline inflation has been within the BoC's target range in every month this year. The European Central Bank also cut rates in the quarter. Further interest cuts are expected in Europe and Canada in the latter half of 2024, and the US Federal Reserve is also expected to start cutting rates too, with its first interest rate cut expected as early as September. The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a positive contribution to the returns of all three funds.



**Whitby Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of June 30, 2024**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	16,570.031	1,123.56	18,617,433.13	1,441.58	23,887,073.33	12.71%
GLB Equity Fund	41,500.064	1,058.27	43,918,414.19	1,306.69	54,228,017.43	28.85%
Corp Bond Fund	13,845.875	967.64	13,397,900.73	921.88	12,764,249.09	6.79%
CAN Bond Fund	38,479.439	949.02	36,517,869.52	976.14	37,561,638.96	19.98%
GLB Bond Fund	68,163.429	962.56	65,611,556.55	873.33	59,529,719.57	31.67%
					<b>187,970,698.38</b>	<b>100.00%</b>

**Whitby Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Whitby - Contingency Outcome  
Account Number: 570050112**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	789.06	923.03	728,333.33	921.88	727,422.19	5.7%	6,776.00	0.00
CAN Equity Fund	1,678.80	1,093.77	1,836,237.47	1,441.58	2,420,139.46	18.9%	(21,261.25)	0.00
CAN Bond Fund	739.84	952.66	704,827.96	976.14	722,202.34	5.6%	8,127.90	0.00
GLB Bond Fund	3,871.34	916.89	3,549,629.00	873.33	3,380,996.58	26.5%	8,298.24	0.00
GLB Equity Fund	4,202.72	1,013.42	4,259,155.73	1,306.69	5,491,690.30	43.1%	(28,989.56)	0.00
			<u>11,078,183.49</u>		<u>12,742,450.87</u>	100.0%	(27,048.67)	0.00

**Whitby Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.2	4.2	9.7	11.1	4.2	-	-	6.7	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	4.2	12.9	-9.2	12.7	-	-

**Whitby Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Whitby - Target Date 3 to 5 Year Outcome  
Account Number: 570050120**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	7,992.92	961.75	7,687,229.56	921.88	7,368,521.08	10.4%	68,638.40	0.00
CAN Equity Fund	1,614.13	1,069.63	1,726,533.07	1,441.58	2,326,906.53	3.3%	(20,442.19)	0.00
CAN Bond Fund	21,713.73	948.43	20,594,090.45	976.14	21,195,826.48	30.0%	238,544.93	0.00
GLB Bond Fund	39,380.70	952.70	37,518,019.72	873.33	34,392,673.57	48.7%	84,412.55	0.00
GLB Equity Fund	4,046.27	1,040.01	4,208,176.04	1,306.69	5,287,249.68	7.4%	(27,910.36)	0.00
			<u>71,734,048.84</u>		<u>70,571,177.34</u>	100.0%	<u>343,243.33</u>	<u>0.00</u>

**Whitby Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	0.4	1.4	5.5	5.3	1.1	-	-	1.9	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	1.4	7.3	-6.2	2.0	-	-

**Whitby Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Whitby - Target Date 5 to 10 Year Outcome  
Account Number: 570050138**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	3,643.81	989.76	3,606,504.70	921.88	3,359,161.05	7.2%	31,290.87	0.00
CAN Equity Fund	5,140.23	1,033.79	5,313,954.09	1,441.58	7,410,071.99	15.9%	(65,098.49)	0.00
CAN Bond Fund	3,402.86	983.83	3,347,860.69	976.14	3,321,697.96	7.1%	37,383.51	0.00
GLB Bond Fund	17,823.96	988.41	17,617,546.66	873.33	15,566,343.36	33.4%	38,205.66	0.00
GLB Equity Fund	12,878.15	1,013.25	13,048,888.83	1,306.69	16,827,845.16	36.2%	(88,830.92)	0.00
			<u>42,934,754.97</u>		<u>46,485,119.52</u>	100.0%	<u>(47,049.37)</u>	<u>0.00</u>

**Whitby Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.1	3.7	8.8	9.9	3.4	-	-	5.6	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	3.7	11.8	-8.9	10.5	-	-

**Whitby Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Whitby - Asset Management Reserve Outcome  
Account Number: 570050146**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	249.51	919.76	229,497.04	921.88	230,025.90	1.4%	2,142.71	0.00
CAN Equity Fund	3,171.96	1,212.96	3,847,483.14	1,441.58	4,572,647.62	27.7%	(40,171.33)	0.00
CAN Bond Fund	233.55	952.25	222,400.30	976.14	227,981.39	1.3%	2,565.78	0.00
GLB Bond Fund	1,223.06	926.55	1,133,240.75	873.33	1,068,151.01	6.4%	2,621.64	0.00
GLB Equity Fund	7,945.61	1,084.66	8,618,364.93	1,306.69	10,382,510.26	63.0%	(54,807.25)	0.00
			<u>14,050,986.16</u>		<u>16,481,316.18</u>	100.0%	<u>(87,648.45)</u>	<u>0.00</u>

**Whitby Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.5	6.0	12.4	14.7	6.5	-	-	9.8	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	6.0	16.4	-9.7	19.2	-	-

**Whitby Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

**Account Name: Whitby - Target Date 10 Year Plus Outcome  
Account Number: 570050153**

**For the Quarter Ending  
June 30, 2024**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	1,170.56	979.30	1,146,336.10	921.88	1,079,118.87	3.5%	10,052.09	0.00
CAN Equity Fund	4,964.89	1,186.97	5,893,225.36	1,441.58	7,157,307.73	23.3%	(62,877.92)	0.00
CAN Bond Fund	1,142.04	979.31	1,118,424.61	976.14	1,114,803.33	3.6%	12,531.68	0.00
GLB Bond Fund	5,864.34	987.85	5,793,120.42	873.33	5,121,555.05	16.6%	12,570.22	0.00
GLB Equity Fund	12,427.30	1,109.15	13,783,828.66	1,306.69	16,238,722.03	52.8%	(85,721.05)	0.00
			<u>27,734,935.15</u>		<u>30,711,507.01</u>	100.0%	<u>(113,444.98)</u>	<u>0.00</u>

**Whitby Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-0.3	5.1	11.0	12.9	5.3	-	-	8.2	07/02/2020

**% Calendar Year Returns**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Return Net of Fees	5.1	14.6	-9.4	15.8	-	-

**Whitby Prudent Investor Portfolio  
Holdings by Account  
At June 30, 2024**

Account Name: Whitby - Cash Outcome  
Account Number: 570050765

For the Quarter Ending  
June 30, 2024

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
CAN Bond Fund	11,247.39	936.24	10,530,265.51	976.14	10,979,127.46	100.0%	123,562.78	0.00
			10,530,265.51		10,979,127.46	100.0%	123,562.78	0.00

**Whitby Prudent Investor Portfolio  
Performance History  
At June 30, 2024**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	1.1	1.5	6.0	4.9	-	-	-	4.8	06/13/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	1.5	6.9	-	-	-	-

**Whitby Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended June 30, 2024**

**TRANSACTION SUMMARY**

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**Account Name: Whitby - Target Date 10 Year Plus Outcome**  
**Account Number: 570050153**

<b>TRANSACTION TYPE</b>	<b>SECURITY</b>	<b>TRADE DATE</b>	<b>SETTLEMENT DATE</b>	<b>QUANTITY</b>	<b>TRADE AMOUNT (CAD)</b>
Buy	CAN Bond Fund	04/17/2024	04/17/2024	46.96	45,340.64



**Whitby Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
June 30, 2024**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended June 30, 2024 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

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Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

*APPENDIX*

### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

### ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

### **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

### **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

### **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

### **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

### **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.



## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.



# REPORT

To: ONE Joint Investment Board  
From: Evelyn Foo, Chief Compliance Officer, ONE Investment  
Date: September 4, 2024  
Re: Compliance Report Asset Class and Target Weight Allocations Q2 2024  
Report: ONE JIB 2024-041

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

ONE Investment is providing two internal compliance reports to assist ONE JIB in monitoring the weights of investment holdings and asset classes relative to their targets for each Participating Municipality.

## 3. BACKGROUND

### **The portfolio management system generates reports to monitor allocation weights**

The compliance reports generated by ONE Investment's portfolio management system show the positioning of all Investment Outcome accounts of Participating Municipalities relative to their Target Weights as of June 30, 2024. These two compliance reports can be found in Attachments 1 and 2 of this report.

### **Two compliance reports are provided to ONE JIB on a quarterly basis**

The two reports—the portfolio asset mix report and the allocation drift monitoring report – are provided to ONE JIB on a quarterly basis to allow it to monitor the allocations and understand the positioning of the Outcome accounts relative to the target asset class and fund weights for each Participating Municipality. These reports also allow ONE JIB members to understand the quarter-end positioning of the Outcome accounts and provide a basis for discussion with the Chief Investment Officer and Chief Compliance Officer on the positioning of the Outcome accounts.

The Portfolio Asset Mix and Allocation Drift Monitoring Reports highlight deviations from high-level asset class (Equity Funds, Fixed Income Funds, Cash & Equivalents) target weights and Fund by Outcome.

## **Portfolio Asset Mix Report**

The two columns on the far right of the Portfolio Asset Mix report (Attachment 1) show the target and actual allocation weights for equity and fixed income asset classes.

## **Allocation Drift Monitoring Report**

The Allocation Drift Monitoring report (Attachment 2) shows the degree to which the weights of individual holdings (Funds allocation) differ from the target weights for each fund and outcome assigned in the Investment Plan. The Chief Investment Officer and Chief Compliance Officer monitor this report on a regular basis as part of their portfolio oversight responsibilities.

The two columns on the far right of the Allocation Drift Monitoring Report highlight when allocation weights have moved notably away from target weights. The “2% drift from target” column shows values when the absolute weight of a holding is above or below target by more than two percentage points. The “10% above Target” shows values when the weight of a holding as a proportion of the target weight is at least 10% above or below the target weight.

## **4. ANALYSIS**

### **Allocation weights for various Outcomes were within their intended targets**

All allocation weights for each Participating Municipality remain close to their intended target weights and are within the expected tolerance bands. As a result, no rebalancing is required as of the date of this report.

## **5. CONCLUSION**

ONE Investment uses its portfolio management system to monitor municipal account allocations in relation to ONE JIB’s Outcomes. The attached reports provide ONE JIB with the tools to monitor the positioning of asset classes and individual holdings within the Outcomes relative to their intended targets.

## **ATTACHMENTS**

Attachment 1: Portfolio Asset Mix

Attachment 2: Allocation Drift Monitoring Report

Drafted by: Evelyn Foo, Chief Compliance Officer

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO

## Attachment 1



ONE Investment  
**Portfolio Asset Mix**  
 As of June 30/2024

Account	Asset Class	Asset Mix Limits			Portfolio
		Min	Max	Target	
570050021	Bracebridge - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.34
	Fixed Income Funds	35.00	45.00	40.00	39.67
570050039	Bracebridge - Target Date 10 Year Plus				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	74.92
	Fixed Income Funds	21.00	29.00	25.00	25.09
570050047	Huntsville - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.20
	Fixed Income Funds	35.00	45.00	40.00	39.80
570050054	Huntsville - Target Date 3 to 5 Year Out				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.59
	Fixed Income Funds	88.00	92.00	90.00	88.41
570050062	Huntsville - Target Date 10 Year Plus O				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.90
	Fixed Income Funds	21.00	29.00	25.00	23.10
570050070	Innisfil - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.81
	Fixed Income Funds	35.00	45.00	40.00	39.20
570050088	Muskoka - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	59.92
	Fixed Income Funds	35.00	45.00	40.00	40.08
570050096	Muskoka - Target Date 3 to 5 Year Outc				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.44
	Fixed Income Funds	88.00	92.00	90.00	89.56
570050104	Muskoka - Target Date 5 to 10 Year Out				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.41
	Fixed Income Funds	45.00	55.00	50.00	47.59
570050112	Whitby - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.09
	Fixed Income Funds	35.00	45.00	40.00	37.91



ONE Investment  
**Portfolio Asset Mix**  
 As of June 30/2024

Account	Asset Class	Asset Mix Limits			Portfolio
		Min	Max	Target	
570050120	Whitby - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.79
	Fixed Income Funds	88.00	92.00	90.00	89.20
570050138	Whitby - Target Date 5 to 10 Year Outc				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.14
	Fixed Income Funds	45.00	55.00	50.00	47.87
570050146	Whitby - Asset Management Reserve O				
	Asset Management Reserves				
	Equity Funds	88.00	92.00	90.00	90.74
	Fixed Income Funds	8.00	12.00	10.00	9.26
570050153	Whitby - Target Date 10 Year Plus Outc				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.18
	Fixed Income Funds	21.00	29.00	25.00	23.82
570050161	Kenora - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.64
	Fixed Income Funds	35.00	45.00	40.00	37.36
570050179	Kenora - Stable Return Outcome				
	Stable Return Outcome				
	Equity Funds	26.00	34.00	30.00	30.39
	Fixed Income Funds	66.00	74.00	70.00	69.61
570050187	Kenora - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.20
	Fixed Income Funds	88.00	92.00	90.00	88.80
570050377	Huntsville - Target Date 5 to 10 Year O				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.76
	Fixed Income Funds	45.00	55.00	50.00	47.24
570050385	Innisfil - Target Date 5 to 10 Year Outc				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	50.10
	Fixed Income Funds	45.00	55.00	50.00	49.90
570050443	Neebing - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.15
	Fixed Income Funds	35.00	45.00	40.00	39.85





ONE Investment  
**Portfolio Asset Mix**  
 As of June 30/2024

Account	Asset Class	Asset Mix Limits			Portfolio
		Min	Max	Target	
570050450	Neebing - Target Date 3 to 5 Year Out				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.32
	Fixed Income Funds	88.00	92.00	90.00	88.68
570050468	Neebing - Target Date 5 to 10 Year Out				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	50.89
	Fixed Income Funds	45.00	55.00	50.00	49.12
570050476	Neebing - Target Date 10 Year Plus Out				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.23
	Fixed Income Funds	21.00	29.00	25.00	24.77
570050484	Quinte West - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.45
	Fixed Income Funds	35.00	45.00	40.00	39.55
570050492	Quinte West - Target Date 3 to 5 Year O				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.18
	Fixed Income Funds	88.00	92.00	90.00	88.82
570050500	Quinte West - Target Date 5 to 10 Year				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	51.01
	Fixed Income Funds	45.00	55.00	50.00	48.99
570050518	Quinte West - Target Date 10 Year Plus				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.41
	Fixed Income Funds	21.00	29.00	25.00	24.59
570050567	Thunder Bay - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.16
	Fixed Income Funds	35.00	45.00	40.00	37.84
570050575	Thunder Bay - Target Date 3 to 5 Year				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.30
	Fixed Income Funds	88.00	92.00	90.00	88.70
570050583	Thunder Bay - Target Date 5 to 10 Year				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.34
	Fixed Income Funds	45.00	55.00	50.00	47.67

Account	Asset Class	Asset Mix Limits			Portfolio
		Min	Max	Target	
570050591	Thunder Bay - Target Date 10 Year Plus				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.93
	Fixed Income Funds	21.00	29.00	25.00	23.08
570050625	Muskoka - Target Date 10 Year Plus Ou				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.91
	Fixed Income Funds	21.00	29.00	25.00	24.08
570050666	Innisfil - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.86
	Fixed Income Funds	88.00	92.00	90.00	89.13
570050682	Aurora - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	61.91
	Fixed Income Funds	35.00	45.00	40.00	38.09
570050690	Aurora - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.79
	Fixed Income Funds	88.00	92.00	90.00	89.21
570050708	Aurora - Target Date 5 to 10 Year Outc				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.01
	Fixed Income Funds	45.00	55.00	50.00	47.99
570050716	Aurora - Target Date 10 Year Plus Outc				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.47
	Fixed Income Funds	21.00	29.00	25.00	23.52
570050724	Bracebridge - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	0.00 *
570050732	Huntsville - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	0.00 *
570050740	Innisfil - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	0.00 *
570050757	Muskoka - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	100.00



ONE Investment  
**Portfolio Asset Mix**  
 As of June 30/2024

Account	Asset Class	Asset Mix Limits			Portfolio
		Min	Max	Target	
570050765	Whitby - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	100.00
570050773	Neebing - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	100.00
570050781	Quinte West - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	100.00
570050799	Thunder Bay - Cash Outcome				
	Cash Outcome				
	Fixed Income Funds	100.00	100.00	100.00	100.00
570050823	Aylmer - Target Date 10 Year Plus Outc				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.80
	Fixed Income Funds	21.00	29.00	25.00	24.21

Attachment 2

account	as_of	security	Current Weight	Target Weight	10% from Target	2% drift from target
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	18.21944	18	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	42.11629	42	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.81781	6	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.90059	6	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	27.94588	28	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	22.31552	22.5	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.59818	52.5	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.78209	3.75	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.67772	3.75	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	17.62649	17.5	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	17.96744	18	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	42.23295	42	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.98509	6	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	6.00447	6	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	27.81005	28	na	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.5265	3	(0.53)	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	8.06342	7	(1.06)	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	9.9428	10.5	na	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.0363	30.5	na	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.43098	49	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	24.04886	22.5	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.85245	52.5	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.39032	3.75	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.42006	3.75	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	16.28831	17.5	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	16.30903	15	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	36.44935	35	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	6.73247	7.5	0.77	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	6.92923	7.5	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	33.57992	35	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	17.94927	18	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	42.85716	42	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	6.05007	6	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.93806	6	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	27.20543	28	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.3248	3	(0.32)	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.54363	7	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.4301	10.5	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.07385	30.5	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.62762	49	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	15.02736	15	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	35.06985	35	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	7.41165	7.5	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	7.42792	7.5	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	35.06321	35	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	19.40681	18	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	43.23446	42	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.56313	6	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.36795	6	0.63	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	26.42765	28	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	9.47972	9	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	20.90719	21	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	8.61971	9	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	18.99234	19	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	42.00103	42	na	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.31718	3	(0.32)	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.88152	7	(0.88)	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.34995	10.5	na	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.05403	30.5	na	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.39732	49	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	17.89166	18	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	42.02612	42	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	6.02017	6	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.92881	6	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	28.13325	28	na	na

account	as_of	security	Current Weight	Target Weight	10% from Target	2% drift from target
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.14248	3	na	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.29635	7	na	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.47185	10.5	na	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.19637	30.5	na	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.89295	49	na	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	16.13975	15	na	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	36.26652	35	na	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	6.68158	7.5	0.82	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	6.79956	7.5	na	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	34.11259	35	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	22.94096	22.5	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.97433	52.5	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.62766	3.75	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.55408	3.75	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	16.90298	17.5	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	17.92272	18	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	42.23277	42	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.98907	6	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.83588	6	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	28.01955	28	na	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.42739	3	(0.43)	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.89134	7	(0.89)	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.21978	10.5	na	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.07225	30.5	na	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.38924	49	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	15.30693	15	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	35.57929	35	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	6.93823	7.5	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	7.07635	7.5	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	35.0992	35	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	22.40562	22.5	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.82373	52.5	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.71089	3.75	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.68359	3.75	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	17.37617	17.5	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	18.2371	18	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	42.20796	42	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.82013	6	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.74046	6	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	27.99435	28	na	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.37936	3	(0.38)	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.79609	7	(0.80)	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.10141	10.5	na	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.0702	30.5	na	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.65294	49	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	15.57371	15	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	35.43721	35	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	6.9383	7.5	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	7.07657	7.5	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	34.97422	35	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	22.60715	22.5	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.80466	52.5	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.64308	3.75	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.60855	3.75	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	17.33656	17.5	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	18.71158	18	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	43.44659	42	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.25555	6	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.49279	6	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	26.8235	28	na	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.33059	3	(0.33)	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.96789	7	(0.97)	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.24024	10.5	na	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	31.04989	30.5	na	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	47.41139	49	na	na

account	as_of	security	Current Weight	Target Weight	10% from Target	2% drift from target
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	15.8893	15	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	36.44546	35	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	7.11128	7.5	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	6.99647	7.5	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	33.5575	35	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	23.56333	22.5	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	53.36597	52.5	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.35774	3.75	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.36613	3.75	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	16.34683	17.5	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	18.99273	18	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	43.0976	42	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.70865	6	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.66769	6	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	26.53333	28	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.29725	3	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.49208	7	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.44126	10.5	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	30.03	30.5	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.73	49	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	15.94074	15	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	36.20	35	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	7.23	7.5	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	7.15	7.5	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	33.49	35	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	6/30/2024	ONE Canadian Equity Fund	27.74	27	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	6/30/2024	ONE Global Equity Fund	63.00	63	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	1.40	1.5	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	1.38	1.5	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	6/30/2024	ONE Global Bond Fund	6.48	7	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	23.30497	22.5	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.88	52.5	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.51	3.75	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.63	3.75	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	16.68	17.5	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	18.87	18	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	43.04	42	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	5.75	6	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	5.60	6	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	26.74	28	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	3.28781	3	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	7.50	7	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	10.52	10.5	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	29.73	30.5	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	48.96	49	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	15.86	15	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	36.15	35	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	7.25	7.5	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	7.05	7.5	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	33.69	35	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	23.31	22.5	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	53.16	52.5	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.55	3.75	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.46	3.75	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	16.51	17.5	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Equity Fund	23.40	22.5	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Equity Fund	52.40	52.5	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Corporate Bond Fund	3.62	3.75	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	3.62	3.75	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	6/30/2024	ONE Global Bond Fund	16.97	17.5	na	na
Muskoka - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	100.00	100	na	na
Innisfil - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	-	100	na	100.00
Huntsville - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	-	100	na	100.00
Bracebridge - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	-	100	na	100.00
Neebing - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	100.00	100	na	na
Quinte West - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	100.00	100	na	na
Thunder Bay - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	100.00	100	na	na
Whitby - Cash Outcome vs. Cash Outcome Asset Mix	6/30/2024	ONE Canadian Government Bond Fund	100.00	100	na	na

To: ONE Joint Investment Board  
From: Jason Hagan, Program Manager  
Date: September 4, 2024  
Re: Strategic Plan Reporting Tool – Q2 2024 Progress  
Report: ONE JIB 2024-052

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive this report.

## 2. SUMMARY

ONE JIB approved a Strategic Plan in the Fall of 2022. A tracking tool has been developed for ONE JIB to track progress on the key initiatives of the Strategic Plan. All initiatives are currently on track.

## 3. BACKGROUND

### **Futures List and Strategic Plan implementation tracking**

ONE JIB has an approved work plan for the current year known as the Futures List that identifies key initiatives and normal business operations of ONE JIB. Tracking the progress of implementing these initiatives allows ONE JIB to monitor its progress against the Futures List and the ONE JIB-approved ONE Investment Strategic Plan for 2023 to 2028, which identifies four strategic imperatives:

- (1) Growth of AUM - develop our data and analytics capabilities;
- (2) Participating Municipalities - grow our people and capabilities;
- (3) Engagement and Conversion - grow our brand, awareness, and education; and,
- (4) Profiles of Municipalities - drive investment maturity.

ONE JIB has now moved to implementation of the Strategic Plan and is using this tool to monitor the progress of implementing the Plan.

## 4. ANALYSIS

### **The importance of a strategic reporting tool**

The Futures List tracks the annual workplan of ONE JIB. Being able to monitor progress on the workplan allows ONE JIB to ensure its business objectives are achieved over the course of the year. In addition, the objectives in the Strategic Plan require ongoing

monitoring which will allow ONE JIB to evaluate progress towards achieving the strategic imperatives. Individual imperatives can be assessed, enabling adjustments to the allocation of resources if necessary. Further, measuring the implementation of the Strategic Plan improves accountability for all stakeholders in the Strategic Plan (ONE JIB, ONE Investment Board and ONE Investment staff), helping to ensure that everyone is working towards the same goals and objectives, and that they are performing their tasks in a timely and efficient manner.

The Strategic Plan is a long-term document, five years in this instance, which may require course correction over time. Monitoring allows timely course corrections when needed.

The strategic reporting tool uses a simple colour scheme to allow ONE JIB to monitor quickly what is on track (green), delayed (yellow), cancelled (red) or changed in scope (purple). The tool looks back on the previous quarter. For Q2 2024 all initiatives are on track and the focus of the quarter was predominantly working to get the new OCIO Offering underway to allow for the onboarding of a first investor in Q3.

The Q2 2024 report can be found in Attachment 1 attached to this report.

## **5. CONCLUSION**

The use of a strategic reporting tool will help ONE JIB track the implementation of key initiatives supporting the strategic imperatives of the Strategic Plan and provide assurance that progress towards goals is being made.

## **ATTACHMENTS**

Attachment 1: Q2 2024 Strategic Reporting Tool

Drafted by: Jason Hagan, LAS Program Manager

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs



## Attachment 1

### Q2 2024 Strategic Reporting Tool for ONE JIB Futures List and Strategic Plan

Agenda	Topics	References by Color Coding	Notes
Board Governance & Administrative Matters	Pooled Trusts Unaudited Financial Statements	On Track	
	New Board Member Training	On Track	Completed in June
Strategy and Policy	Municipal Insights	On Track	
	Quarterly Futures List Review	On Track	
	Municipal Template Review	On Track	
	New Products Committee	On Track	Underway in Q3 as part of roll-out of new PI/OCIO program Meeting planned for Fall 2024 following staff work with PH&N on new model portfolio ideas for PI/OCIO
	Investment Basics Training	On Track	Livestream from April in-person workshop turned into on-demand content available to all municipalities for \$200.
Investment Oversight	<b>Municipal:</b>		
	Q2 Investment reports	On Track	
	Investment Plan Implementation Update	On Track	Tranche 1 of Durham Region transition underway.
	Investor Onboarding	On Track	Staff working on onboarding plan for Clarington at November meeting as well as 1-2 other potential municipalities.
	IPS and MCQ review and Investment Plan Approval	On Track	
	<b>Fund Manager:</b>		
	Q2 Performance review	On Track	
Fund Manager Presentation	On Track		
Quarterly Compliance Reports	On Track		



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: September 4, 2024  
Re: Global Fixed Income Manager - Presentation by Manulife  
Report: ONE JIB 2024-049

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

Manulife Investment Management is the external manager for the ONE Global Bond Fund. The manager will make a presentation to ONE JIB describing the basic features of the fund and providing detail on the fund's positioning, performance, and outlook.

## 3. BACKGROUND

### **Manulife has been managing the Global Fixed Income exposure for the Prudent Investment Program since its inception on July 2, 2020**

The ONE Global Bond Fund holds units of the Manulife Investment Management Strategic Income Pooled Fund to gain exposure to a diversified portfolio of global bonds. The fund invests in both emerging and developed fixed-income markets. The fund's objective is to generate competitive, consistent risk-adjusted performance by investing across global fixed-income markets while adding value primarily through sector rotation, security selection, and opportunistic currency investments.

### **The mandate uses an unconstrained investment approach**

The ONE Global Bond Fund uses an unconstrained fixed income approach that differs from the way traditional bond funds are managed. Unconstrained fixed income strategies have greater flexibility in selecting and allocating securities, sectors, and countries, and the manager tends to be less concerned about fund positioning relative to its benchmark. The current positioning of investments demonstrates how the positioning deviates from the benchmarks, as the fund has an average bond duration of 4.6 years versus 6.4 years for the benchmark, and high-yield bonds represent about 15% of the fund, significantly more

than in its benchmark. Additionally, the fund is about 80% hedged to the Canadian dollar, while the underlying pooled fund benchmark is unhedged, which demonstrates the manager's willingness to position the fund differently than the benchmark.

#### **4. CONCLUSION**

The manager will provide a presentation to ONE JIB to describe the fund's strategy, Manulife's process, philosophy, and approach, and summarize recent activity in the fund. Manulife's staff will be available to address any questions after their presentation.

Drafted by: Keith Taylor, Chief Investment Officer

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment

September 4, 2024

# ONE Investment

**Charles C. Tomes**

Associate Portfolio Manager  
Global Multi-Sector Fixed Income

**Sherri Tilley**

Client Portfolio Manager  
Global Multi-Sector Fixed Income

**Mark Bischoff, CFA**

Managing Director  
Relationship Management

For discussion of the risks associated with this strategy, please see the Investment Considerations page at the end of the presentation.

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# What sets Manulife Investment Management apart

We strive to be the partner of choice for institutional investors globally

**Benefiting from Manulife Financial, our insurance business<sup>1</sup> — its stability and financial strength**

AA- S&P  
A1 Moody's  
A+ AM Best  
AA- Fitch  
AA DBRS Morningstar



**Asia-, Europe-, and North America-based investment professionals**

Covering both public and private markets to help our clients capitalize on emerging trends



**World's largest institutional manager of natural capital<sup>2</sup>**

Offering a range of sustainable investments, including thematic, impact, and ESG-integrated portfolios



<sup>1</sup> Financial strength ratings are for The Manufacturers Life Insurance Company: <https://www.manulife.com/en/investors/ratings.html>. All ratings are current as of March 31, 2024. <sup>2</sup> IPE research, as of January 29, 2024. Ranking is based on total natural capital assets under management (AUM), which include forestry/timberland and agriculture/farmland AUM. Firms were asked to provide AUM and the as of dates vary from December 31, 2022, to December 31, 2023.

# Our investment management capabilities combine local insight with global reach



Source: MFC statistical information package, as of March 31, 2024. AUM is in Canadian dollars. AUM includes assets internally managed by Manulife Investment Management on behalf of external clients, the Manulife general account and other affiliated businesses. The methodologies used to compile the total AUM are subject to change and may not reflect regulatory AUM as reported on certain affiliates' Form ADV. Manulife Investment Management AUMA at March 31, 2024 which includes C\$629.9 billion assets under management and C\$1.5 billion assets under administration. Manulife Investment Management's global investment professional team includes expertise from several Manulife Investment Management affiliates and joint ventures. Not all entities represent all asset classes.

# We offer deep, integrated capabilities across both public and private markets

## Fixed income

Offering broad capabilities across the credit spectrum in both regionally focused and global portfolios

**\$232.6B<sup>1</sup>**

## Equity

Customizable, differentiated strategies pursuing specialized and durable sources of alpha

**\$149.9B<sup>2</sup>**

## Private markets

Offering clients access to a broad range of solutions across real asset and private equity and credit strategies

**\$95.2B<sup>3</sup>**

## Multi-asset solutions

Over 25 years of experience delivering custom-built active asset allocation solutions

**\$203.8B<sup>4</sup>**

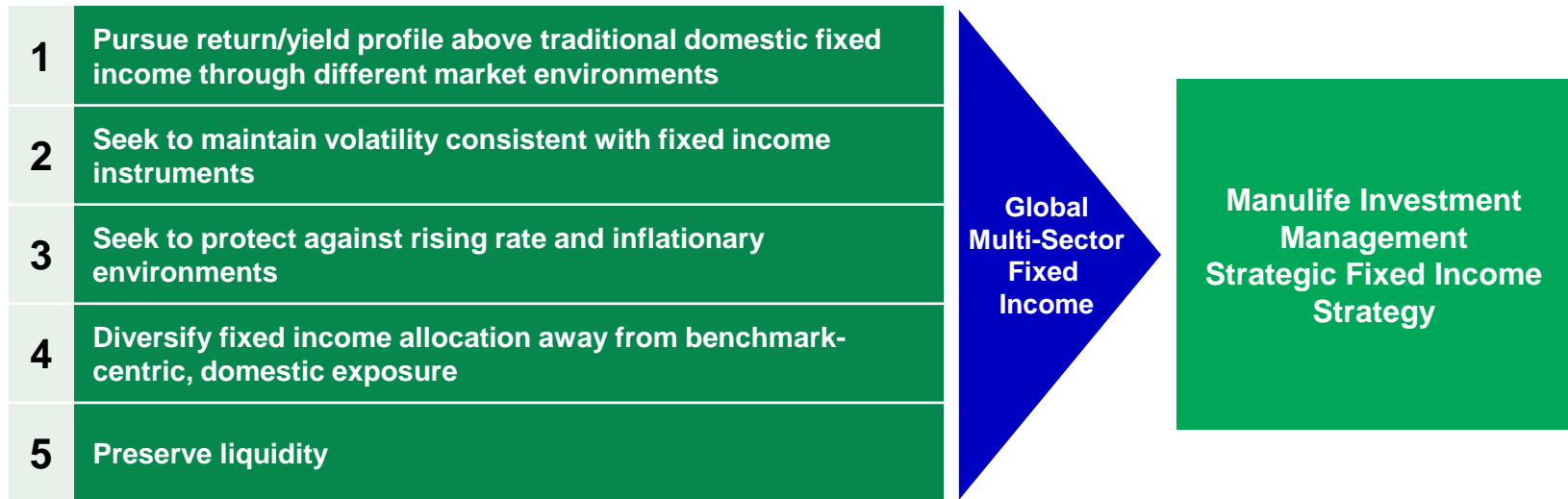
Source: Manulife Financial Corporation as of March 31, 2024. Excludes subadvised assets under management. Assets are shown in Canadian dollars. Manulife Investment Management's global investment professional team includes expertise from several Manulife Investment Management affiliates and joint ventures. Not all entities represent all asset classes. The methodologies used to compile the total AUM are subject to change and may not reflect regulatory AUM as reported on certain affiliates' Form ADV. 1 AUM includes the balanced funds mainly fixed income weighted. 2 AUM includes the balanced funds mainly equity weighted. 3 AUM managed by Manulife IM Private Markets. 4 AUM includes C\$4.5 billion advised by MAST, managed by other Manulife IM investment teams, and \$49.7 billion allocated to investment strategies managed by other Manulife IM investment teams.

# Global multi-sector fixed-income

## A response to challenging fixed income markets

Typical plan sponsor

Fixed income investment objectives



No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. For illustrative purpose only. Diversification does not guarantee a profit nor protect against loss in any market.



# Global multi-sector fixed-income team

## Roles and experience

### Christopher Chapman, CFA

Head of Global Multi-Sector Fixed Income, Senior Portfolio Manager (25 years' experience, Boston)

#### Kisoo Park

Senior Portfolio Manager  
38 years' experience, Hong Kong

#### Thomas C. Goggins

Senior Portfolio Manager  
37 years' experience, Boston

#### Bradley Lutz, CFA

Senior Portfolio Manager  
32 years' experience, Boston

#### Charles Tomes

Portfolio Manager  
16 years' experience, Boston

#### Joseph Rothwell, CFA

Senior Investment Analyst  
16 years' experience, Boston

#### Christopher Smith, CFA, CAIA

Senior Investment Analyst  
16 years' experience, London

#### Sherri Tilley

Client Portfolio Manager  
16 years' experience, Boston

#### Christopher Camell

Senior Portfolio Analyst  
26 years' experience, Boston

#### Andrew Moylan, CFA

Senior Portfolio Analyst  
16 years' experience, Boston

#### Wesley Adeyemi

Portfolio Analyst  
9 years' experience, London

#### Steven Crowley, CFA

Client Portfolio Analyst  
7 years' experience, Boston

### Additional resources

#### Global Trading

17 dedicated traders located across Boston, Toronto, London, and Singapore

#### Macroeconomic Strategy

**Frances Donald**  
Global Chief Economist and Strategist  
6 Macroeconomic strategists

#### Fixed Income Credit Research

Global research capabilities located in Boston, Toronto, London, and Asia  
40 research analysts

#### Spencer Godfrey, CFA

Head of Global Developed Markets Fixed-Income Research

#### Fiona Cheung

Head of Global Emerging Markets Fixed Income Research

#### Asian Fixed Income Team

Investment professionals in 10 markets:  
China, Hong Kong, Indonesia, Japan, Malaysia, Philippines, Taiwan, Thailand, Vietnam, Singapore

#### Sustainable Investing

**Brian J. Kernohan**  
Chief Sustainability Officer  
12 ESG analysts

#### Investment Risk and Quantitative Analytics

**Amirali Assef, CFA**  
Global Head of Investment Risk  
10 Quantitative analysts

As of June 30, 2024

# Strategic Fixed Income Strategy

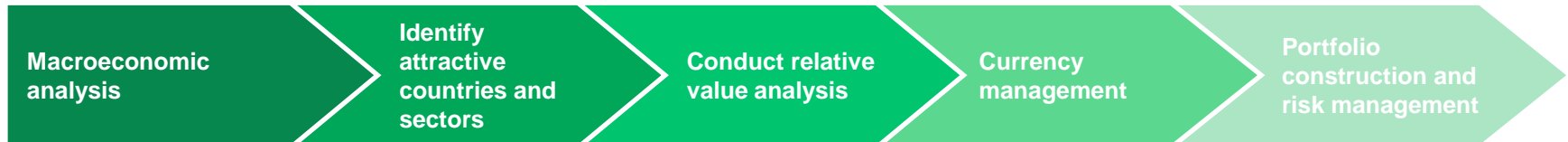
## Investment philosophy and process

### Philosophy

We believe strong, consistent returns can be generated by investing primarily in a portfolio of global government, corporate and securitized debt, including emerging markets and high yield securities. Currency management is employed to further diversify the portfolio, mitigate risk and add value. By expanding the investment universe to include multiple sectors and currencies, we believe we increase our potential to add value while reducing risk.

### Process

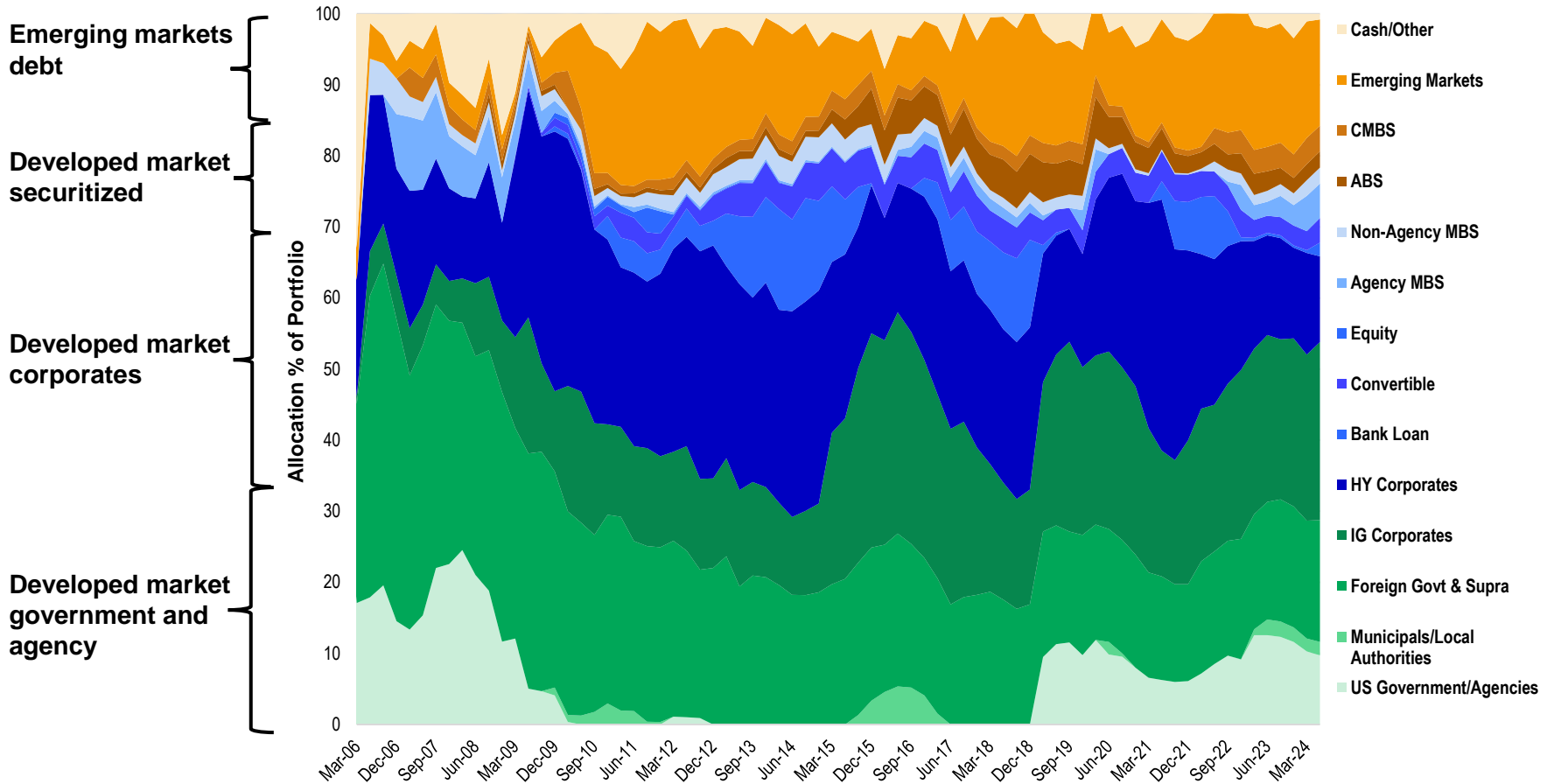
- Consistent adherence to disciplined investment style and process which utilizes diverse sources of alpha
- Using a comprehensive investment process, we seek to:
  - Invest in attractive countries and sectors based on our top-down view of macro economic conditions
  - Engage in an intensive bottom-up research process to identify relative value opportunities, including the analysis of business, financial, liquidity and ESG factors
  - Make opportunistic currency investments to add value and further diversify our portfolio position



For illustrative purposes only.

# Strategic Fixed Income Strategy

## Dynamic country and sector allocation



As of June 30, 2024. For illustrative purposes only.

Portfolio allocation is subject to change without notice. Portfolio Allocations of individual client portfolios in the program may differ, sometimes significantly, from those shown. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the sectors listed. This information is supplemental to the GIPS-compliant presentation included as a part of this material. There can be no guarantee that similar investment opportunities will be available in the future or that the strategy will be able to exploit similar investment opportunities should they arise.

# ESG factors are embedded into our fundamental investment process

## The Global Multi-Sector Fixed Income Team seeks to:

- Understand the transmission of material ESG risks to global fixed income issuer profiles
- Evaluate how relevant ESG factors contribute to an investment's risk and valuation
- Identify relevant ESG opportunities in the form of information asymmetries, rating trends and issuer inflection points

### ESG due diligence

#### ESG integration approach



Credit research team applies industry and regional expertise to assess material ESG factors using a proprietary ESG credit and sovereign risk analysis templates to assess the potential for ESG factors to impact spreads and possibly default risks.

#### Resources



Investment teams have access to specialized third party ESG research and data, proprietary ESG industry handbooks, periodic ESG trainings, and dedicated internal ESG specialists.

#### Decision



We look to understand the potential impacts of ESG on the fundamental risk/reward profile, whether additional compensation (yield spread) is required for the ESG risks, and the overall valuation impact. Investments in companies with elevated ESG risks are not systematically excluded, provided the risks and exposure are appropriate at the portfolio level.

### ESG risk monitoring

#### Daily risk reporting

Daily reports delivered to all investment teams highlight the highest-risk names for each strategy.

#### Portfolio analysis reports

Portfolio monitoring helps to analyze ESG performance on an ongoing basis, highlighting portfolio trends versus the benchmark and exposure to thematic ESG risks/opportunities.

#### ESG risk reviews

Investment teams have ongoing portfolio reviews with Sustainable Investing team to discuss investment approach to relevant ESG issues at the company and portfolio level.

### Active ownership and collaboration

#### Engagement



Engagement with corporate and sovereign entities may be conducted to enable better understanding of issuers' risk mitigation activities and changes to their risk profile. We participate in private and collaborative engagements.

#### Ongoing review



Follow-up meetings are considered based on evidence of company progress, significance of investment for overall portfolio, etc.

#### Collaboration



Manulife IM participates in a wide variety of collaborative engagements around the globe. This work allows us to expand the scope of our sustainability-focused activity while helping us build more resilient portfolios. Our collaborative engagements may focus on individual investments and systemic risks—and sometimes both.

For illustrative purposes only.

While ESG analysis is integrated into our investment process the strategy is not optimized or constructed on the basis of sustainability or ESG factors in isolation.

# Performance Review

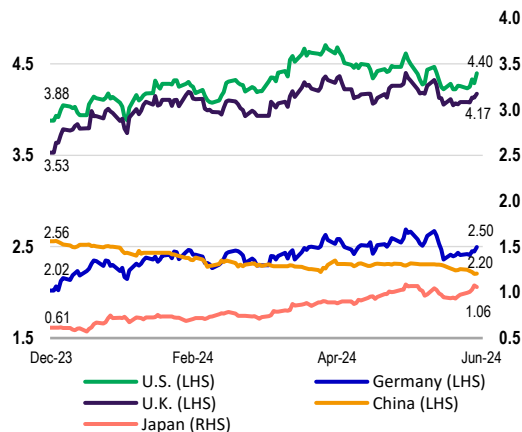
# Strategic Fixed Income Strategy

Higher government yields and wider spreads led to mixed performance results

## Interest rates

Yields on government debt were mostly higher in the second quarter with encouraged expectations for a cut from the Federal Reserve.

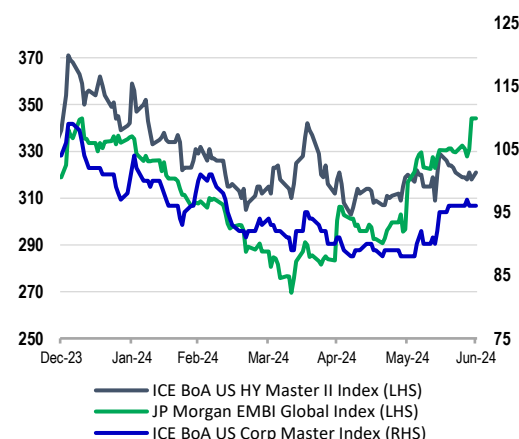
### 10 Year Gov't Yields



## Credit spreads

Corporate credit outperformed government debt despite wider spreads investment grade, high yield, and hard currency emerging markets.

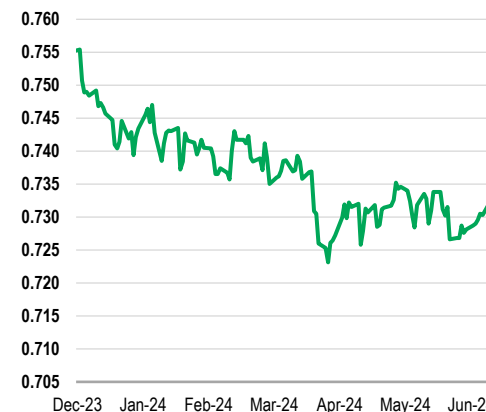
### IG, HY, & EMD Spreads



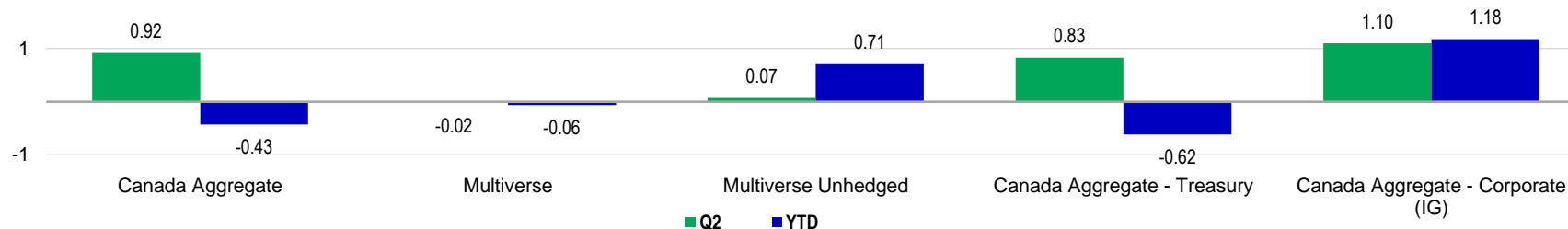
## Currencies

CADUSD was weaker on the quarter, with a stronger U.S. dollar following a hotter-than-expected U.S. inflation print.

### CADUSD



## Bloomberg Fixed Income Index Returns (% , hedged in CAD)



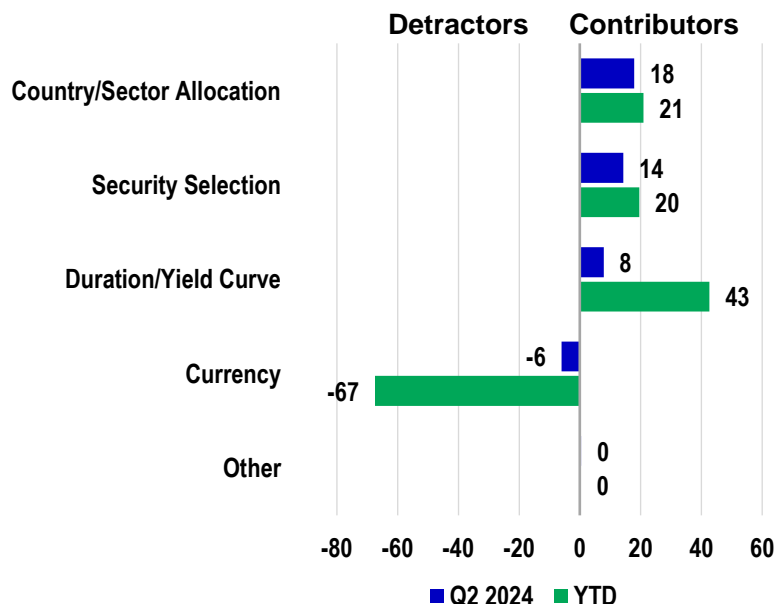
Source: Bloomberg, JP Morgan, BAML  
As of June 30, 2024

# 2024 Q2 Investment Results

Country/sector allocation was the main contributor while currency management detracted

Performance	Q2 2024	YTD
One Investment	0.37	0.85
Bloomberg Multiverse Index	0.07	0.71
<b>Excess return</b>	<b>0.30</b>	<b>0.14</b>

## Performance attribution (bps)



## Q2 Contributors

*Country/sector allocation:* Sector and country allocation combined was the largest contributor for the period led by underweight allocations to local rates in Japan and the Eurozone combined with convertible and overweight high yield corporate bond exposure.

*Security selection:* Security selection also contributed on relative positioning within our investment-grade corporate and convertible bond allocations.

*Duration/yield curve:* Duration and curve management combined was positive as global yields were mixed, but mostly higher, and our shorter duration posture benefitted, particularly within the U.S. and Japan.

## Q2 Detractors

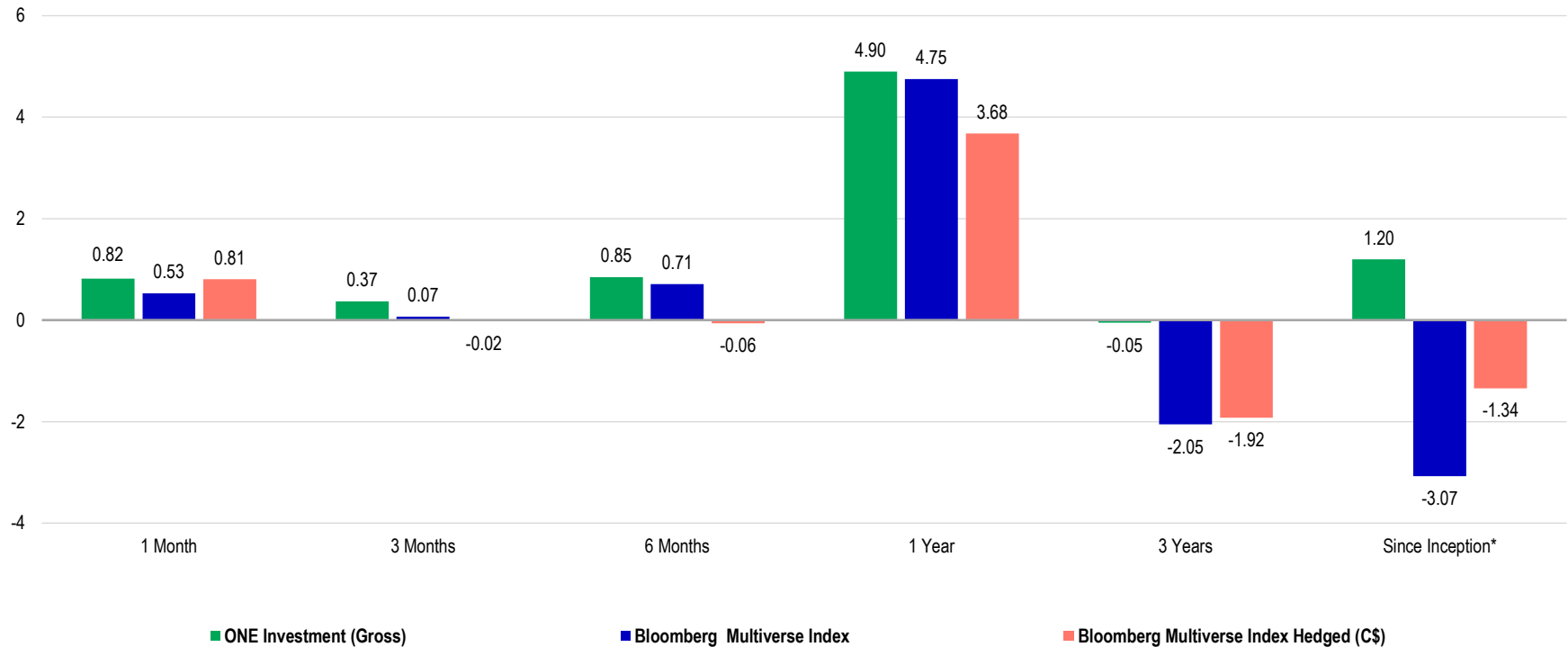
*Currency management:* Currency management was negative primarily due to overweight exposure to the Mexican peso, Brazilian real, and Indonesian rupiah which depreciated relative to the Canadian dollar.

As of June 30, 2024

Returns greater than one year are annualized. Past performance is not indicative of future results. Performance shown of the strategy is gross of fees and does not include advisory fees and other expenses an investor may incur, which when deducted will reduce returns. Changes in exchange rates may have an adverse effect.

# One Investment Results as of June 30, 2024

## Annualized Returns (%)



Source: Manulife Investment Management  
 \*Since Inception Date: July 7, 2020  
 See page 21 for important information regarding this page.

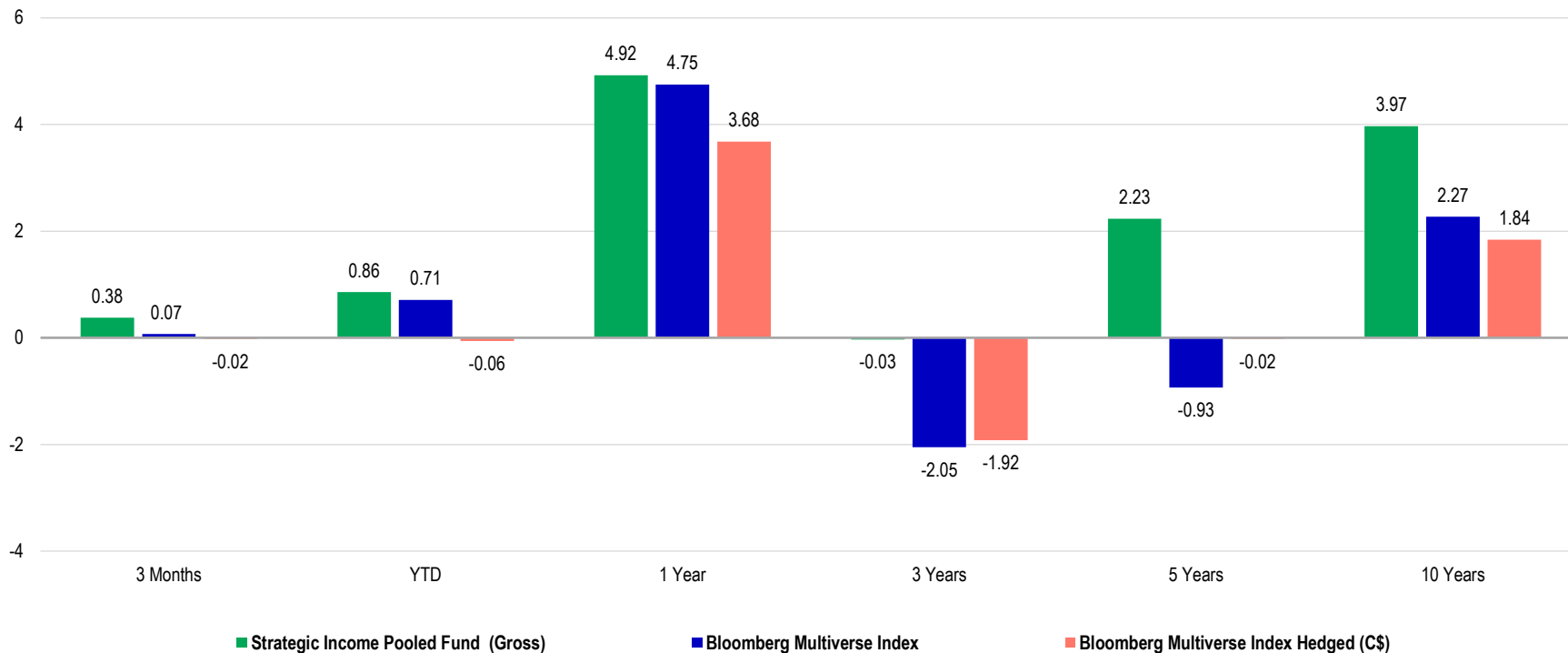
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# Strategic Income Pooled Fund

## Investment results as of June 30, 2024

### Annualized returns (%)



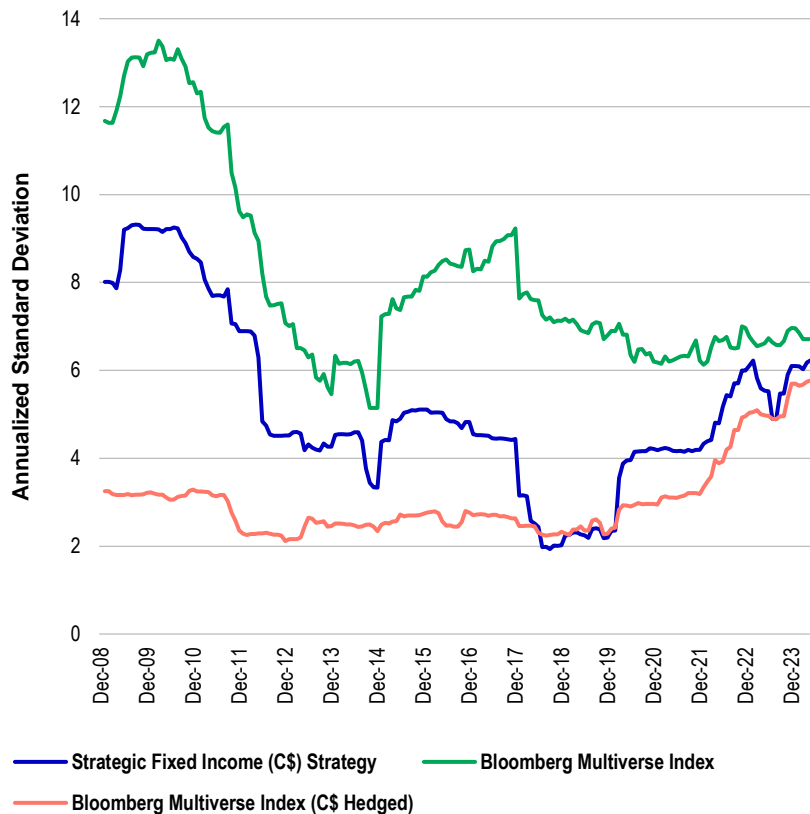
In CAD  
Composite inception date: December 2005

# Strategic Fixed Income Strategy

## Risk analysis

### Rolling 3-year volatility

(36 month annualized standard deviation)



### 5-year risk analysis

As of June 30, 2024

5-year risk/return analysis			
	Return	Standard deviation	Sharpe ratio
Strategic Fixed Income Strategy (Net)	1.89	5.71	-0.05
Bloomberg Multiverse Index	-0.93	6.39	-0.48
Bloomberg Multiverse Index (C\$ Hedged)	-0.02	4.97	-0.44

### 10-year risk analysis

as of June 30, 2024

10-year risk/return analysis			
	Return	Standard deviation	Sharpe ratio
Strategic Fixed Income Strategy (Net)	3.58	4.83	0.43
Bloomberg Multiverse Index	2.27	7.25	0.10
Bloomberg Multiverse Index (C\$ Hedged)	1.84	3.95	0.08

As of June 30, 2024





Source: Manulife Investment Management, Bloomberg, eVestment

Past performance is not indicative of future results. Performance is shown in CAD. Net performance results reflect the application of the highest incremental rate of the standard investment advisory fee schedule to gross performance results.

Composite inception date: December 2005

# Portfolio Review and Market Outlook

# Portfolio Investment Themes

Key investment risk	Investment theme	Q2 portfolio change
<p><b>Interest rate risk</b></p> 	<p><b>Position for opportunity while adjusting around volatility</b></p>	<ul style="list-style-type: none"> <li>• Tactically reduced duration with volatility and rally in government bonds yields, ending the quarter at 4.6 years</li> <li>• Duration positioned above neutral and remains geographically well-diversified</li> </ul>
<p><b>Credit risk</b></p> 	<p><b>Embrace diversification across sectors and regions</b></p>	<ul style="list-style-type: none"> <li>• Exposure positioned in favor interest rate risk versus pure corporate credit risk</li> <li>• Added to term loans while reducing high yield corporate credit on relative value</li> <li>• Selectively exposed to emerging markets in favor of local currency versus hard</li> </ul>
<p><b>Currency risk</b></p> 	<p><b>Actively manage currency risk</b></p>	<ul style="list-style-type: none"> <li>• Actively managed CAD hedge ratio ending the quarter at 81%</li> <li>• Maintain constructive medium-term view for CAD dollar strength</li> </ul>
<p><b>Liquidity risk</b></p> 	<p><b>Maintain portfolio liquidity</b></p>	<ul style="list-style-type: none"> <li>• Approximately 38% of the portfolio in maturities &lt; 5 years</li> <li>• Focus on larger issues</li> </ul>

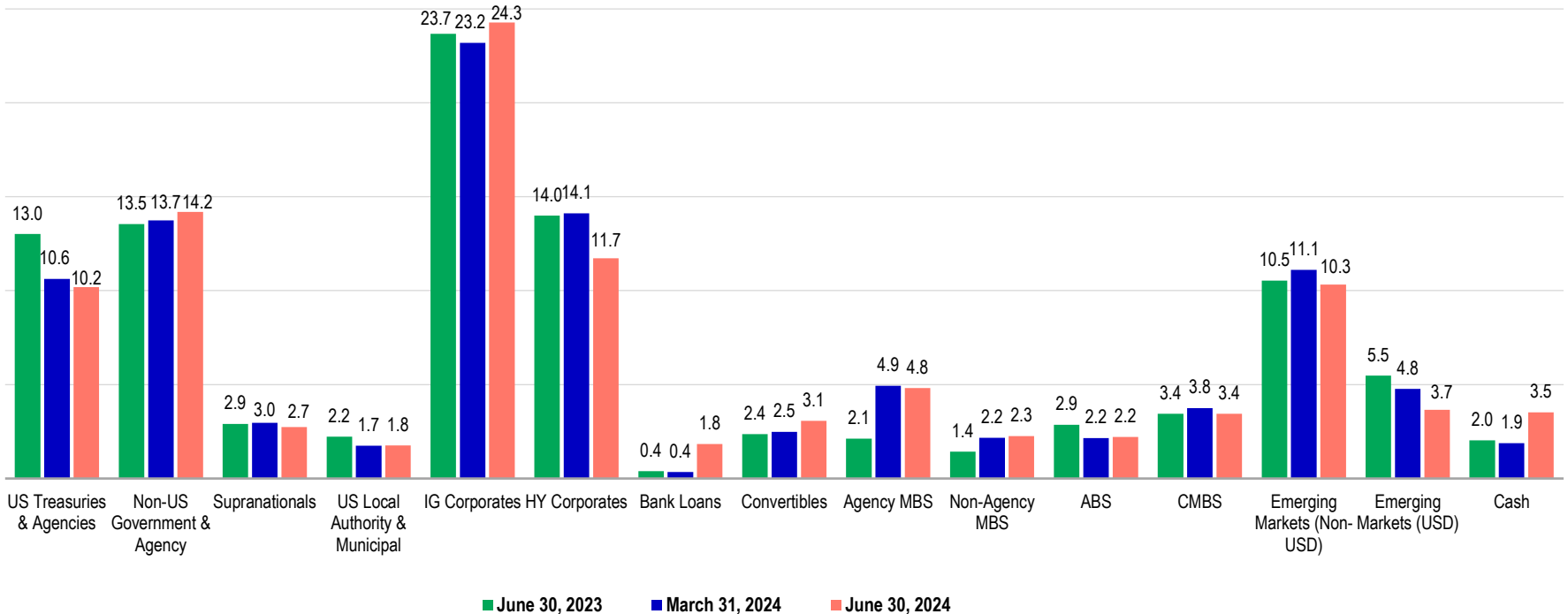
As of June 30, 2024

# Strategic Fixed Income Strategy

Sector Allocation: Diversified portfolio of high quality and liquid exposures

## Strategic Fixed Income Strategy

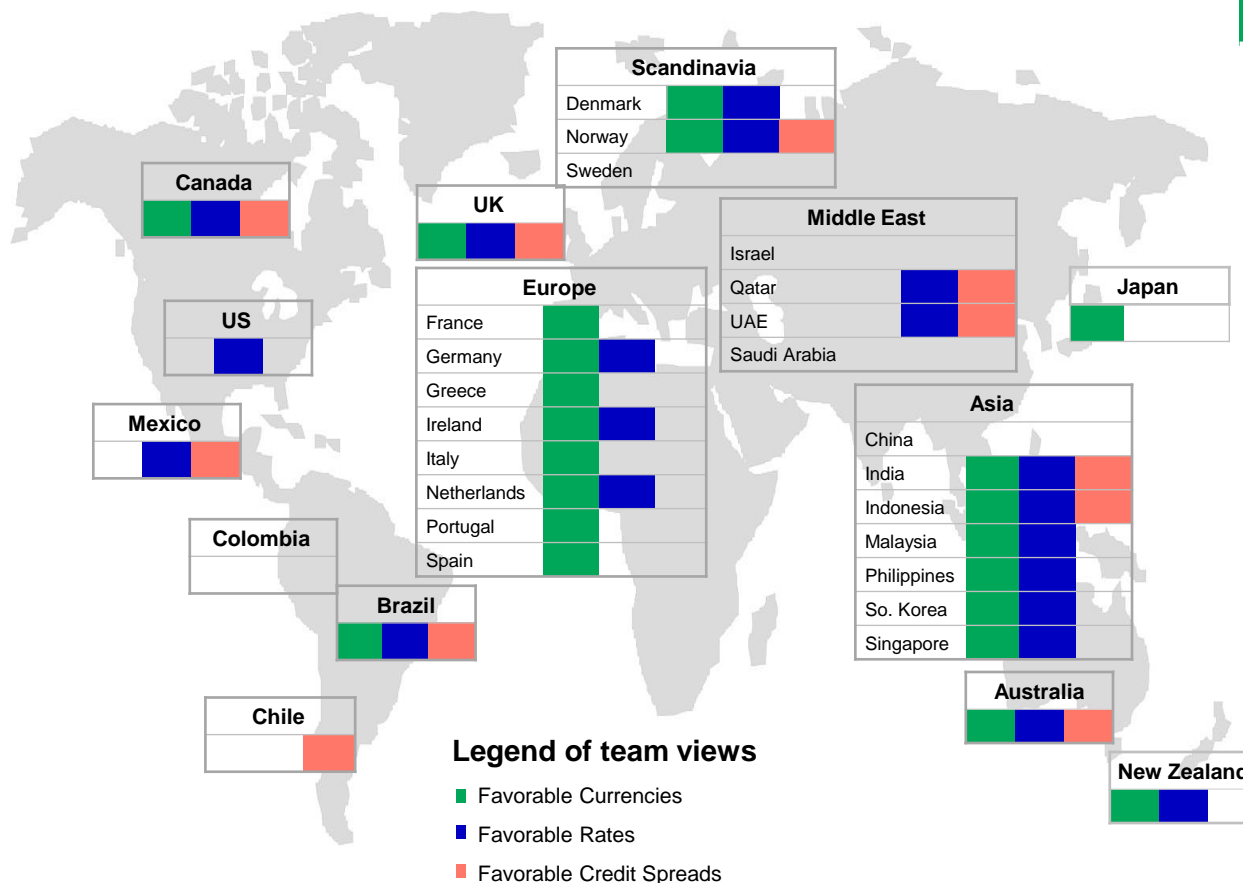
Characteristics	June 2023	March 2024	June 2024
Average Rating	A3	A3	A3
Yield to Worst	5.08	4.92	4.60
Current Yield	4.27	4.47	4.55
Effective Duration	5.49	5.09	4.64



Source: Manulife Investment Management as of June 30, 2024  
Investment decisions are subject to change.

# Global outlook

## Capturing income and total return potential while navigating economic uncertainty and market volatility



### Global Outlook

#### Macroeconomic environment:

- There remains consideration uncertainty around global growth, and we anticipate a moderation in economic activity and anticipate select central banks will commence a reversal in tighter monetary policy amid moderating inflation.
- The lagged impacts of higher interest rates remain uncertain but are expected to weigh on consumer spending, along with housing and labor markets, over the medium-term.
- Volatility is to persist with market participants navigating elevated economic and geopolitical uncertainty.

#### Opportunities:

- We are monitoring 1) changes to central bank monetary policy and forward guidance, 2) global economic, employment and inflation data, 3) tightening of financial conditions, and 4) elevated political risk, to make further shifts to the portfolio:
  - Attractive valuations in global governments, agencies, local authorities, securitized, and select emerging markets.
  - Industry, issuer and quality rotations within corporate credit.
  - Seek to actively manage currency exposures in the short-term, while anticipating a weaker U.S. dollar over the medium term.

As of June 30, 2024

# Appendix

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# Strategic Fixed Income Strategy

Representative portfolio characteristics as of June 30, 2024

Characteristic	Strategic Fixed Income (C\$) Strategy	Bloomberg Multiverse Index
Average Rating <sup>1</sup>	A2/A3	Aa3/A1
Average Coupon (%)	4.27	2.92
Average Life (Years)	6.68	8.33
Yield to Maturity (%)	4.62	4.12
Yield to Worst (%)	4.56	4.12
Effective Duration (Years)	4.76	6.44

Top 10 Issuers	Portfolio Weight (%)
Government of the United States	9.71
Indonesia Treasury Bond	2.81
Freddie Mac Pool	2.65
Fannie Mae Pool	2.22
Korea Treasury Bond	2.05
New Zealand Government Bond	1.59
HCA Inc	1.22
Mexican Bonos	1.21
New Zealand Local Government Funding Agency Bond	1.19
Norway Government Bond	1.18
<b>Total</b>	<b>25.83</b>

Sector Allocation (%)	Strategic Fixed Income (C\$) Strategy	Bloomberg Multiverse Index
<b>US Government</b>	<b>11.61</b>	<b>17.79</b>
US Treasuries	9.71	17.23
US Agency	0.00	0.35
Municipal	1.90	0.21
<b>Credit</b>	<b>42.51</b>	<b>19.65</b>
IG Corporates	25.05	17.16
HY Corporates	12.08	2.49
Bank Loans	1.92	0.00
Convertibles	3.46	0.00
Equities	0.00	0.00
<b>Securitized</b>	<b>13.01</b>	<b>13.17</b>
Agency MBS	4.87	10.21
Non-Agency MBS	2.21	0.00
ABS	2.32	2.32
CMBS	3.62	0.64
<b>Foreign Developed</b>	<b>17.14</b>	<b>32.66</b>
Govt & Agency	14.14	30.30
Supranationals	3.00	2.36
<b>Emerging Markets</b>	<b>14.93</b>	<b>16.73</b>
Emerging Markets — USD	4.31	3.04
Emerging Markets — Non-USD	10.62	13.70
<b>Cash &amp; Other</b>	<b>0.80</b>	<b>0.00</b>

In CAD

<sup>1</sup> Average Rating is a Manulife IM proprietary average taking the average rating from Moody's, S&P, and Fitch.

Holdings, sector weightings, market capitalisation and portfolio characteristics are subject to change at any time and are for illustrative and reference purpose only. This information does not constitute, and should not be construed as, investment advice or recommendations with respect to the securities and sectors listed. This information is supplemental to the GIPS Report included as a part of this material.



# Biographies

## **Christopher M. Chapman, CFA**

*Senior Portfolio Manager, Head of Global Multi-Sector Fixed Income, Manulife Investment Management*

Chris is head of the company's global multi-sector fixed-income strategies, responsible for portfolio management, global sovereign debt, portfolio construction, and currency and risk management. Previously, he was a portfolio manager for global multi-sector fixed-income and, prior to that, he was a senior investment analyst and trader with the team. Earlier in his career, he worked in several other areas of the firm, including as an investment risk analyst on the quantitative research team. Chris began his career at State Street Bank. He holds the Certified Financial Analyst designation and is a member of the CFA Society Boston.

**Education:** B.S.B.A., Management, Stonehill College; M.S.F., Boston College

**Joined the company:** 2005

**Began career:** 1999

## **Thomas C. Goggins**

*Senior Portfolio Manager, Global Multi-Sector Fixed Income, Manulife Investment Management*

Tom is responsible for portfolio management, global bond research, security selection, and risk management for the company's global multi-sector fixed-income strategies. Prior to joining the company, Tom held positions at Putnam Investments, Transamerica Investments, SAC Capital, and Fontana Capital.

**Education:** B.B.A., University of Wisconsin; M.A., Finance and Accounting, J.L. Kellogg Graduate School of Management at Northwestern University

**Joined the company:** 1995; rejoined in 2009

**Began career:** 1987

# Biographies

## Kisoo Park

*Senior Portfolio Manager, Global Multi-Sector Fixed Income, Manulife Investment Management*

Kisoo is responsible for portfolio management, global bond research, and currency management for the company's global multi-sector fixed-income strategies. He joined the firm from a hedge fund firm based in Hong Kong, where he was a founding member and COO. Prior to that, he was the CIO, responsible for tactical asset allocation investing in global equities, fixed-income, commodities, foreign exchange, and interest-rate asset classes at Prince Asset Management, Hong Kong. Earlier in his career, Kisoo held positions at Bank of Montreal, Fleet National Bank, Morgan Stanley, and Bank of New England, where he began his career specializing in treasury products, foreign exchange, and interest-rate trading.

**Education:** B.A., Economics, Tufts University; Executive Business Diploma, University of Chicago, Graduate School of Business

**Joined the company:** 2011

**Began career:** 1986

## Brad Lutz, CFA

*Senior Portfolio Manager, Global Multi-Sector Fixed-Income, Manulife Investment Management*

Brad is a senior portfolio manager on the firm's global multi-sector fixed-income team. Before joining the global multi-sector fixed-income team, Brad served as a portfolio manager on the preferred income team. Prior to that, he was a senior investment analyst, supporting the company's fixed-income strategies and providing expertise in the power and utility, aerospace & defense, and industrials segments. Earlier in his career, he had the same areas of responsibility at Declaration Management & Research, an affiliate of Manulife Investment Management. Prior to joining the firm, Brad worked for Summit Investment Partners, where he had research, trading, and portfolio management responsibilities for high-yield and investment-grade corporate bonds; and, prior to that, he was with Pacholder Associates as a high-yield credit analyst. Brad holds the Chartered Financial Analyst designation.

**Education:** B.S., Finance, Miami University

**Joined the company:** 2002

**Began career:** 1992

# Biographies

## **Sherri N. Tilley**

*Client Portfolio Manager, Global Multi-Sector Fixed Income, Manulife Investment Management*

Sherri is a client portfolio manager on the global multi-sector fixed-income team, where she supports the investment and client-facing teams in the effective communication and positioning of the firm's global multi-sector capabilities with clients, prospects, and consultants. Previously, she was a senior product specialist at Bank of New York Mellon's Insight Investment, where she supported taxable and tax-exempt fixed-income strategies through communications for a variety of audiences. Prior to that, Sherri held several roles throughout Bank of New York Mellon Investment Management, including time spent as product manager and portfolio analyst at Standish Mellon Asset Management.

**Education:** B.S.B.A., Finance, Northeastern University; M.S., Investment Management, Boston University

**Joined the company:** 2022

**Began career:** 2008

## **Charles C. Tomes**

*Associate Portfolio Manager, Global Multi-Sector Fixed Income, Manulife Investment Management*

Chuck is responsible for global bond and currency research, portfolio implementation, and trading for the company's global multi-sector fixed-income strategies. Previously, he worked at John Hancock Investment Management, and he started his career at Morgan Stanley.

**Education:** B.A., Finance, Northeastern University

**Joined the company:** 2010

**Began career:** 2008

# Biographies

## **Mark Bischoff, CFA**

*Managing Director, Relationship Management, Manulife Investment Management*

Mark is responsible for managing Canadian institutional and subadvisory client relationships. Prior to joining the firm, he was principal at State Street Global Advisors (SSgA) in Canada, where he was responsible for business development, relationship management, and SSgA's sales and marketing efforts in the province of Ontario. Mark holds the Chartered Financial Analyst designation and is a member of both the Institutional Asset Management Committee of the CFA Society Toronto and the Ontario Regional Council of the Association of Canadian Pension Management. Mark is also a licensed Life and A&S insurance agent with the Financial Services Commission of Ontario.

**Education:** B.Com., University of Toronto

**Joined the company:** 2010

**Began career:** 1994

# Strategic Income Pool Fund

## Benchmark definitions

Index	Definition
<b>Bloomberg Multiverse Index</b>	The Bloomberg Multiverse Index provides a broad-based measure of the global fixed income bond market. The index represents the union of the Global Aggregate Index and the Global High Yield Index and captures investment grade and high yield securities in all eligible currencies.
<b>Bloomberg Multiverse Index Hedged</b>	The Bloomberg Multiverse Index provides a broad-based measure of the global fixed income bond market. The index represents the union of the Global Aggregate Index and the Global High Yield Index and captures investment grade and high yield securities in all eligible currencies, hedged to Canadian dollar.
<b>FTSE Canada Universe Bond Index</b>	The FTSE Canada Universe Bond Index is a market capitalization-weighted index designed to be a broad measure of the Canadian investment-grade, fixed income market, including Government of Canada, provincial and corporate bonds with maturities of more than one year and a credit rating of BBB or higher.
<b>Bloomberg US Aggregate Bond Index</b>	The Bloomberg US Aggregate Bond Index represents securities that are US domestic, taxable, dollar-denominated. The index covers the US investment-grade fixed-rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities.
<b>BofA Merrill Lynch Global Corporate Index</b>	The BofA Merrill Lynch Global Corporate Index tracks the performance of investment grade corporate debt publicly issued in the major domestic and eurobond markets. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date and a fixed coupon schedule.
<b>BofA Merrill Lynch Global High Yield Index</b>	The BofA Merrill Lynch Global High Yield Index tracks the performance of USD, CAD, GBP and EUR denominated below investment grade corporate debt publicly issued in the major domestic or Eurobond markets. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch), at least 18 months to final maturity at the time of issuance, at least one year remaining term to final maturity as of the rebalancing date.
<b>JP Morgan CEMBI Diversified Index</b>	The JP Morgan Corporate Emerging Markets Bond Index (CEMBI) is a market capitalization weighted index consisting of liquid USD-denominated emerging market corporate bonds.
<b>JP Morgan EMBI Global Diversified Index</b>	JP Morgan EMBI Global Diversified Index is a uniquely weighted index that tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities, including Brady bonds, loans and Eurobonds.
<b>JP Morgan GBI GBI-EM Global Diversified Index</b>	The JPMorgan GBI-EM is a comprehensive emerging markets debt benchmark that track local currency bonds issued by Emerging Market governments.

# Client Reporting Disclosure

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## About Manulife Investment Management

Manulife Investment Management is the brand for the global wealth and asset management segment of Manulife Financial Corporation. Our mission is to make decisions easier and lives better by empowering investors for a better tomorrow. Serving more than 17 million individuals, institutions, and retirement plan members, we believe our global reach, complementary businesses, and the strength of our parent company position us to help investors capitalize on today's emerging global trends. We provide our clients access to public and private investment solutions across equities, fixed income, multi-asset, alternative, and sustainability-linked strategies, such as natural capital, to help them make more informed financial decisions and achieve their investment objectives. Not all offerings are available in all jurisdictions. For additional information, please visit [manulifeim.com](http://manulifeim.com).

Additional information about Manulife Investment Management may be found at [www.manulifeim.com/institutional](http://www.manulifeim.com/institutional).

The gross returns provided are shown gross of advisory and investment management fees and other expenses an investor would incur which would reduce returns, but net of transaction costs, unless otherwise noted. The net returns shown reflect the deduction of monthly accrued investment management fees from the gross returns. The monthly management fee accruals used are estimates based on

historical assets under management and are subject to change based on actual fees billed. Past performance is not indicative of future results. Unless otherwise noted, returns greater than one year are annualized; calendar year returns for each one-year period end in December. Discrepancies may occur due to rounding.

Performance information shown is generally for discretionary strategies/solutions and managed by an entity which is GIPS compliant and falls under the definition of a corresponding GIPS firm. Some investment strategies/solutions may not be included in a GIPS compliant firm under certain circumstances, e.g., SMA/UMA business in Canada or UMA models in the US.

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To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: September 4, 2024  
Re: Investment Plan Implementation Report Q3 2024  
Report: ONE JIB 2024-054

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report detailing the implementation of the first tranche of Durham's Investment Plan.
2. Approve the recommended amendments to Durham's Transition Plan detailed in the attachment to this report.
3. Authorize the Chair and the Vice-Chair to approve any further changes to the Transition Plan that may be required before the next Board meeting.

## 2. SUMMARY

Investment Plans for two municipalities were approved at the May 29th ONE JIB meeting including:

- Whitby's Investment Plan, which involved no changes to allocations. No trading was required to implement Whitby's Investment Plan
- Durham's Investment Plan, which involves a Transition Plan that will deploy the arriving MNRI into investments in several tranches between July 2024 and the first quarter of 2025.

Durham's first tranche of \$500 million of MNRI was transitioned into the OCIO Offering in July 2024. This report provides a summary of the transactions involved with this transition. To facilitate a smooth transition for subsequent tranches of MNRI, some revisions to the Transition Plan have been proposed. This report discusses these proposals, the details of which are outlined in Attachment 1 of this report.

## 3. BACKGROUND

### **Whitby's Investment Plan update did not require any trading to implement**

Whitby neither contributed nor withdrew MNRI as part of its annual Investment Plan review. As the investment horizon of reserves was largely unchanged and circumstances

were broadly similar, no changes in its Investment Plan were required. As a result, Whitby's Investment Plan did not require any trading to implement.

### **Durham's recently joined ONE JIB as the first investor under the OCIO Offering**

Durham's MNRI will be invested in a different set of investments than existing Participating Municipalities, as it is the first investor under ONE's OCIO Offering. The investments will be deployed into funds offered by PH&N Institutional based on allocation models that were tailored to suit Durham's needs.

### **Durham's Transition Plan involved three tranches of cash, the liquidation of Durham's holdings in the ONE Equity Portfolio and the transfer of in-kind securities**

Due to the size of the MNRI being transferred to ONE JIB, the Transition Plan contemplated three separate cash transfers, spread out over several quarters, with the transition to be completed in the first quarter of 2025. In-kind securities were also to be transferred to ONE JIB, and there were plans to liquidate holdings in the ONE Canadian Equity Portfolio. The cash transfers and proceeds of the liquidation of the ONE Canadian Equity Portfolio were to be invested in the OCIO Offering.

In July 2024, the first tranche of \$500 million in cash was transferred and invested in the OCIO Offering, and in-kind securities were received. Planning for the liquidation of the ONE Canadian Equity Portfolio was also conducted, with implementation planned for September 2024.

## **4. ANALYSIS**

### **The initial contribution of \$500 million cash received on July 15, 2024 was transitioned into the OCIO Offering over a two week period**

Due to the size of the initial contribution, the fund trades were designed to minimize the potential market impact of buying the underlying securities in the pooled funds while also being respectful of the impact that the cash inflows would have on other unitholders of the pooled funds. These considerations were more relevant for Canadian fixed income allocations but were not relevant for equity-oriented pooled funds. On July 16th, \$300 million of the arriving MNRI was deployed, with full allocations immediately achieved for the equity-oriented funds. The remaining monies were deployed into fixed income-oriented funds over the subsequent two-week period to ensure an orderly deployment of monies into the underlying Canadian fixed income markets. Treasuries were held to ensure the MNRI was productively invested during the two-week period. The summary on the following page provides details of the transition that was prepared by the Chief Compliance Officer:



### **Execution of the \$500M in cash from Durham on July 15, 2024 Timeline**

- 1) \$300M was deployed into PH&N funds and \$200M was deployed in T-Bills on July 16.
- 2) \$500M and \$200M earned interest at 3.75% in the custody account on July 15 and July 16 respectively.
- 3) \$100M T-Bills were sold to be deployed into PH&N funds on July 23.
- 4) \$100M T-Bills were sold to be deployed into PH&N funds on July 30.

### **Use of T-Bills**

T-Bills were utilized as the Canadian fixed income market, which is a small and sensitive market, was not able to handle the large tranche that came across. The investment in the T-Bills is intended to ensure a smooth transition, earning 4.50% until their deployment.

### **Substitute Securities\***

There is a queue for the following funds, necessitating interim substitutions until there is an opening:

- PH&N Commercial Mortgage Fund  
substitution → PH&N Short Term Bond and Mortgage Fund
- PH&N High Yield Fund  
substitution → RBC High Yield Bond Fund

*\* Securities substitutions may lead to compliance breaches until final allocations are achieved*

### **Planning Points for Subsequent Transitions**

- Timeline to get into funds – tranches for investment will be sized accordingly to ensure participation in the market within the PH&N funds.
- Flexibility with regards to timing of execution of transitions for IPS presented to JIB.

### **Adjustments to the transition plan have been proposed to provide additional flexibility that should allow for an orderly deployment of MNRI to the intended funds**

An updated Transition Plan has been attached to this report to highlight changes that may help facilitate a smooth transition of Durham's future tranches of MNRI into the OCIO Offering. The recommended changes in the attachment are highlighted in red. Broadly speaking, the adjustments are intended to provide additional flexibility with the implementation that may allow ONE Investment and PH&N Institutional to better coordinate the required trading. Thematically, these adjustments include:

- Accelerating the second tranche of cash contributions to be conducted in September and coordinated with the liquidation of the ONE Canadian Equity Portfolio.
- Allowing for a cash redemption of the ONE Canadian Equity instead of an in-kind

- wind-down, as the cost savings of an in-kind transaction are limited.
- A less precise description of the transition dates to allow for pragmatic adjustments to the trading timeline as needed.
  - Allowing the timing of the cash transfers from the client to be coordinated with the intended timeline of the fund purchases. This should alleviate the need to use T-bills as part of the transition.
  - Providing flexibility for required adjustments to the transition planning for events that cannot be foreseen. The timing of trading and other specific details about the transition will be implemented in the most prudent fashion, which may require adjustments that are ultimately in the best interests of the client.
  - The Q1 2025 tranche of the transition may take place over two or more weeks.
  - Allowing for an adjustment in the size of the Q1 2025 tranche to compensate for the deviations in the proceeds from the liquidation of the ONE Canadian Equity Portfolio vs. the value identified in the Investment Plan.
  - Allow for pragmatic adjustments to the Transition Plan to be done without seeking ONE JIB reapproval, (authority for the Chair and Vice-Chair to approve change will facilitate this).

## **5. CONCLUSION**

The first tranche of MNRI was deployed into the OCIO Offering over a two-week period following the July 15, 2024, effective date. This report summarizes key details of how the MNRI was deployed during the two-week period, demonstrating some of the pragmatic adjustments that were required. The experience has informed how future tranches of MNRI will be transitioned into the OCIO Offering, and adjustments in the Transition Plan have been proposed to help ensure seamless implementation for future tranches.

## **ATTACHMENTS**

Attachment 1: Amended Durham Transition Plan

Drafted by: Keith Taylor, Chief Investment Officer; Evelyn Foo, Chief Compliance Officer  
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment



## **Attachment 1**

REVISED TRANSITION PLAN FOR

# **REGIONAL MUNICIPALITY OF DURHAM**



# TRANSITION PLAN

Note: adjustments to original Transition Plan or comments are noted in the table below in red.

Timeline	Expected Transfer to JIB/ONE
Q3 2024	<ul style="list-style-type: none"> <li>- In-kind long-term bonds transferred to ONE's Custodian (\$14,807,000 face value) <b>Completed</b></li> <li>- Control and management of in-kind GIC holdings ~\$394,747,854 (face value) will be designated as MNRI under the control and management of ONE JIB. <b>Completed</b></li> <li>- \$500 million in cash <b>Completed</b></li> <li>- Equity Portfolio (\$243,136,122) transition plan to be executed with proceeds deployed into OCIO offering on or before October 15, 2024</li> <li>- <b>CIO recommends implementation moved to September 2024.</b></li> <li>- <b>CIO recommends cash redemption rather than in kind transfer of holdings.</b></li> </ul>
Q4 2024	<p>\$256,863,878 in cash</p> <ul style="list-style-type: none"> <li>- <b>CIO recommends implementation moved to September 2024 and to be coordinated with liquidation of ONE Canadian Equity Portfolio.</b></li> <li>- <b>Implementation expected to be spread out over 2-week period.</b></li> </ul>
Q1 2025	<ul style="list-style-type: none"> <li>- \$442,324,803 million in cash</li> <li>- <b>Size of final cash transfer may be adjusted to reflect change in the value of ONE Canadian Equity Portfolio identified in Investment Plan vs actual proceeds received.</b></li> <li>- <b>Implementation expected to be spread out over 2-week period.</b></li> </ul>
Additional Notes	<ul style="list-style-type: none"> <li>- Expect that all GIC's designated as MNRI will be reclassified as MRI in Durhams 2025 Investment Plan update. Timing of this reclassification would be tied to the timing of the GIC's migrating below 3 years to maturity.</li> <li>- <b>The ONE JIB acknowledges that Treasuries may need to be held temporarily in client allocations.</b></li> <li>- <b>Pragmatic adjustments to the Transition Plan may be required to ensure seamless implementation and to ensure the client's best interests are considered. ONE JIB authorizes the Chair and Vice-Chair to approve any necessary adjustments to the Transition Plan recommended by the Sub Investment Manager, and that staff report back to ONE JIB through an Investment Plan implementation report.</b></li> </ul>



# REPORT

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: September 4, 2024  
 Re: Town of Aurora's Investment Plan  
 Report: ONE JIB 2024-042

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Aurora's Investment Policy Statement (Attachment 1).
2. Receive the Town of Aurora's Municipal Client Questionnaire (Attachment 2).
3. Approve the Town of Aurora's proposed Investment Plan (Attachment 3).

## 2. SUMMARY

The Town of Aurora has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI, and the investment horizons associated with its reserve balances. The MCQ indicates the Town will not be making contributions or withdrawals of MNRI as part of the annual Investment Plan update this year and expects none through 2026. The Town has also reviewed its Investment Policy Statement (IPS), which resulted in no changes to the IPS.

While there have been some changes in the cashflow forecasts related to reserve balances over the last year, the changes do not merit adjustments in Aurora's investment allocations as the overall investment horizon of the Town is largely unchanged. On a consolidated basis, the Town's equity allocations will remain at 45.4% in the updated Investment Plan. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 6.6	13.6
ONE Global Equity Fund	15.3	31.8
ONE Canadian Government Bond Fund	6.0	12.4
ONE Canadian Corporate Bond Fund	3.6	7.4
ONE Global Bond Fund	16.8	34.8
Total	\$ 48.2	100.0

### 3. BACKGROUND

#### **Aurora’s annual IPS review resulted in no changes**

Aurora completed its annual IPS review on June 4, 2024, making no updates to the wording or content of the IPS. There have been no changes to the ONE JIB IPS template since the Town last updated the plan in 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

#### **There was no significant change in the overall investment horizon associated with MNRI this year**

Aurora’s investment horizon, risk tolerances, and investment objectives are unchanged from last year’s Investment Plan. The mapping of reserves is also largely unchanged. As a result, there will be no changes to the Town’s Investment Plan at this time. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 7 of the MCQ*

Investment Horizon of MNRI						
Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Less than 3 years	3-to-5 years	5-to-10 years	10+ years
Capital Reserves	Roads & Related, Fleet, Facilities, Parks & Rec, Growth & New Capital, Gas Tax, Parks, CIL, etc.	16,123,505	-	4,338,332	4,452,753	7,332,420
Obligatory Reserves	DC Roads, DC parks & Rec, DC water, etc.	5,808,915	-	2,904,458	1,742,675	1,161,783
Stabilization & Contingency	Tax Rate Stabilization, WSIB, Winter Control, Building, etc.	26,137,880	-	6,496,435	5,048,104	14,593,342
	<b>Total MNRI</b>	48,070,300	-	13,739,225	11,243,532	23,087,545

#### **Aurora will not be making contributions or withdrawals of MNRI this year, with MNRI being stable through 2026, but anticipates MNRI drawdowns thereafter**

Aurora will not be contributing to or drawing down MNRI this year. MNRI is expected to be stable through 2026, but the Treasurer expects that the Town may need to make contributions to MNRI in the 2026–2031 period to fund capital projects. Section 8 of the Town’s MCQ provides details of the anticipated contributions and withdrawals of MNRI over the next 10 years, which are shown in Table 2 below.

*Table 2: Anticipated Cash Flow Projections MNRI by year from table 8 of the MCQ.*

	<b>Next Year</b>	<b>2 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>Greater than 10 years</b>
Anticipated MNRI Drawdowns			(11,000,000)	(28,200,000)	(3,600,000)
Anticipated MNRI Contributions			15,000,000	31,000,000	7,750,000
Net change in MNRI	0	0	4,000,000	2,800,000	4,150,000

#### 4. ANALYSIS

##### **Investment allocations in the Town’s updated Investment Plan remain unchanged**

A review of the Town’s expected cashflows and expected future reserve balances was conducted as part of the annual review process. While some changes were identified versus the analysis conducted in 2023, these changes did not constitute a material change in the overall time horizon associated with municipal reserves. As a result, the allocations of MNRI across Outcomes remain appropriate.

##### **The Investment Plan updates in future years may require adjustments to the allocations to better accommodate the Town’s in-kind holdings**

It is anticipated that an in-kind policy will be considered by ONE JIB, which may affect the treatment of the Town’s holdings of in-kind securities. This policy may allow in-kind securities to be reclassified by the Town, and they potentially may no longer be classified as MNRI. A more thorough review of the Investment Plan will be conducted in conjunction with Aurora’s transition to the ONE JIB OCIO Offering, and adjustments may be required if the in-kind bond holdings are reclassified.

##### **The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is consistent with the Town’s cashflow forecasts, risk tolerances and objectives**

The Town continues to have a relatively long investment horizon, with no drawdowns expected within five years, and about 70% of reserves identified as having an investment horizon greater than five years. As there will be no changes in the mapping of MNRI to investment Outcomes, the overall risk level is unchanged, and the overall allocation to equities at a consolidated level remains at 45.4%.

Mapping the MNRI to Outcomes was based on the information provided in the MCQ and discussions with the Treasurer. Asset allocations (Table 3) and fund allocations (Tables 4 and 5) were determined using the ONE JIB’s Outcomes Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Contingency	\$ 15.1	31.3	40	60	100
Target Date 3-5 Years	11.9	24.8	90	10	100
Target Date 5-10 Years	17.0	35.2	50	50	100
Target Date 10+ Years	4.2	8.7	25	75	100
<b>Total</b>	<b>\$ 48.2</b>	<b>100.0</b>			

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 6.6	13.6
ONE Global Equity Fund	15.3	31.8
ONE Canadian Government Bond Fund	6.0	12.4
ONE Canadian Corporate Bond Fund	3.6	7.4
ONE Global Bond Fund	16.8	34.8
<b>Total</b>	<b>\$ 48.2</b>	<b>100.0</b>

*Table 5: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)*

<b>Outcome</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corp Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Contingency	\$ 2.7	\$ 6.3	\$ 0.9	\$ 0.9	\$ 4.2	\$ 15.1
Target Date 3-5 Years	0.4	0.8	3.6	1.3	5.9	11.9
Target Date 5-10 Years	2.6	6.0	1.3	1.3	6.0	17.0
Target Date 10+ Years	0.9	2.2	0.2	0.2	0.7	4.2
<b>Total</b>	<b>\$ 6.6</b>	<b>\$ 15.3</b>	<b>\$ 6.0</b>	<b>\$ 3.6</b>	<b>\$ 16.8</b>	<b>\$ 48.2</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Aurora's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. There are no contributions or withdrawals of MNRI associated with the investment plan updates, and no changes to the investment allocations are proposed at this time. An adjustment to the Investment Plan may be required when Aurora transitions to the OCIO Offering. This may involve a revisiting of the treatment of in-kind bonds.



## **ATTACHMENTS**

Attachment 1: Town of Aurora's Investment Policy Statement

Attachment 2: Town of Aurora's Municipal Client Questionnaire

Attachment 3: Town of Aurora's Proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment

# **Attachment 1**

## **INVESTMENT POLICY STATEMENT**

**FOR**

THE CORPORATION OF THE TOWN OF AURORA (the “Municipality”)

MARCH 7, 2023

**TABLE OF CONTENTS**

OVERVIEW..... 1

1. GLOSSARY AND DEFINITIONS..... 2

2. PURPOSE AND LEGISLATIVE FRAMEWORK..... 6

    2.1 Purpose of Policy ..... 6

    2.2 Governing Legislation ..... 6

    2.3 Prudent Investor Standard..... 7

3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY..... 7

    3.1 Determination of MNRI and MRI..... 7

    3.2 Overview of Portfolios..... 8

4. ROLES AND RESPONSIBILITIES ..... 8

    4.1 Role of ONE JIB ..... 8

    4.2 Role of Municipal Staff..... 9

5. INVESTMENT ..... 9

    5.1 MRI: Short-Term Funds..... 9

        5.1.1 Short-Term Funds: Investment Objectives..... 10

        5.1.2 Short-Term Funds: Eligible Investments ..... 11

    5.2 MNRI: Long-Term Funds ..... 11

        5.2.1 Long-Term Funds: Investment Objectives ..... 11

        5.2.2 Long-Term Funds: Eligible Investments ..... 12

        5.2.3 Long-Term Funds: Sinking Funds ..... 12

        5.2.4 Long-Term Funds: Local Distribution Corporation (LDC) Securities..... 13

        5.2.5 Long-Term Funds: Other..... 13

    5.3 Third Party Trust Funds and Designated Funds ..... 13

    5.4 Investment Management..... 13

        5.4.1 Investment Management of Short-Term Funds..... 13

        5.4.2 Investment Management of Long-Term Funds ..... 13

    5.5 Transition to Prudent Investor Regime ..... 13

    5.6 Investment Constraints..... 14

        5.6.1 Environmental, Social and Governance (ESG) Investing ..... 14

        5.6.2 Securities Lending..... 14

        5.6.3 Derivatives..... 14

        5.6.4 Use of Leverage ..... 15

        5.6.5 Pooled Funds ..... 15

5.6.6	Currency Hedging .....	15
5.7	Performance Monitoring, Rebalancing and Management .....	15
5.7.1	Short-Term Funds .....	15
5.7.2	Long-Term Funds.....	15
6.	ADMINISTRATIVE POLICIES.....	16
6.1	Flow of Funds and Annual Municipal Budget .....	16
6.1.1	Transfer to ONE JIB as Part of Budget Process .....	16
6.1.2	Transfer to Municipality as Part of the Budget Process .....	16
6.2	Flow of Funds Otherwise than through the Budget Process .....	16
6.2.1	Surplus Funds.....	16
6.2.2	Contingencies .....	16
6.3	Valuation of Investments.....	16
6.4	Voting Rights.....	17
6.5	Internal Controls .....	17
6.6	Custodians.....	17
6.7	Reporting .....	17
6.7.1	Short-Term Funds .....	17
6.7.2	Long-Term Funds.....	18
7.	APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE.....	18
7.1	Revocation / Amendment of Previous Investment Policy .....	18
7.2	Modifications to the IPS.....	18
7.3	Effective Date.....	19
	Appendix I: ONE JIB Agreement .....	20
	Appendix II: ONE External Portfolio Manager Mandates.....	21
	Schedule A Third Party Trust Funds and Designated Funds.....	22

## Town of Aurora

### Investment Policy Statement

#### OVERVIEW

Municipalities that are subject to the Municipal Act, 2001 (the “Act”) have no general power to invest money. Such powers must be found either in express provisions of the Act or by necessary implication.

Historically, municipalities that are subject to the Act had very limited express investment powers under section 418 of the Act. Section 418 continues to apply to all municipalities that are subject to the Act unless they elect to pass a by-law pursuant to the new section 418.1. Section 418 of the Act provides that “money that is not required immediately” (MNRI) can only be invested in securities prescribed by the Province in O. Reg. 438/97 (the “Regulation”). These prescribed securities are generally referred to as the “Legal List Securities” and are included in Part I of the Regulation.

Effective January 1, 2019, the new section 418.1 of the Act came into force. Section 418.1 provides that MNRI can be invested under that section in any security, provided that in making the investment the municipality exercises the care, skill, diligence and judgment that a prudent investor would exercise in making the investment. If a municipality elects to pass a by-law under section 418.1, the effect will be that its MNRI must be invested in accordance with the prudent investor regime. The rules, conditions and procedures that apply to investments under section 418.1 are set out in Part II of the Regulation.

Investing MNRI in Legal List Securities or in accordance with the prudent investor regime are mutually exclusive alternatives. That is to say, section 418 does not apply to a municipality that has adopted the prudent investor regime under section 418.1.

Every municipality, regardless of whether section 418 or 418.1 applies to it, has MNRI and also money that is required immediately (MRI). Municipalities retain the management and control of their MRI. The Act does not include any express provisions that deal with the investment of MRI. However, it is consistent with prudent practice to invest such money until it is actually spent, in order to preserve the capital value of that money. Accordingly, it is necessarily implied that a municipality has the power to invest such money on a short term basis. Because the Act is silent as to how municipalities are to deal with MRI and because of the historical investment powers under the Act, a conservative approach is to invest MRI in appropriate Legal List Securities.

Municipalities that elect to pass a by-law pursuant to the new section 418.1 include in their investment policy:

- (i) the basis upon which they distinguish between MNRI and MRI,
- (ii) principles governing the investment of each category of money, and
- (iii) This Investment Policy Statement (IPS) is intended to respond to the foregoing requirements.

Town of Aurora staff and Council understand that the funds being invested belong to the residents of Aurora. This investment and procedures documentation will ensure that all funds are invested with care, diligence and judgement of a prudent investor with a primary objective of principal preservation while maximizing returns.

## 1. GLOSSARY AND DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

**Act:** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

**Agent:** means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

**Asset Class:** An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

**Asset Mix (or Asset Allocation):** means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

**Authorizing By-law:** means a by-law of a Participating Municipality which authorizes: (i) the approval of the Client Questionnaire and the adoption of the IPS; and (ii) the entering into of the ONE JIB Agreement.

**Benchmark:** means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

**CFA Institute:** refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

**Credit Risk:** means the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. That is, the risk that a lender may not receive the owed principal and interest.

**Custodian:** means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Derivative:** A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

**Environmental, Social and Governance (ESG) Investing:** means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

**External Portfolio Managers:** means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

**Interest Rate Risk:** refers to the possibility that the value of a bond or other fixed-income investment will suffer as the result of a change in interest rates. Interest rate risk can be managed to help improve investment outcomes.

**Internal Controls:** means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

**Investment Plan:** means the investment plan applicable to the Long-Term Money investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

**Investment Policy Statement (IPS):** means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Money under the Regulation, and for Short-Term Money, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

**JIB:** is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

**Legal List Securities:** means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

**Leverage:** means an instrument strategy of borrowed money – specifically, the use of various financial instruments or borrowed capital – to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

**Local Distribution Corporation or LDC:** means a corporation incorporated under section 142 of the *Electricity Act, 1998*.

**Long-Term Money:** means the money that the municipality has defined as long-term and characterized as money that is not required immediately by the Municipality as described in section 5.2. Monies that are Long Term Money will be invested in accordance with the Prudent Investor Standard.

**MNRI:** means money that is not required immediately

**Modern Portfolio Theory:** means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

**MRI:** means money required immediately.

**Municipality:** means The Corporation of the Town of Aurora.

**ONE JIB:** means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

**ONE JIB Agreement:** means the agreement effective as of DATE TBD, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Money.

**Outcome:** in the context of the municipality's IPS the word 'outcome' is used interchangeably with 'solutions'. Investment outcomes are a set of investment allocations with varying risk/return characteristics. The outcomes assigned to each investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

**ONE JIB's Outcome Framework:** a set of Investment Outcomes designed by the ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the money assigned to the outcome.

**Operational:** means the funds required to meet annual operating and capital plan needs.

**Participating Municipality:** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

**Pooled Fund:** means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

**Portfolio:** means any collection of funds that are grouped together and required for specific purposes.



**Proxy Voting:** means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

**Prudent Effective Date:** means DATE TBD, the date on which the prudent investor regime applies to the Municipality.

**Prudent Investor Standard:** means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Money rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

**Regulation:** means Ontario Regulation 438/97.

**Risk:** means the uncertainty of future investment returns or chance of loss of capital.

**Risk Tolerance:** means the financial ability and willingness to absorb a loss in return for greater potential for gains.

**Securities Lending:** means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

**Short-Term Money:** means money that is required immediately by the Municipality as described in section 5.1 and which remains under the control and management of the Municipality. The money can be invested in appropriate Legal List Securities.

**Sinking Fund:** means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

**Sinking Fund Required Contributions (Annual Sinking Fund Requirement):** means the amount of money to be set aside each year for deposit into a sinking fund or a retirement fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws when such debentures are issued.

**Sinking Fund Required Earnings:** means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

**Sinking Fund Excess Earnings:** means the investment earnings in excess of the required earnings.

## 2. PURPOSE AND LEGISLATIVE FRAMEWORK

### 2.1 Purpose of Policy

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law 6502-23 pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary ("third party trust funds").

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to third party trust funds and designated funds
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer, and any agent or advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

### 2.2 Governing Legislation

Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.

Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

Money and investments that the Municipality holds as third-party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

### **2.3 Prudent Investor Standard**

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to Council and the liquidation or sale of investments is carried out in accordance with this IPS.

## **3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY**

### **3.1 Determination of MNRI and MRI**

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations
- the purpose for which the monies have been collected or set aside and are to be used
- the source of the money
- any combination of the foregoing

The Municipality's MNRI will be comprised of money that is to be used to meet financial obligations that become due more than 24 months from the date of receipt of such money by the Municipality.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than third party trust funds and any designated funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

### **3.2 Overview of Portfolios**

The Municipality's portfolios represent funds required for specific purposes. A high level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

## **4. ROLES AND RESPONSIBILITIES**

### **4.1 Role of ONE JIB**

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix I).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
- Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
- Monitoring the performance of the Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

## 4.2 Role of Municipal Staff

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any third-party trust funds referenced in Section 2.1 by, or under the direction of, the Treasurer;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of Deputy Treasurers and Financial Management Advisors.

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, the Treasurer may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of third-party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

## 4.3 Ethics and Conflicts of Interest

Individuals who are responsible for the Municipality's Short-Term Portfolio shall comply with the Municipality's Conflict of Interest guidelines and any relevant professional codes of conduct (e.g. the CPA Code of Professional Conduct).

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Municipal Act, 2001 (the "Act"). This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

## 5. INVESTMENT

### 5.1 MRI: Short-Term Money

The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consist of money that is needed to meet the short-term financial obligations of the Municipality coming due within 24 months from the date of receipt of such money and are controlled and managed by the Treasurer.

### 5.1.1 **Short-Term Money: Investment Objectives**

The investment objectives, in the order of priority, for the Municipality for Short-Term Money are:

- **Compliance with Portfolio Restrictions:** The legal authority to invest funds comes from the Act. All investments acquired shall be in conformity with portfolio restrictions and permissions set out in O. Reg. 438/97 – Eligible Investments and Related Financial Agreements, as amended from time to time. The Municipality shall not invest in a security that is expressed or payable in any currency other than Canadian dollars.
- **Preservation of Principal:** Investments shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. Investments shall be made with judgement and care, not for speculation, but for investment, considering the probable safety of the principal invested as well as the probable income derived. Staff shall also endeavor to mitigate credit and interest rate risk by: pre-qualifying the financial institutions, brokers/dealers and advisors with which the Municipality does business; diversifying the investment portfolio; structuring the investment portfolio so that maturing securities meet ongoing cash flow requirements; and investing operating funds primarily in shorter-term securities or approved liquid investment pools.
- **Maintenance of Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. All non-equity investments shall be interest bearing in nature and equity exposure will be limited to investments in the ONE Investment Program equity funds. The Municipalities portfolio should be well staggered, using a ladder approach which allows investments to mature at various times and provides the Municipality the opportunity to build up the portfolio based on market conditions/opportunities. A portion of the portfolio may be placed in the ONE Investment Program, which offers compliance and liquidity.
- **Maximization of the Rate of Return:** The Investment Portfolio shall be designed with the goal of maximizing the rate of return through budgetary and economic cycles, considering the investment risk constraints and liquidity needs. Staff will explore and utilize any eligible investment vehicles in building the Municipality's investment portfolio. The investment portfolio will be managed with prudent investor principles, to maximize returns within established risk parameters. To take advantage of short-term fluctuations in interest rates, securities may be sold prior to maturity. Investments shall be purchased once multiple bids are received and analysed. The highest yielding bid, which meets the Municipality's cash flow requirements, will be accepted. If the highest yielding bid is not selected, an explanation describing the rationale shall be provided. Staff involved will retain written records of each transaction, including the name of the financial institutions, rates quoted, description of the security, investment selected, and any special considerations that had an impact on the decision. With the goal of maximizing the rate of return on its investments, staff may utilize eligible investment vehicles for which there is a sole available supplier, such as the ONE Investment Program products. In instances such as this, multiple bids will not be solicited.

### 5.1.2 **Short-Term Money: Eligible Investments**

Short Term Money may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this Policy, as deemed eligible by Ontario Regulation 438/97 or as authorized by subsequent provincial regulations.

## 5.2 **MNRI: Long-Term Money**

The Municipality's MNRI is described in Section 3.2 as Long-Term Money. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Money and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

### 5.2.1 **Long-Term Money: Investment Objectives**

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

The municipality's investment objectives for its Long-Term Money (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB's Outcome Framework. The table below provides a summary of this framework.

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years
Stable Return	Stable Return	Income Generation; To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)

Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk; emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	Asset Mgt Reserves	Contributions to generate returns to fund asset management reserves	Higher risk; emphasis on longer-term capital growth low liquidity	> 10 years (Perpetual)
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk; high liquidity	3 – 5 years
	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 – 10 years
	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long-term inflation-adjusted growth	> 10 years

Investment of long-term money is to be managed by ONE JIB, in a way that balances the investment objectives, with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of returns. Returns have an impact on revenues, as well as a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Money's investment horizons are aligned with the Municipality's obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

### 5.2.2 **Long-Term Money: Eligible Investments**

Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product sponsored or managed by ONE Investment for the Prudent Investment Program (Prudent Investment Offering), provided always that the products and the selection of products comply in all material respects with the IPS

Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

### 5.2.3 **Long-Term Money: Sinking Funds**

Not applicable.



**5.2.4 Long-Term Money: Local Distribution Corporation (LDC) Securities**

Not applicable.

**5.2.5 Long-Term Funds: Other**

Not applicable.

**5.3 Third Party Trust Funds and Designated Funds**

Not applicable.

**5.4 Investment Management**

**5.4.1 Investment Management of Short-Term Money**

The investment of Short-Term Funds shall be controlled and managed by the Treasurer and his/her designate as documented in By-law #6212-19, Schedule "C".

**5.4.2 Investment Management of Long-Term Money**

The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.

Competent External Portfolio Managers shall be appointed by ONE JIB and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

**5.5 Transition to Prudent Investor Regime**

Until the Prudent Effective Date, the Municipality will continue to control and manage its MRI, MNRI and investments in Legal List Securities. Some Legal List investments were made with MRI and some with MNRI.

Upon and after the Prudent Effective Date, the control and management of money and investments that are determined to be not required immediately shall be given to ONE JIB. Nothing in this IPS requires that such investments need be liquidated or disposed of. It is not contrary to this IPS for investments that the Municipality does not require immediately to be held, and to continue to be held by ONE JIB, in instruments such as term deposits, guaranteed investment certificates or principal protected notes issued by a financial institution. They can be held to maturity and invested upon receipt of cash proceeds.

Management of third-party trust funds and any designated funds is not directly affected by the Prudent Effective Date.

## **5.6 Investment Constraints**

### **5.6.1 *Environmental, Social and Governance (ESG) Investing***

The Municipality supports ESG investing for Short-Term and Long-Term Money. The Town believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

For the investment of short-term funds will be done in compliance with the investment objectives identified in section 5.1.1. Accommodating specific ESG considerations may not be possible due to conflicts with the investment objectives. The Town has chosen to monitor the developments of ESG factors and will reconsider its approach to ESG investing for the Short-Term Portfolio as and when appropriate to do so.

For the investment of Long-Term Money, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

### **5.6.2 *Securities Lending***

For the investment of Short-Term Money securities lending is permitted through ONE Investment Program investments only.

For the investment of Long-Term Funds, the Municipality may invest in pooled funds, and other investment funds that are managed by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager permit such an action.

### **5.6.3 *Derivatives***

Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Money where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

#### **5.6.4 Use of Leverage**

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage is not a strategy currently employed by ONE JIB but may be considered at a later date.

#### **5.6.5 Pooled Funds**

All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof. The investment strategies may also include allocations to cash or short-term investment vehicles.

#### **5.6.6 Currency Hedging**

The Short-Term Portfolio will not utilize currency hedging.

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the Long-Term Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

### **5.7 Performance Monitoring, Rebalancing and Management**

#### **5.7.1 Short-Term Money**

For the investment of Short-Term Money, Municipality staff will monitor the cash flow needs of the Municipality on a periodic basis. Should the needs on the Municipality no longer be met by the asset mix, staff will make changes, at the discretion of the Treasurer, taking into consideration the Short-Term Investment objectives.

#### **5.7.2 Long-Term Money**

For the investment of Long-Term Money, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the investment plan.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.6 that shows the Municipality's holdings, declares compliance with this IPS and shows External Portfolio Manager performance.

## **6. ADMINISTRATIVE POLICIES**

### **6.1 Flow of Money and Annual Municipal Budget**

#### **6.1.1 *Transfer to ONE JIB as Part of Annual Review Process***

On an annual basis, as part of the Municipality's Annual Review process, the Municipality shall identify the amount, if any, of Long-Term Money that it holds. Any Long-Term Money not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

#### **6.1.2 *Transfer to Municipality as Part of the Annual Review Process***

On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Money then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Money and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

### **6.2 Flow of Money Otherwise than through the Budget Process**

#### **6.2.1 *Surplus Funds***

The Short-Term Funds capture revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the Treasurer at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Money. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

#### **6.2.2 *Contingencies***

The Treasurer is authorized, to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the Long-Term Money under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Money). In determining the Budgeted Long-Term Money for purposes of calculating the 25% limit, any Long-Term Money to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to Section 6.1.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

### **6.3 Valuation of Investments**

Investments shall be valued according to the values provided by the Custodian(s). For the investment of Long-Term Money, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be

valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

#### **6.4 Voting Rights**

Where External Portfolio Managers have been appointed, such External Portfolio Managers shall assume the responsibility of exercising voting rights and will report their voting policies to ONE JIB annually. The Municipality may access these policies at any time.

#### **6.5 Internal Controls**

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

#### **6.6 Custodians**

All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees. For Long-Term Money, the Custodian shall be acceptable to ONE Investment.

For Short-Term Funds the following is a list of financial institutions authorized to provide investment services to the Municipality. This list will be maintained and updated as the business environment changes:

- TD Canada Trust
- CIBC Wood Gundy
- BMO Nesbitt Burns Inc.
- RBC Dominion Securities Inc.
- Raymond James Ltd.
- Canaccord Genuity
- ONE Investment

#### **6.7 Reporting**

##### **6.7.1 Short-Term Money**

For the investment of Short-Term Funds, the Treasurer shall provide an annual investment report to Council. The Investment report shall contain:

- A statement about the performance of the investments during the period covered by the report;
- A statement by the Treasurer as to whether or not, in their opinion, all investments are consistent with the investments policies and goals of the Municipality;
- Listing of all investments by maturity date;
- Percentage of total portfolio that each type of investment represents; and

- Such other information that Council may request, or that the Treasurer may consider pertinent.

### **6.7.2 Long-Term Money**

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the Treasurer.

All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.

## **7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE**

### **7.1 Revocation / Amendment of Previous Investment Policy**

This policy replaces any existing investment policy of the Municipality, in its entirety, and all previous investment policies are revoked and repealed.

### **7.2 Modifications to the IPS**

At least annually Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.

Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual review will consider:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

**7.3 Effective Date**

This IPS is adopted by Council of the Municipality effective DATE TBD. The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

\_\_\_\_\_  
Signed by:

\_\_\_\_\_  
Treasurer

\_\_\_\_\_  
Date

**Appendix I: ONE JIB Agreement**



**Appendix II: ONE External Portfolio Manager Mandates**

**Schedule A**

**Third Party Trust Funds and Designated Funds**

**Third Party Trust Funds**

1. None

**Designated Funds**

2. None



## Attachment 2

### Municipal Client Questionnaire (MCQ)

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality’s financial circumstances, or
- b. A significant change in the amount of your municipality’s “money that it does not require immediately”

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

#### **Section 1 – Client Information**

Name of Municipality: Town of Aurora

Address: 100 John West Way, Aurora ON L4G 6J1

#### *Treasurer Information*

Name: Rachel Wainwright-van Kessel

Phone Number: 905-726-4772 Extension: \_\_\_\_\_

Email: rvankessel@aurora.ca

#### *Primary Day to Day Contact Information\**

*Check if same information as Treasurer above*

Name: Laura Sheardown

Phone Number: 365-500-3080 Extension: \_\_\_\_\_

Email: Lsheardown@aurora.ca

\*Primary day-to-day contact should have a comprehensive understanding of your Municipality’s financial position and investment needs.



## Municipal Client Questionnaire (MCQ)

### Section 2 - Investment Knowledge and Experience

1. Which statement best describes the Municipal staff (person most responsible for managing investments)'s level of investment knowledge and experience with financial markets and products?

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2. If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

3. Please indicate if your municipality has used / held any of the following investment types within the past five years. *[check all that apply]*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC securities)
- Securities held in third party trusts (i.e., cemetery trust, legacy fund etc.)
- Fixed income (government and/or corporate bonds)
- Equities
- Other – Please Describe



## Municipal Client Questionnaire (MCQ)

### Section 3 – Investment Objectives and Risk Tolerance

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require Immediately** (MNRI).

In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return over a five-year period will be higher where the portfolio’s returns are varied when measured on a year-by-year basis, with some years possibly having negative returns.

A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five-year average.

- In relation to MNRI, which of the following best reflects your Municipality’s longer-term investment objectives (return), risk tolerance (volatility of returns) and shorter-term tolerance for losses (actual or unrealized)?

Description	Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<b>Lower risk / return</b> <input type="checkbox"/>	Capital preservation is the main objective.  Willingness to accept lower returns to reduce the likelihood of losses.	Small chance of loss of capital over a 5-year period	Less than 5% decline
<b>Moderate risk / return</b> <input checked="" type="checkbox"/>	Balanced growth (combination of growth and income) is the main objective.  Willingness to accept moderate level of risk to achieve moderate growth without excessive risk to capital.	Moderate chance of loss of capital over a 5-year period	5-15% decline
<b>Higher risk / return</b> <input type="checkbox"/>	Growth of capital is the main objective.  Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns.	Higher risk of loss of capital over a 5-year period	More than 15% decline

\* These percentages are for illustrative purposes only, to determine sensitivity to potential capital loss, and do not represent a guarantee by ONE JIB or ONE Investment.



## Municipal Client Questionnaire (MCQ)

- 5. *If applicable*, is there any other information about your Municipality’s investment objectives and risk tolerance for its MNRI that is relevant to your Investment Policy Statement or Investment Plan?

- 6. How sensitive is your municipality to recognizing investment gains and losses from portfolio adjustments and market fluctuations?

**Sections 4 and 5** of this MCQ below ask about your Municipality’s MNRI, cash flow and other financial assets that may be applicable. It is intended to assist ONE Investment in obtaining an understanding of your Municipality’s financial circumstances, including its cash flow needs.

### ***Section 4 – Financial Information***

- 7. Please provide your municipality’s **MNRI (see note below)** by reserve (or reserve categories) with expected investment time horizons. This information can be provided in the template provided, or in a separate document.

**Note:** MNRI can be determined by time, source of funds, purpose of funds, or such other means as your Municipality may decide is appropriate. It is defined for your municipality in the Investment Policy Statement approved by your Council. For example, the ‘less than 3 years’ column of MNRI in the template might not be applicable for all municipalities.

Information has been provided as an attachment to this MCQ

### Summary of Money not Required Immediately for Investment Planning Purposes

Example

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Roads Mtnc Reserve	Ongoing Maintenance	\$8,000,000	\$1,500,000	\$1,500,000	\$3,500,000	\$3,500,000
Infrastructure Reserve	Road Lane Widening	\$5,000,000		\$1,000,000	\$4,000,000	

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Program Reserves and Reserve Funds	Roads & Related, Fleet, Facilities, Parks & Rec, Growth & New Capital, Gas Tax, Parks, CIL, etc.	16,123,505	0	4,338,332	4,452,753	7,332,420
Development Charges	DC Roads, DC parks & Rec, DC water, etc.	5,808,915	0	2,904,458	1,742,675	1,161,783
Contingency Reserves & Reserve Funds	Tax Rate Stabilization, WSIB, Winter Control, Building, etc.	26,137,880	0	6,496,435	5,048,104	14,593,342
	<b>Total MNRI</b>	48,070,300	0	13,739,225	11,243,532	23,087,545



## Municipal Client Questionnaire (MCQ)

8. Please provide your Municipality’s current **Cash Flow Projections for MNRI** by year. This information informs the ONE JIB about potential drawdowns /additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns	0	0	(11,000,000)	(28,200,000)	(3,600,000)
Anticipated MNRI Contributions	0	0	15,000,000	31,000,000	7,750,000
Net change in MNRI	0	0	4,000,000	2,800,000	4,150,000

*Other information or comments (if applicable)*

The numbers in the Greater than 10 Years column are per year

9. Does the MNRI drawdown forecasts in Question 8 above reflect:

- Drawdowns of current reserve balances
- Drawdowns of current reserve balances inclusive of projected future budgetary contributions

10. What **assumptions or factors** does your municipality include in the reserve cash flow projections? For example: inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

Future tax and water program based reserve projected contributions  
10 year asset management plan projections





### Municipal Client Questionnaire (MCQ)

11. If your Municipality has completed a **capital budget forecast**, how many years does this forecast extend?

- Less than 3 years
- 3-5 Years
- 5-10 Years
- 10 years or more

12. If your Municipality has completed an **asset management plan**, how many years does this forecast extend?

- Less than 3 years
- 3-5 Years
- 5-10 Years
- 10 years or more

13. To what extent has your Municipal asset management plan been integrated into the capital budget process?

It is a work in progress - every year it is a little more integrated.

#### Funding/Expenditure Analysis

14. How does your Municipality manage unanticipated requests for funding? What is the probability that your municipality may unexpectedly need to draw down MNRI to fund unexpected budget shortfalls?

The Municipality will manage unforeseen requests for funding through short-term reserves. The probability is low that the Town will need to draw down MNRI to fund unexpected budget shortfalls is low.

15. Is there a particular year(s) in your Capital Forecast or Asset Management Plan when your Municipality anticipates unusual or large capital expenditure(s)?

- Yes
- No



## Municipal Client Questionnaire (MCQ)

*If yes, please explain the timing and nature of the expenditure(s)*

16. Do you anticipate any decisions / factors within the **next 24 months** that could have a material impact on your MNRI forecasts – either positive or negative? (e.g., projects contingent on unsecured grants, potential significant changes to your debt financing strategy, significant acquisitions or disposals/divestments).

Yes       No

*If yes, please provide details*



## Municipal Client Questionnaire (MCQ)

### Section 5 – Portfolio Information

17. Please provide the breakdown of your MNRI, In-Kind securities and LDC securities by Investment type

Description	As of Date (MM/DD/YY)	Value*
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	07/19/24	48,247,798
Expected contributions (withdrawals) of MNRI and <i>Date</i> MNRI to be transferred / received (B)		0
<b>Total MNRI to be invested in ONE JIB Outcomes (A + B)</b>		48,247,798
In-Kind securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (C)	06/30/24	35,348,803
<b>Total Current MNRI, expected contributions to MNRI and In-Kind securities (A + B + C)</b>		83,596,601
LDC securities as of <i>Date</i> (D)		
<b>Total Municipal MNRI, In-Kind securities and LDC securities (A + B + C + D)</b>		83,596,601

\* The market value of In-Kind securities may change between the date control and management is given to ONE JIB and the date they mature after which the cash proceeds can be invested by ONE JIB.

*Other information or comments (if applicable)*

### Section 6 – Existing Investments

18. Your Municipality may have given control and management of In-Kind securities and LDC securities to ONE JIB with its MNRI (*refer to Section 5 above*). If applicable, please identify below any details of In-Kind securities and LDC securities that your municipality may have. A template and sample have been provided on the next page for your reference, or you may attach a copy of your statement(s). If your Municipality has no such In-Kind securities/LDC securities *proceed to Section 7 of the MCQ*.



## Municipal Client Questionnaire (MCQ)

The applicable information is provided as an attachment to the MCQ:

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>
<i>SAMPLE CIBC Global Blue Chip Growth Deposit Notes, Series 12</i>	<i>PPN</i>	<i>CIBC</i>	<i>\$5,000,000</i>	<i>N/A</i>	<i>February 2030</i>
<i>SAMPLE London 3.2% May 9, 2026</i>	<i>Bond</i>	<i>N/A</i>	<i>\$1,000,000</i>	<i>\$1,098,000</i>	<i>May 9, 2026</i>
<i>SAMPLE Canada 2 7/8 July 2, 2028</i>	<i>Bond</i>	<i>N/A</i>	<i>\$2,000,000</i>	<i>\$1,945,000</i>	<i>July 2, 2028</i>

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>

*Other information or comments (if applicable)*



## Municipal Client Questionnaire (MCQ)

### ***Section 7 – Other Information***

19. If there have been major changes in circumstances since the last MCQ updates (if applicable) that you would feel would require a reallocation of MNRI for your Municipality. Please advise what has changed since the last MCQ update.

20. Please provide any additional information or context that you consider relevant to ONE JIB's understanding of your municipality's MNRI, In-Kind securities and LDC securities.

### ***Section 8 – Investment Restrictions***

21. Are your Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in your Municipal Investment Policy Statement?

Yes

No



# Municipal Client Questionnaire (MCQ)

If yes, please specify

### Section 9 – Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this 31 day of July, 2024

**Rachel Wainwright-van Kessel**

Name and Signature of Treasurer

\_\_\_\_\_

N/A

Second Signature (if Required)



# Municipal Client Questionnaire (MCQ)

## Appendix 1 – Midyear MCQ Updates Form

Please provide details below that explain the nature of your requested change. This should describe: the money involved, the timing of transactions required, and any other context to support the change request. This will allow ONE JIB to understand how this update may change the cashflow characteristics or investment horizons of MNRI and In-Kind securities (and possibly LDC securities) relative to your current MCQ and Investment Plan.

### Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name and Signature of Treasurer

Second Signature (if required)



## **Attachment 3**

# **The Town of Aurora Investment Plan**

Date: September 4, 2024

155 University Ave., Suite 800  
Toronto Ontario M5H 3B7 Canada





## Contents

	<u>Page</u>
<b>1. DEFINITIONS .....</b>	<b>3</b>
<b>2. PURPOSE OF INVESTMENT PLAN.....</b>	<b>3</b>
<b>3. RESPONSIBILITY FOR PLAN.....</b>	<b>3</b>
<b>4. INVESTMENT GOALS AND OBJECTIVES.....</b>	<b>3</b>
<b>5. INVESTMENT PORTFOLIO .....</b>	<b>4</b>
5.1 Asset Allocations .....	4
5.2 Account Structure.....	4
5.3 In-Kind Securities (in transition) .....	7
5.4 Other Accounts.....	7
<b>6. APPLICABLE ONE JIB POLICIES .....</b>	<b>7</b>
6.1 Environmental, Social and Governance (ESG) Investing .....	8
6.2 Securities Lending .....	8
6.3 Derivatives.....	8
6.4 Rebalancing.....	9
<b>7. IMPLEMENTATION.....</b>	<b>9</b>
7.1 Custodian .....	9
7.2 Transition Plan (including transitional investments).....	9
7.3 Accommodating Cashflow Needs.....	9

## 1. Definitions

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

## 2. Purpose of Investment Plan

As required under the prudent investor regime authorized by the *Municipal Act, 2001* (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (*Plan*) establishes how ONE JIB will invest Aurora's Long-Term Money as defined in section 5.2 of Aurora's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Aurora.

## 3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Aurora's IPS.

## 4. Investment Goals and Objectives

Aurora's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Aurora's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined according to the Outcome Framework approved and annually reviewed by ONE JIB in accordance with the *ONE JIB Outcome Framework Policy*. The allocation of Aurora's Long-Term Money in this Plan is consistent with the details as disclosed in Aurora's IPS and MCQ.

The Long-Term Money will be invested to generate returns for any or all of the following results:

- a. Funding contingencies, where returns are reinvested with a view to growing principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Aurora has an obligation for a specific project at a specific time.

While individually Aurora’s reserve and reserve funds require liquidity, collectively they provide Aurora with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Prudent Investment Program funds are designed to be highly liquid. Less liquid investments may become available through the program at a later date.

## 5. Investment Portfolio

### 5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of Long-Term Money must be communicated to ONE JIB formally as outlined in the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

### 5.2 Account Structure

The amounts of Long-Term Money, as disclosed in Aurora’s updated MCQ have been allocated into investment Outcome categories as shown in *Table 1* below.

*Table 1 - Investment Allocations by Outcomes Categories as of July 18, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	-	-
Stable Return	-	-
Contingency	\$ 15,100,000	31.3
Asset Management Reserves	-	-
Target Date 3-5 Years	11,947,798	24.8
Target Date 5-10 Years	17,000,000	35.2
Target Date 10+ Years	4,200,000	8.7
Total	\$ 48,247,798	100.0

\* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of Long-Term Money on July 18, 2024. The Investment Plan will be implemented based on the allocation weights in Table 1.

Mixes of ONE Prudent Investment Program funds appropriate for Aurora’s circumstances will be used for each Outcome. Descriptions of these Outcomes, ONE Prudent Investment Program funds and the asset allocations for each Outcome are described in the *ONE JIB Outcome Framework Policy*.

The target weight for each Outcome Investment Allocation are shown in *Tables 2 to 8*, and the Total Long-Term Money by Investment Allocation (as of July 18, 2024) is shown in Table 9 below.

*Table 2 – Cash Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Fixed Income</b>	<b>100.0</b>
ONE Canadian Government Bond Fund	100%
<b>Total</b>	<b>100.0</b>

*Table 3 – Stable Return Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>30.0</b>
ONE Canadian Equity Fund	9.0
ONE Global Equity Fund	21.0
<b>Fixed Income</b>	<b>70.0</b>
ONE Canadian Government Bond Fund	19.0
ONE Canadian Corporate Bond Fund	9.0
ONE Global Bond Fund	42.0
<b>Total</b>	<b>100.0</b>

*Table 4 – Contingency Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>60.0</b>
ONE Canadian Equity Fund	18.0
ONE Global Equity Fund	42.0
<b>Fixed Income</b>	<b>40.0</b>
ONE Canadian Government Bond Fund	6.0
ONE Canadian Corporate Bond Fund	6.0
ONE Global Bond Fund	28.0
<b>Total</b>	<b>100.0</b>

*Table 5 – Asset Management Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>90.0</b>
ONE Canadian Equity Fund	27.0
ONE Global Equity Fund	63.0
<b>Fixed Income</b>	<b>10.0</b>
ONE Canadian Government Bond Fund	1.5
ONE Canadian Corporate Bond Fund	1.5
ONE Global Bond Fund	7.0
<b>Total</b>	<b>100.0</b>

*Table 6 – Target Date 3-5 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>10.0</b>
ONE Canadian Equity Fund	3.0
ONE Global Equity Fund	7.0
<b>Fixed Income</b>	<b>90.0</b>
ONE Canadian Government Bond Fund	30.5
ONE Canadian Corporate Bond Fund	10.5
ONE Global Bond Fund	49.0
<b>Total</b>	<b>100.0</b>

*Table 7 – Target Date 5-10 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>50.0</b>
ONE Canadian Equity Fund	15.0
ONE Global Equity Fund	35.0
<b>Fixed Income</b>	<b>50.0</b>
ONE Canadian Government Bond Fund	7.5
ONE Canadian Corporate Bond Fund	7.5
ONE Global Bond Fund	35.0
<b>Total</b>	<b>100.0</b>

*Table 8 – Target Date 10+ Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>75.0</b>
ONE Canadian Equity Fund	22.5
ONE Global Equity Fund	52.5
<b>Fixed Income</b>	<b>25.0</b>
ONE Canadian Government Bond Fund	3.75
ONE Canadian Corporate Bond Fund	3.75
ONE Global Bond Fund	17.5
<b>Total</b>	<b>100.0</b>

*Table 9 – Total Long-Term Money by Investment Allocations as of July 18, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	6,571,434	13.6
ONE Global Equity Fund	15,333,346	31.8
ONE Canadian Government Bond Fund	5,982,578	12.4
ONE Canadian Corporate Bond Fund	3,593,019	7.4
ONE Global Bond Fund	16,767,421	34.8
<b>Total</b>	<b>48,247,798</b>	<b>100.0</b>

### **5.3 In-Kind Securities (in transition)**

Aurora has a portfolio of securities that have been designated in-kind securities under the control and management of the ONE JIB. Full details of the holdings are reflected in Aurora's ONE Investment Quarterly report with the aggregate market value of \$ 35,348,803 as at June 30, 2024.

### **5.4 Other Accounts**

Aurora has no other accounts ONE JIB must consider.

## **6. Applicable ONE JIB Policies**

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website.

- ONE JIB Outcome Framework Policy

- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)
- ONE JIB Rebalancing Policy
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

## **6.1 Environmental, Social and Governance (ESG) Investing**

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing and evaluating External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

## **6.2 Securities Lending**

Investment Funds that are controlled by an External Portfolio Manager may be subject to securities lending if their policies permit such lending.

## **6.3 Derivatives**

ONE JIB does not intend that derivative be used in the investment of Long-Term Money for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

## 6.4 Rebalancing

This Plan's asset allocations will be monitored and rebalanced by ONE Investment in accordance with the *ONE JIB Rebalancing Policy*.

## 7. Implementation

### 7.1 Custodian

All investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

### 7.2 Transition Plan (including transitional investments)

This section does not apply.

### 7.3 Accommodating Cashflow Needs

#### a. Investment Income and Rebates

Income from investments will be automatically reinvested as per the *ONE Distribution Policy PI* and cashflow needs of Aurora are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Aurora.

#### b. Anticipated mid-year cashflow requests

Aurora has not disclosed any known mid year cashflow needs.

#### c. Unanticipated mid-year cashflow requests

Upon receipt of an updated MCQ from Aurora that involves a withdrawal of Long-Term Money, the Chief Investment Officer will process the request in accordance with the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.





# REPORT

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: September 4, 2024  
 Re: Town of Huntsville’s Investment Plan  
 Report: ONE JIB 2024-043

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Huntsville’s Investment Policy Statement (Attachment 1).
2. Receive the Town of Huntsville’s Municipal Client Questionnaire (Attachment 2).
3. Approve the Town of Huntsville’s proposed Investment Plan (Attachment 3).

## 2. SUMMARY

The Town of Huntsville has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI and the investment horizons associated with its reserve balances. The MCQ indicates the Town will not be making contributions or withdrawals of MNRI as part of the annual Investment Plan update this year. The Town has also reviewed its Investment Policy Statement (IPS), which resulted in no changes to the IPS.

The Town has made a significant reallocation of reserves since last year, with incremental balances allocated to its share in a hospital to be built in 15 years. Contributions to these long-term reserves over time should increase the Town’s investment horizon, which may lead to revisions in allocations in subsequent years. At this time, no changes to Huntsville’s Investment Plan are being recommended, and consolidated equity allocations will remain at 42.3%. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 1.3	12.7
ONE Global Equity Fund	3.1	29.6
ONE Canadian Government Bond Fund	1.6	15.0
ONE Canadian Corporate Bond Fund	0.8	7.5
ONE Global Bond Fund	3.7	35.1
Total	\$ 10.6	100.0

### 3. BACKGROUND

#### Huntsville’s annual Investment Policy Statement (IPS) review resulted in no changes to the IPS

Huntsville completed its annual IPS review on July 22, 2024, making no updates to the wording or content of the IPS. There have been no changes to the ONE JIB IPS template since the Town last updated the plan in 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

#### Huntsville has provided updated details on the investment horizon associated with MNRI

Huntsville’s investment horizon, risk tolerances, and investment objectives were updated as part of the annual Investment Plan review. Based on the information provided in the MCQ, the Town’s investment horizon appears to be getting longer compared to last year’s Investment Plan. The information provided in Table 1 below does not consider the possibility of debt financing for longer-term projects, and the Treasurer noted that there is uncertainty involved in reserve planning that is not fully reflected in Table 1.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 7 of the MCQ.*

Investment Horizon of MNRI						
Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Less than 3 years	3-to-5 years	5-to-10 years	10+ years
Capital projects and special reserves	Target date - planned projects	4,112,748	1,000,000	2,000,000		1,112,748
Development charges reserve funds	Target Date - growth related projects	1,354,206	750,000	604,206		
Other funds	Target Date – Federal Gas Tax, Parking, Parkland Cash-in-Lieu, Development Contributions, contingency	404,768			404,768	
Hospital Local Share reserve	Target Date	4,194,368				4,194,368
	<b>Total MNRI</b>	10,066,090	1,750,000	2,604,206	404,768	5,307,116

#### Huntsville will not be making contributions or withdrawals of MNRI this year but may make incremental contributions to MNRI in future years.

Huntsville will not be contributing or drawing down MNRI this year but expects to be making incremental contributions to MNRI in the coming years to fund longer term capital projects, including the building of reserves for the Town’s share in a hospital that will be built in 2038. Section 8 of the Town’s MCQ provides details of the anticipated contributions and withdrawals of MNRI over the next 10 years, which are shown in Table 2 below.

*Table 2: Anticipated Cash Flow Projections MNRI by year from table 8 of the MCQ.*

	<b>Next Year</b>	<b>2 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>Greater than 10 years</b>
Anticipated MNRI Drawdowns					(10,000,000)
Anticipated MNRI Contributions	-	1,000,000	2,000,000	2,000,000	
Net change in MNRI	-	1,000,000	2,000,000	2,000,000	(10,000,000)

#### 4. ANALYSIS

##### **Huntsville’s investment allocations in its updated Investment Plan remain unchanged**

A review of Huntsville’s expected cashflows and expected future reserve balances was conducted as part of the annual review process. This indicated that no changes in the mapping of MNRI to reserves are appropriate at this time. It is anticipated that the Town may make additional contributions of MNRI in the coming years, which may also extend Town’s investment horizon. These anticipated changes are a result of the Town building reserves to fund its share of a hospital to be built. Currently, about \$4 million in reserves have been allocated, but over time, this reserve will grow to \$10 million.

There is considerable uncertainty related to the cashflow forecasts provided by the Treasurer. Certain financing decisions related to longer-term capital projects have not yet been completed and the Treasurer noted potential spending in the 2028 to 2030 period that may affect MNRI, but which has not yet been approved by council. A revision in investment allocation may be required in future years when greater visibility is available. The mapping of reserves to investment outcomes will remain unchanged in the Investment Plan as a result. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type.

##### **Investment Plan updates in future years may extend the investment horizon of MNRI as the Town’s financial circumstances change**

The Town will continue to build reserves for its share in a hospital to be built in 15 years. The reserves for this capital project will be increased in subsequent years, which will extend the horizon associated with MNRI reserves. Debt financing may be considered as part of this initiative, with much of the planning yet to be approved. It is not yet appropriate to start making changes to Huntsville’s Investment Plan. It may be appropriate to increase the Town’s allocation to equity at its next Investment Plan update, which may occur when Huntsville’s MNRI is transitioned into the OCIO Offering.

**The Investment Plan's mapping of MNRI to Outcomes, and resulting asset allocation, is consistent with Huntsville's cashflow forecasts, risk tolerances, and objectives.**

The Town does not anticipate any drawdowns in reserves over the next few years but has identified longer-term projects that may lead to increases in MNRI. Debenture issuance may also help fund some of the longer-term capital projects, limiting the potential for MNRI drawdowns for these projects. For the 2024 annual Investment Plan update, no changes in the mapping of municipal reserves to investment outcomes are recommended, with the overall risk level unchanged and the overall allocation to equities at a consolidated level remaining at 42.3%.

Mapping the MNRI to Outcomes was based on the information provided in the MCQ and discussions with the Treasurer. Asset allocations (Table 3) and fund allocations (Tables 4 and 5) were determined using the ONE JIB's Outcome Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Contingency	\$ 4.2	39.5	40	60	100
Target Date 3-5 Years	3.9	37.2	90	10	100
Target Date 5-10 Years	1.1	10.2	50	50	100
Target Date 10+ Years	1.4	13.1	25	75	100
<b>Total</b>	<b>\$ 10.6</b>	<b>100.0</b>			

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 1.3	12.7
ONE Global Equity Fund	3.1	29.6
ONE Canadian Government Bond Fund	1.6	15.0
ONE Canadian Corporate Bond Fund	0.8	7.5
ONE Global Bond Fund	3.7	35.1
<b>Total</b>	<b>\$ 10.6</b>	<b>100.0</b>

*Table 5: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)*

<b>Outcome</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corp Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Contingency	\$ 0.8	\$ 1.8	\$ 0.3	\$ 0.3	\$ 1.2	\$ 4.2
Target Date 3-5 Years	0.1	0.3	1.2	0.4	1.9	3.9
Target Date 5-10 Years	0.2	0.4	0.1	0.1	0.4	1.1
Target Date 10+ Years	0.3	0.7	0.1	0.1	0.2	1.4
<b>Total</b>	<b>\$ 1.3</b>	<b>\$ 3.1</b>	<b>\$ 1.6</b>	<b>\$ 0.8</b>	<b>\$ 3.7</b>	<b>\$ 10.6</b>

## **5. CONCLUSION**

The proposed Investment Plan is consistent with Huntsville’s IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. There are no contributions or withdrawals of MNRI associated with the investment plan updates, and no changes to the investment allocations are proposed at this time. It is anticipated that MNRI will start to increase in subsequent years, and the investment horizon will become longer as it builds reserves for its share in a hospital to be built in 15 years. The allocations in the Investment Plan will need to be revisited during future Investment Plan updates to reflect changes in circumstances that have not yet been finalized or approved by council. This may lead to revisions in investment allocations over the next few years.

## **ATTACHMENTS**

Attachment 1: Town of Huntsville’s Investment Policy Statement

Attachment 2: Town of Huntsville’s Municipal Client Questionnaire

Attachment 3: Town of Huntsville’s Proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services  
 Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment

# Attachment 1



## Town of Huntsville Staff Report

**Meeting Date:** July 22, 2024

**To:** Council

**Report Number:** CORP-2024-40

**Confidential:** No

**Author(s):** Julia McKenzie, Director of Financial Services/Treasurer

**Subject:** Investment Policy Statement - Repeal and Replace

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### Report Highlights

- As required by policy Budget-Financial-24: Investment Policy Statement (IPS), a review of the policy is done annually by Council. No changes are being recommended in 2024.
- ONE JIB Annual Performance Report for the period ending December 31, 2023

### Recommendation

**THAT:** The Investment Policy Statement attached as Appendix I to Report CORP-2024-40 be approved;

**AND FURTHER THAT:** Budget&Financials-30 "Investment Policy Statement" be repealed and resolution GC66-23 be rescinded.

### Background

Policy Budget-Financial-24 was approved by Council and came into effect on July 2, 2020 As outlined in the policy:

*At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Funds and from ONE JIB with respect to the investment of Long-Term Funds. Following Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required. The policy was last reviewed by General Committee January 26, 2022.*

The Town's Investment Policy Statement "Budget&Financial-30", Section 6.7 - Reporting requires that the Treasurer provide an annual investment report no less frequently than once annually which includes a statement about the performance of the Participating Municipality's Managed Assets during the period covered by the report. "ONE JIB Annual Report to Council 2023 - Huntsville" as attached to this report satisfies the requirements of the policy and outlines the performance of the

Town's investment under the Prudent Standard from inception and for the year 2023. The summary of the results were reported on previously in summary by the Treasurer through report CORP-2024-17. The ONE JIB Annual Performance Report for the period ending December 31, 2023 attached to this report has been approved by the ONE JIB.

## Discussion

As outlined in the IPS, the annual review of the IPS must include:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the time frame to payout; and
- sensitivity to loss

**The adequacy of funding for capital works:** Based on preliminary estimates of the ending reserve balances (capital replacement and other general reserves) as well as obligatory reserve accounts (i.e., Development Charges, Parking In-lieu and Canada Community Building Fund) and expected financial commitments for 2024, holding \$10,000,000 as MNRI (money not required immediately), which is consistent with the prior years, will still allow for adequate funds for capital works funding for 2024.

**The Municipality's ability to reduce other spending:** In reviewing the funds required for the expected upcoming obligations for the next 18 months, it is expected that the Town will have the ability to meet current obligations and if required, if there are significant changes in the Town's operations (i.e., increase in taxes receivable, reduced investment income) the Town has the ability to control various operating costs to meet short term obligations.

**Flexibility of the time frame to payout:** The Town has funding budgeted to replenish reserve funds each year as well as the budgeted use of the funds. The timing of many capital projects occur throughout the year which provides some flexibility for the time frame of the payout of investments. It is expected, at this time, that the Town has flexibility based on current funding levels and expected projects.

**Sensitivity to loss:** The Town's capital plan considers capital spending across the long-term with staff endeavoring to spread significant spending across several years which reduces the sensitivity to loss. This allows for more time for funds to recuperate from short-term losses. However, as the Town is currently under-funding long-term infrastructure plans, any loss will increase the funding deficit for the Town's capital infrastructure plans.

Based on the overall assessment of the Town's financial assets and obligations, no change is required to the total amount invested as outlined in the Town's Investment Plan.

There are no changes being requested of the IPS attached other than the date and the previous policy to be rescinded.

## Options

1. Approve the IPS as attached to this report (**Recommended**)
2. Recommend changes to be made to the IPS (Not recommended)

## Capital

The Investment Policy Statement (IPS) considers the need to be looking at longer term horizons for investment management to match the timing of the needs of capital dollars based on asset management plans. Creating a more strategic approach to maintaining investments creates greater opportunity to increase yields on long-term funds.

## Operational

The Treasurer will continue to identify MNRI (money not required immediately) which will be needed for short-term needs (i.e., less than 18 months). These funds will be held in liquid investments to ensure there is adequate access as needed for the operations of the Town. Investment income or interest earned on these short-term investments will be recognized in the financial statements annually as operating income.

## Council Strategic Direction / Relevant Policies / Legislation / Resolutions

Sections 418 and 418.1 of the Municipal Act, 2001

Ontario Regulation 438/97 Eligible Investments and Related Financial Agreements (Municipal Act, 2001)

O. Reg. 43/18 Eligible Investments and Related Financial Agreements

Huntsville Delegation of Authority By-law 2019-25

Huntsville Policy - Budget&Financial-24 Investment Policy Statement

ONE Investment Town of Huntsville Investment Plan - Dated July 2, 2020

By-law 2020-53 Prudent Investor Enabling By-law

By-law 2020-36 Being a By-law to authorize various agreements relating to the ONE Investment

By-law 2024-32 To amend the ONE Joint Investment Board

CORP-2023-22 Investment Policy Statement - Review 2023, GC66-23

CORP-2024-17 2023 Investment Report - Prudent Investments

## Attachments

[Investment Policy Statement - Review 2024](#)

[Town of Huntsville - ONE JIB Annual Report to Council and Q4 Investment Report](#)

## Consultations

Keith Taylor, CFA - Chief Investment Officer, ONE Investment

**Respectfully Submitted:** Julia McKenzie, Director of Financial Services/Treasurer

**Manager Approval (if required):** \_\_\_\_\_

**Director Approval:** \_\_\_\_\_



**CAO Approval:**

Denise Corry, Chief Administrative Officer



<b>SECTION:</b> Finance	<b>EFFECTIVE DATE:</b> <del>April 24, 2023</del>
<b>RECOMMENDATION NO.:</b> <del>GC66-23</del>	<b>COUNCIL APPROVAL:</b> Res. No. <del>84-23</del>
<b>SUBJECT:</b> Investment Policy Statement	<b>POLICY NUMBER:</b> Budget&Financial- <del>30</del>

## TABLE OF CONTENTS

### 1. GLOSSARY AND DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

**Act:** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

**Agent:** means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

**Asset Class:** An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

**Asset Mix (or Asset Allocation):** means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

**Authorizing By-law:** means a by-law of a Founding Municipality which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the establishment of ONE JIB; (iii) the approval of the Client Questionnaire and the adoption of the IPS; and (iv) the entering into of the ONE JIB Agreement.

**Benchmark:** means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

**CFA Institute:** refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary,

ethics-based professional and performance reporting standards for the investment industry.

**Credit Risk:** means the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. That is, the risk that a lender may not receive the owed principal and interest.

**Custodian:** means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Derivative:** A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

**Environmental, Social and Governance (ESG) Investing:** means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

**External Portfolio Managers:** means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

**Interest Rate Risk:** refers to the possibility that the value of a bond or other fixed-income investment will suffer as the result of a change in interest rates. Interest rate risk can be managed to help improve investment outcomes.

**Internal Controls:** means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

**Investment Plan:** means the investment plan applicable to the Long-Term Money investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

**Investment Policy Statement (IPS):** means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Money under the Regulation, and for Short-Term Money, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

**JIB:** is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

**Legal List Securities:** means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

**Leverage:** means an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

**Local Distribution Corporation or LDC:** means a corporation incorporated under section 142 of the *Electricity Act, 1998*.

**Long-Term Money:** means money that the municipality has defined as long-term and characterized as money that is not required immediately by the Municipality as described in section 5.2. Monies that are Long Term Money will be invested in accordance with the Prudent Investor Standard.

**Modern Portfolio Theory:** means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

**Municipality:** means the Corporation of the Town of Huntsville.

**ONE JIB:** means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

**ONE JIB Agreement:** means the agreement effective as of July 2, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Money.

**Outcome:** in the context of the municipality's IPS the word 'outcome' is used interchangeably with 'solutions'. Investment outcomes are a set of investment allocations with varying risk/return characteristics. The outcomes assigned to each investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

**ONE JIB's Outcome Framework:** a set of Investment Outcomes designed by ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the money assigned to the outcome.

**Participating Municipality:** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

**Pooled Fund:** means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

**Portfolio:** means any collection of funds that are grouped together and required for specific purposes.

**Proxy Voting:** means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

**Prudent Effective Date:** means July 2, 2020, the date on which the prudent investor regime applies to the Municipality.

**Prudent Investor Standard:** means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Money rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

**Regulation:** means Ontario Regulation 438/97.

**Risk:** means the uncertainty of future investment returns or chance of loss of capital.

**Risk Tolerance:** means the financial ability and willingness to absorb a loss in return for greater potential for gains.

**Securities Lending:** means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

**Short-Term Money:** means money that is required immediately by the Municipality as described in section 5.1 and which remains under the control and management of the

Municipality. The money can be invested in appropriate Legal List Securities.

**Sinking Fund:** means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

**Sinking Fund Required Contributions (Annual Sinking Fund Requirement):** means the amount of money to be set aside each year for deposit into a sinking fund or a

retirement fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws.

**Sinking Fund Required Earnings:** means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

**Sinking Fund Excess Earnings:** means the investment earnings in excess of the required earnings.

## 2. PURPOSE AND LEGISLATIVE FRAMEWORK

### 2.1 Purpose of Policy

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law (by-law 2020-53 Prudent Investor Enabling) pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary ("third-party trust funds").

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to third-party trust funds and designated funds
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer, and any agent or

advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

## **2.2 Governing Legislation**

Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.

Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

Money and investments that the Municipality holds as third-party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

## **2.3 Prudent Investor Standard**

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to

Council and the liquidation or sale of investments is carried out in accordance with this IPS.

### **3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY**

#### **3.1 Determination of MNRI and MRI**

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations;
  - the purpose for which the monies have been collected or set aside and are to be used;
  - the source of the money; or
  - any combination of the foregoing
- The Municipality's MNRI will be comprised of money that is to be used to meet financial obligations that become due more than 18 (eighteen) months from the date of receipt of such money by the Municipality.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than third-party trust funds and any designated funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

#### **3.2 Overview of Portfolios**

The Municipality's portfolios represent funds required for specific purposes. A high-level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

### **4. ROLES AND RESPONSIBILITIES**

#### **4.1 Role of ONE JIB**

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix I).



ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
- Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
- Monitoring the performance of the Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

#### **4.2 Role of Municipal Staff**

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any third-party trust funds referenced in Section 2.1 by, or under the direction of, the Treasurer;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of subordinate officials

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, the Treasurer may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of third-party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

#### **4.3 Ethics and Conflicts of Interest**

Individuals who are responsible for Huntsville's Short-Term Portfolio shall comply with the Municipality's Conflict of Interest guidelines and any relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct).

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Municipal Act, 2001 (the "Act"). This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

### **5. INVESTMENT**

#### **5.1 MRI: Short-Term Money**

The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consists of money that is needed to meet the short-term financial obligations of the Municipality coming due within 18 (eighteen) months from the date of receipt of such money and are controlled and managed by the Treasurer.

##### **5.1.1 Short-Term Moneys: Investment Objectives**

The main focus of the investment of Short-Term Money is cash management, and the interest income generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

Capital preservation is the paramount objective for short-term investments, and these investments need to be highly liquid. Consequently, only high quality, short-term investments that are also Legal List Securities will be held in this portfolio. The Municipality may invest in fully liquid money market securities and deposit accounts. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital and to further manage risk through diversification by issuer and credit quality.

The investment objectives for short term money, ranked in priority, are as follows:

##### **a) Security of Principal**

The primary objective for MRI is to ensure the security of principal. To minimize the risk of loss, investments shall be subject to minimum credit ratings and shall be diversified by maturity, type of investment and issuer. Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed. Maturity dates should be structured so that investment cash inflows occur when needed.

##### **b) Liquidity Requirements**

Liquidity is measured by the ease with which securities can be converted to cash to meet forecast spending. The investments that are eligible under Ontario's Eligible Investments and Related Financial Agreements Regulation possess

different features and thus market prices will vary depending on market conditions, as well as the particular features of the type of investment.

To ensure adequate liquidity, the Municipality's investments shall be diversified by holding securities of various terms to maturity and by various types of investments and issuers and to the extent possible, the term of such investments shall match the forecasted requirements for such monies to meet expenditures.

c) Rate of Return

The Municipality's money shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the liquidity needs of each investment portfolio.

The composition of each portfolio, including its term to maturity and type of investments, shall be adjusted within the guidelines of this Policy to take advantage of market opportunities. Such changes shall be made with the periodic interest rate outlook and target portfolio structure approved by the Treasurer.

**5.1.2 Short-Term Money: Eligible Investments**

Short Term Money may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this Policy, as deemed eligible by Ontario Regulation 438/97 or as authorized by subsequent provincial regulations. Investments will be limited to securities issues maintaining a minimum credit rating by an appropriate credit rating agency.

Eligible investments include the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account;
- ONE Investment Money Market Portfolio; and,
- ONE Investment Canadian Government Bond Portfolio

Investment in the foregoing is subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

**5.2 MNRI: Long-Term Money**

The Municipality's MNRI is described in Section 3.1 as Long-Term money. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Money and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

### 5.2.1 Long-Term Money: Investment Objectives

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

The municipality's Investment objectives for its Long-Term money (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB's Outcome Framework. Table 1 provides a summary of this framework.

Table 1:

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years
Stable Return	Stable Return	Income Generation; To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk; emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	Asset Mgt Reserves	Contributions to generate returns to fund asset management reserves	Higher risk; emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk; high liquidity	3 – 5 years
	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet	Moderate risk, liquid	5 – 10 years

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
		target funding requirements		
	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long-term inflation-adjusted growth	> 10 years

Investment of long-term money is to be managed by ONE JIB in a way that balances the investment objectives with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of investment returns. Returns have an impact on revenues, as well as a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Money's investment horizons are aligned with the Municipality's obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

### **5.2.2 Long-Term Money: Eligible Investments**

Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product sponsored or managed by ONE Investment for the Prudent Investment Program (Prudent Investment Offering), provided always that the products and the selection of products comply in all material respects with the IPS. Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

### **5.2.3 Long-Term Money: Sinking Funds**

*This section has intentionally been left blank.*

### **5.2.4 Long-Term Money: Local Distribution Corporation (LDC) Securities**

The direct investment in LDC shares and/or promissory notes, as may be applicable, prior to July 2, 2020, shall be permitted and included as part of the Long-Term Money/MNRI held by ONE JIB. Specific details of this investment shall be approved by Council in its sole and absolute discretion, and ONE JIB shall adhere to all terms and conditions as directed by the Municipality. More specifically, ONE JIB shall be prohibited from selling, transferring, assigning, or pledging the LDC shares.

LDC shares are considered restricted, special assets and remain in the custody of the Huntsville. LDC shares are to be viewed as separate standalone investments with the subject matter expertise and administrative functions

remaining under the purview of Huntsville. Council retains direct, de facto control of the LDC shares and ONE JIB shall adhere to all terms and conditions as directed. More specifically, Council controls all acquisition and disposition decisions related to current and future LDC assets. Any voting related to LDC shares will be undertaken solely by Huntsville.

The investment in LDC shares will not be included in calculations regarding asset mix/allocations or other constraints that apply to the Long-Term Money.

### **5.3 Third-Party Trust Funds and Designated Funds**

In addition to the Municipality's own money, the Municipality is from time to time entrusted with third-party trust funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to third-party trust funds, the latter shall prevail.

The Municipality's third-party trust funds and the designated funds are listed in Schedule A.

For certainty, the third-party trust funds and the designated funds are not MNRI of the Municipality, and such monies are not under the control or management of ONE JIB.

### **5.4 Investment Management**

#### **5.4.1 *Investment Management of Short-Term Money***

The investment of Short-Term Funds shall be controlled and managed by the Treasurer.

#### **5.4.2 *Investment Management of Long-Term Money***

The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.

Competent External Portfolio Managers shall be appointed by ONE JIB, and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

### **5.5 Transition to Prudent Investor Regime**

*This section has intentionally been left blank.*

## **5.6 Investment Constraints**

### **5.6.1 *Environmental, Social and Governance (ESG) Investing***

The Town of Huntsville supports ESG investing for Short-Term and Long-Term Money. The Town believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

The Town has chosen to monitor the developments of ESG factors and will reconsider its approach to ESG investing for the Short-Term Portfolio as and when appropriate to do so. For the investment of Long-Term Money, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

### **5.6.2 *Securities Lending***

Securities lending is not permitted for short term. Investments directly held by the municipality. The municipality may hold externally managed investment portfolios that engage in securities lending.

For the investment of Long-Term Money, the Municipality may invest in pooled funds, and other investment funds that are managed by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager permit such an action.

### **5.6.3 *Derivatives***

Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Money where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

### **5.6.4 *Use of Leverage***

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage is not a strategy currently employed by ONE JIB but may be considered at a later date.

### **5.6.5 *Pooled Funds***

All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof. The investment strategies may also include allocations to cash or short-term investment vehicles.

### **5.6.6 Currency Hedging**

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the Long-Term Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

## **5.7 Performance Monitoring, Rebalancing and Management**

### **5.7.1 Short-Term Money**

The Treasurer shall have ultimate authority for all investment transactions and to ensure that all investments are made in accordance with this.

### **5.7.2 Long-Term Money**

For the investment of Long-Term Money, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the investment plan.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.7 that shows the Municipality's holdings, declares compliance with this IPS, and shows External Portfolio Manager performance.

## **6. ADMINISTRATIVE POLICIES**

### **6.1 Flow of Money and Annual Municipal Budget**

#### **6.1.1 Transfer to ONE JIB as Part of Annual Review Process**

On an annual basis, as part of the Municipality's Annual Review process, the Municipality shall identify the amount, if any, of Long-Term Money that it holds. Any Long-Term Money not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

#### **6.1.2 Transfer to Municipality as Part of Annual Review Process**

On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Money then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Money and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

### **6.2 Flow of Money Otherwise than through the Budget Process**

#### **6.2.1 Surplus Funds**



The Short-Term Funds capture revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the [Treasurer] at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Funds. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

### **6.2.2 Contingencies**

The [Treasurer] is authorized to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the Long-Term Money under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Money). In determining the Budgeted Long-Term Money for purposes of calculating the 25% limit, any Long-Term Money to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to Section 6.1.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

### **6.3 Valuation of Investments**

Investments shall be valued according to the values provided by the Custodian(s). For the investment of Long-Term Money, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

### **6.4 Voting Rights**

Subject to the provisions of Section 5.2.4 with respect to LDC securities, where External Portfolio Managers have been appointed, such External Portfolio Managers shall assume the responsibility of exercising voting rights and will report their voting policies to ONE JIB annually. The Municipality may access these policies at any time.

### **6.5 Internal Controls**

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the [Treasurer]. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

## **6.6 Custodians**

All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees. For Long-Term Money, the Custodian shall be acceptable to ONE Investment. For Short-Term Money, the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Money, otherwise the Custodian shall be acceptable to the Municipality.

## **6.7 Reporting**

### **6.7.1 Short-Term Money**

For the investment of Short-Term Money, the Treasurer shall report at least annually to Council, the report to be in a form and contain such content as Council may request. This may include investment performance during the period covered and any other information required under the Regulation and that the Treasurer may consider to be pertinent.

### **6.7.2 Long-Term Money**

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the Treasurer.

All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.

## **7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE**

### **7.1 Revocation / Amendment of Previous Investment Policy**

Amendment to the previous policy as outlined in Report CORP-~~2023-22~~2022-06, and approved through motion GC~~66-234-22~~.

## **7.2 Modifications to the IPS**

At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.

Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual IPS review will consider:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

## **7.3 Effective Date**

This IPS is adopted by Council of the Municipality effective ~~April 25, 2023~~ July 22, 2024

The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

## Schedule A

### Third-Party Trust Funds and Designated Funds

#### Third-Party Trust Funds

Care and maintenance trust funds under the *Funeral, Burial and Cremation Services Act, 2002* which are to be invested pursuant to the *Trustee Act*.

#### Designated Funds

The Municipality has no authority or responsibility with respect to investment of designated funds.

Reserve Funds of the Huntsville Business Improvement Area (BIA)

- Reserve Funds of the Huntsville Business Improvement Area (BIA)
- Municipal Accommodation Tax Funds – Tourism Entity Share

## Appendix I: ONE JIB Agreement

# QUARTERLY INVESTMENT REPORT

**For The Period Ended December 31, 2023**

**Huntsville Prudent Investor Portfolio**

37 Main St. East  
Huntsville, ON  
P1H 1A1

McKenzie, Julia  
Director of Finance/Treasurer  
julia.mckenzie@huntsville.ca  
(705) 789-1751 x2251

**ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

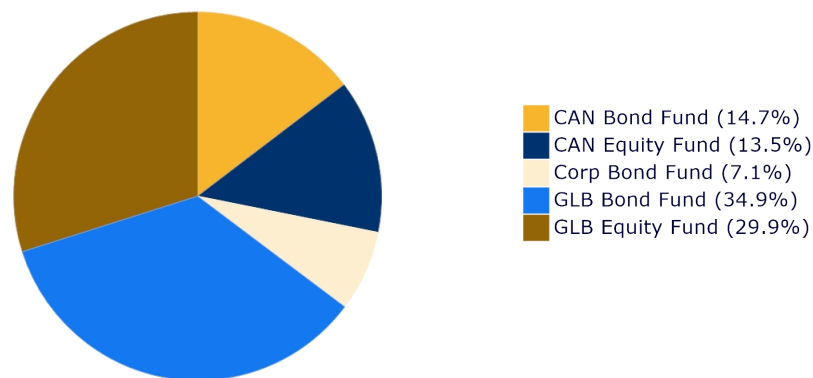
**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Huntsville Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended December 31, 2023**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	6.1%	10.9%	10.9%	1.0%	3.1%	-	4.1%	07/02/2020

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	1,463,493.19	5,000.00	-	37,014.52	-	1,505,507.71
CAN Equity Fund	1,286,951.24	-	10,000.00	60,406.77	49,497.06	1,386,855.07
Corp Bond Fund	680,121.61	5,901.41	-	31,349.82	12,057.08	729,429.92
GLB Bond Fund	3,276,588.33	108,408.95	-	68,018.62	129,161.26	3,582,177.16
GLB Equity Fund	2,975,786.73	-	105,000.00	147,593.31	52,011.38	3,070,391.42
PI-HISA	2.72	-	3,285.98	-	3,283.26	-
<b>Total</b>	<b>9,682,943.82</b>	<b>119,310.36</b>	<b>118,285.98</b>	<b>344,383.04</b>	<b>246,010.04</b>	<b>10,274,361.28</b>

**Huntsville Prudent Investor Portfolio  
Performance History At  
December 31, 2023**

**Performance by Fund**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
ONE Canadian Equity Fund	8.6	17.5	17.5	4.1	9.3	-	-	12.9	07/02/2020
ONE Global Equity Fund	6.9	17.5	17.5	2.3	8.4	-	-	9.2	07/02/2020
ONE Canadian Corporate Bond Fund	6.3	6.2	6.2	-1.3	-1.6	-	-	-1.0	07/02/2020
ONE Canadian Government Bond Fund	2.5	3.1	3.1	-0.4	-0.7	-	-	-0.3	07/02/2020
ONE Global Bond Fund	5.7	6.5	6.5	-1.3	-0.8	-	-	0.6	07/02/2020

**Performance by Outcome**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIB1HNTCONT	6.6	13.0	13.0	1.3	4.9	-	-	6.4	07/02/2020
JIB2HNTTD35	5.1	7.4	7.4	0.4	0.9	-	-	1.8	07/02/2020
JIB3HNTTD10P	6.9	14.8	14.8	1.9	6.4	-	-	7.9	07/02/2020
JIBHNTCASH	0.3	3.8	3.8	9.4	11.8	-	-	10.1	07/02/2020
JIB4HNTTD510	6.4	11.8	11.8	0.9	-	-	-	1.7	08/04/2021



## **QUARTERLY REVIEW**

Equity markets finished the year with strong performance as investor sentiment improved in the final few months of 2023. This led to strong returns for the Canadian Equity Fund, which was up 8.6% in the fourth quarter. This late-year surge in equity markets was in response to signals indicating that central banks are done raising interest rates and, more importantly, that global central banks are poised to start making meaningful cuts in interest rates in 2024. This comes after multiple economic indicators confirmed that inflation rates have fallen sharply from their peak in 2022. As central banks have been successful in containing inflation, there is less reason to maintain tight monetary policy. This was positive news for equity investors.

Returns for the 2023 Calendar year were also strong, with the Canadian stock market producing returns of over 11% last year. The Canadian Equity Fund had much stronger performance, achieving calendar year returns of 17.5%. Both stock selection and the fund's allocation across the different sectors of the market contributed to the strong performance.

The weakest segments of the Canadian equity market during the quarter were the Energy and the Materials sectors. The fund is designed to have light exposure to these sectors, which helps to dampen the volatility of returns, but in the quarter, this also helped the fund outperform its benchmark. A heavy allocation to the Information Technology sector also helped performance, as this was the best performing sector of the market, with sector returns of 24% in the quarter. The performance of Shopify Inc, which was up 39% in the quarter, contributed to the strong sector performance. As the manager does not hold Shopify Inc, the fund did not fully participate in the sector's strength. The performance of the fund benefited from holdings in Gildan Activewear and Restaurant Brands, which collectively represent about 10% of the fund and both had returns of over 15% in the quarter.

## **QUARTERLY REVIEW**

Global equity markets had strong performance in the fourth quarter, which added to the solid returns generated earlier in 2023. The ONE Global Equity Fund had returns of 6.9% in the fourth quarter, bringing full-year 2023 returns to 17.5%. These results are very encouraging, as they were achieved in the wake of rapid interest rate increases, ongoing concern about elevated inflation levels, and market worries about a looming global recession. This serves as a reminder that financial markets are forward looking, and the prospects for inflation to abate and interest rates to fall helped support investor optimism that led to these strong equity market returns. It is also now a consensus view that the US economy will achieve a 'soft landing', avoiding a recession, which also boosted investor sentiment.

US equity markets saw some of the strongest returns last year, producing returns in excess of 26%, with strength focused primarily on the seven biggest technology-focused companies, which have become known as the 'Magnificent 7' stocks. These seven stocks had spectacular returns last year that accounted for the bulk of US equity market returns in 2023. The Global Equity Fund has exposure to some of these 7 stocks, including Microsoft, Amazon, and Alphabet Inc. (Google), but the Fund has no exposure to the best-performing stocks from this group, Nvidia and Tesla Inc., which had returns of 239% and 101%, respectively, last year.

Asian equity markets were not as strong as other regions in 2023 amid sluggish growth from the Chinese economy. A slowdown in Chinese growth has direct implications for regional trading partners. Chinese equity markets were weaker last year, down more than 10%, with better performance experienced in other regional. Japanese equity markets performed well last year, up over 30%. The Global Equity Fund has small exposure to Japan but currently has no other Asian exposure.

## **QUARTERLY REVIEW**

The global bond markets had strong performance as bond yields dropped sharply in the quarter. The ONE Canadian Government Bond Fund had returns of 2.5% in the quarter, the ONE Canadian Corporate Bond Fund had returns of 6.3%, and the ONE Global Bond Fund had returns of 5.7%. The strong fourth quarter results helped full year returns in 2023, with the portfolios generating returns of 3.1%, 6.2%, and 6.5%, respectively, for the calendar year.

For most of the year, bond markets were focused on the prospect of further interest rate increases by the global central banks, which put downward pressure on bond prices. In November and December, the outlook became more positive, as it became more evident central banks might be done raising interest rates. More importantly, investors anticipated the US Federal Reserve Bank would make meaningful cuts in interest rates in 2024. This was reflected in bond prices, and yields dropped by about 1% in the quarter, with longer-term bonds tending to benefit more from the anticipated falling interest rates. The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund are both sensitive to changes in interest rates due to the relatively long maturity profiles of the bonds held (both funds have an average maturity of about 6.4 years). The falling interest rates led to strong returns for these funds. Changes in the investment orientation of the ONE Canadian Government Fund decreased its sensitivity interest rates leading to more modest gains for this fund in the quarter.

The sharp increase in interest rates in 2022 and 2023 was intended to slow economic growth to contain inflationary pressures. As inflation pressures continue to subside, interest rate cuts are likely. While the markets are anticipating lower interest rates on the horizon, the timing and magnitude of rate cuts by global central banks remain highly dependent on the economic outlook.

**Huntsville Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of December 31, 2023**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	1,028.757	1,083.23	1,114,390.02	1,348.08	1,386,855.07	13.50%
GLB Equity Fund	2,501.477	1,044.26	2,612,210.96	1,227.43	3,070,391.42	29.88%
Corp Bond Fund	794.627	982.42	780,662.80	917.95	729,429.92	7.10%
CAN Bond Fund	1,566.694	958.24	1,501,273.82	960.94	1,505,507.71	14.65%
GLB Bond Fund	4,126.280	983.34	4,057,553.17	868.13	3,582,177.16	34.87%
					<b>10,274,361.28</b>	<b>100.00%</b>

**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At December 31, 2023**

**Account Name: Huntsville - Contingency Outcome  
Account Number: 570050047**

**For the Quarter Ending  
December 31, 2023**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	240.92	987.23	237,846.65	917.95	221,154.06	5.4%	9,515.20	3,655.56
CAN Equity Fund	578.63	1,048.40	606,646.82	1,348.08	780,056.35	19.2%	34,161.36	27,840.32
CAN Bond Fund	233.79	982.87	229,785.69	960.94	224,659.47	5.5%	5,527.33	0.00
GLB Bond Fund	1,274.30	980.13	1,248,985.61	868.13	1,106,269.84	27.3%	21,360.55	39,888.36
GLB Equity Fund	1,395.69	1,019.79	1,423,324.16	1,227.43	1,713,116.19	42.3%	82,323.22	29,019.60
			<u>3,746,588.93</u>		<u>4,045,255.91</u>	100.0%	152,887.66	100,403.84

**Huntsville Prudent Investor Portfolio  
Performance History  
At December 31, 2023**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	6.6	13.0	13.0	1.3	4.9	-	-	6.4	07/02/2020

**% Calendar Year Returns**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return Net of Fees	13.0	-9.1	12.6	-	-	-

**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At December 31, 2023**

**Account Name: Huntsville - Target Date 3 to 5 Year Outcome  
Account Number: 570050054**

**For the Quarter Ending  
December 31, 2023**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	423.59	982.49	416,181.28	917.95	388,842.89	10.0%	16,730.64	6,427.36
CAN Equity Fund	96.07	1,115.76	107,200.29	1,348.08	129,521.61	3.3%	5,672.08	4,622.65
CAN Bond Fund	1,208.51	951.44	1,149,835.33	960.94	1,161,313.33	30.0%	28,571.98	0.00
GLB Bond Fund	2,178.01	985.99	2,147,511.22	868.13	1,890,815.84	48.8%	35,299.36	68,176.44
GLB Equity Fund	242.36	1,076.36	260,869.52	1,227.43	297,482.73	7.6%	14,341.71	5,039.25
			<u>4,081,597.64</u>		<u>3,867,976.40</u>	100.0%	100,615.77	84,265.70

**Huntsville Prudent Investor Portfolio  
Performance History  
At December 31, 2023**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	5.1	7.4	7.4	0.4	0.9	-	-	1.8	07/02/2020

**% Calendar Year Returns**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return Net of Fees	7.4	-6.1	1.9	-	-	-



**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At December 31, 2023**

**Account Name: Huntsville - Target Date 10 Year Plus Outcome  
Account Number: 570050062**

**For the Quarter Ending  
December 31, 2023**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	51.04	975.28	49,787.36	917.95	46,860.56	3.5%	1,981.28	774.58
CAN Equity Fund	231.56	1,033.79	239,392.13	1,348.08	312,172.72	23.6%	13,507.23	11,141.48
CAN Bond Fund	47.54	979.06	46,551.83	960.94	45,690.08	3.4%	1,098.39	0.00
GLB Bond Fund	257.71	971.61	250,402.86	868.13	223,733.71	16.9%	4,395.32	8,067.10
GLB Equity Fund	561.45	1,013.32	568,934.29	1,227.43	689,142.59	52.3%	33,121.21	11,673.84
			<u>1,155,068.47</u>		<u>1,317,599.66</u>	100.0%	<u>54,103.43</u>	<u>31,657.00</u>

**Huntsville Prudent Investor Portfolio  
Performance History  
At December 31, 2023**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	6.9	14.8	14.8	1.9	6.4	-	-	7.9	07/02/2020

**% Calendar Year Returns**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return Net of Fees	14.8	-9.4	15.9	-	-	-



**Huntsville Prudent Investor Portfolio  
Holdings by Account  
At December 31, 2023**

**Account Name: Huntsville - Target Date 5 to 10 Year Outcome  
Account Number: 570050377**

**For the Quarter Ending  
December 31, 2023**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	79.05	972.02	76,847.51	917.95	72,572.41	6.9%	3,122.70	1,199.58
CAN Equity Fund	122.47	1,315.80	161,150.78	1,348.08	165,104.39	15.8%	7,066.10	5,892.61
CAN Bond Fund	76.84	977.29	75,100.97	960.94	73,844.83	7.0%	1,816.82	0.00
GLB Bond Fund	416.24	986.56	410,653.48	868.13	361,357.77	34.6%	6,963.39	13,029.36
GLB Equity Fund	301.97	1,189.12	359,082.99	1,227.43	370,649.91	35.5%	17,807.17	6,278.69
			<u>1,082,835.73</u>		<u>1,043,529.31</u>	100.0%	<u>36,776.18</u>	<u>26,400.24</u>

**Huntsville Prudent Investor Portfolio  
Performance History  
At December 31, 2023**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	6.4	11.8	11.8	0.9	-	-	-	1.7	08/04/2021

**% Calendar Year Returns**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return Net of Fees	11.8	-8.9	-	-	-	-



**Huntsville Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended December 31, 2023**

**TRANSACTION SUMMARY**

**Account Name: Huntsville - Contingency Outcome**  
**Account Number: 570050047**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	10/26/2023	10/26/2023	77.19	65,000.00
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	3.98	3,655.56
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	45.94	39,888.36
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	20.65	27,840.32
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	23.64	29,019.60
Sell	GLB Equity Fund	10/26/2023	10/26/2023	55.91	65,000.00

**Huntsville Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended December 31, 2023**

**TRANSACTION SUMMARY**

**Account Name: Huntsville - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050054**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	11/01/2023	11/01/2023	4.02	3,408.95
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	7.00	6,427.36
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	78.53	68,176.44
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	3.42	4,622.65
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	4.10	5,039.25
Reinvested Interest Income	PI-HISA	10/05/2023	10/05/2023	3,283.25	3,283.25
Transfer Out	PI-HISA	10/11/2023	10/11/2023	3,283.25	3,283.25

**Huntsville Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended December 31, 2023**

**TRANSACTION SUMMARY**

**Account Name: Huntsville - Target Date 10 Year Plus Outcome**  
**Account Number: 570050062**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	10/26/2023	10/26/2023	5.30	5,000.00
Buy	Corp Bond Fund	10/26/2023	10/26/2023	1.02	901.41
Buy	Corp Bond Fund	10/26/2023	10/26/2023	5.66	5,000.00
Buy	GLB Bond Fund	10/26/2023	10/26/2023	23.75	20,000.00
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	0.84	774.58
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	9.29	8,067.10
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	8.26	11,141.48
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	9.51	11,673.84
Sell	CAN Equity Fund	10/26/2023	10/26/2023	4.01	5,000.00
Sell	GLB Equity Fund	10/26/2023	10/26/2023	21.50	25,000.00

**Huntsville Prudent Investor Portfolio**  
Transaction Summary for the Quarter Ended December 31, 2023

**TRANSACTION SUMMARY**

**Account Name: Huntsville - Cash Outcome**  
**Account Number: 570050732**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Reinvested Interest Income	PI-HISA	10/05/2023	10/05/2023	0.01	0.01
Transfer Out	PI-HISA	10/11/2023	10/11/2023	2.73	2.73

**Huntsville Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended December 31, 2023**

**TRANSACTION SUMMARY**

**Account Name: Huntsville - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050377**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	10/26/2023	10/26/2023	23.75	20,000.00
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	1.30	1,199.58
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	15.00	13,029.36
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	4.37	5,892.61
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	5.11	6,278.69
Sell	CAN Equity Fund	10/26/2023	10/26/2023	4.01	5,000.00
Sell	GLB Equity Fund	10/26/2023	10/26/2023	12.90	15,000.00

**Huntsville Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
December 31, 2023**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended December 31, 2023 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

---

Keith Taylor, Chief Investment Officer, ONE Investment  
On the behalf of the ONE Joint Investment Board

# YEAR-END TRANSACTION REPORT

For The Period Ended December 31, 2023

**Huntsville Prudent Investor Portfolio**

37 Main St. East  
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Director of Finance/Treasurer  
julia.mckenzie@huntsville.ca  
(705) 789-1751 x2251

**ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

**Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**(Consolidated Holdings)**

**Book Value Summary by Security**

<b>Security</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
CAN Bond Fund	749,273.82	752,000.00						1,501,273.82
CAN Equity Fund	1,074,270.42		10,000.00	49,497.06		622.54		1,114,390.02
Corp Bond Fund	762,704.31	5,901.41		12,057.08				780,662.80
GLB Bond Fund	3,751,509.43	176,882.48		129,161.26				4,057,553.17
GLB Equity Fund	2,654,066.60		105,000.00	52,011.38		11,132.98		2,612,210.96
PI-HISA	782,847.17		816,142.75	33,295.58				
<b>Total</b>	<b>9,774,671.75</b>	<b>934,783.89</b>	<b>931,142.75</b>	<b>276,022.36</b>	<b>0.00</b>	<b>11,755.52</b>	<b>0.00</b>	<b>10,066,090.77</b>

**Market Value Summary by Security**

<b>Security</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
CAN Bond Fund	711,001.67	752,000.00				42,506.04	1,505,507.71
CAN Equity Fund	1,189,275.49		10,000.00	49,497.06		158,082.52	1,386,855.07
Corp Bond Fund	680,558.29	5,901.41		12,057.08		30,913.14	729,429.92
GLB Bond Fund	3,186,080.39	176,882.48		129,161.26		90,053.03	3,582,177.16
GLB Equity Fund	2,707,220.04		105,000.00	52,011.38		416,160.00	3,070,391.42
PI-HISA	782,847.17		816,142.75	33,295.58			
<b>Total</b>	<b>9,256,983.05</b>	<b>934,783.89</b>	<b>931,142.75</b>	<b>276,022.36</b>	<b>0.00</b>	<b>737,714.73</b>	<b>10,274,361.28</b>



**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account**

**Book Value Summary by Account**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1HNTCONT	3,638,005.04	65,000.00	65,000.00	100,403.84		8,180.05		3,746,588.93
JIB3HNTTD10P	1,115,707.53	33,518.17	30,000.00	31,657.00		4,185.77		1,155,068.47
JIB4HNTTD510	1,057,045.79	20,000.00	20,000.00	26,400.24		(610.30)		1,082,835.73
JIB2HNTTD35	3,963,910.76	816,265.72	816,140.02	117,561.18				4,081,597.64
JIBHNTCASH	2.63		2.73	0.10				
<b>Total</b>	<b>9,774,671.75</b>	<b>934,783.89</b>	<b>931,142.75</b>	<b>276,022.36</b>	<b>0.00</b>	<b>11,755.52</b>	<b>0.00</b>	<b>10,066,090.77</b>

**Market Value Summary by Account**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1HNTCONT	3,579,061.25	65,000.00	65,000.00	100,403.84		365,790.82	4,045,255.91
JIB3HNTTD10P	1,144,253.45	33,518.17	30,000.00	31,657.00		138,171.04	1,317,599.66
JIB4HNTTD510	933,177.55	20,000.00	20,000.00	26,400.24		83,951.52	1,043,529.31
JIB2HNTTD35	3,600,488.17	816,265.72	816,140.02	117,561.18		149,801.35	3,867,976.40
JIBHNTCASH	2.63		2.73	0.10			
<b>Total</b>	<b>9,256,983.05</b>	<b>934,783.89</b>	<b>931,142.75</b>	<b>276,022.36</b>	<b>0.00</b>	<b>737,714.73</b>	<b>10,274,361.28</b>

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for CAN Bond Fund**

**Book Value Summary by Account for CAN Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1HNTCONT	229,785.69							229,785.69
JIB2HNTTD35	402,835.33	747,000.00						1,149,835.33
JIB3HNTTD10P	41,551.83	5,000.00						46,551.83
JIB4HNTTD510	75,100.97							75,100.97
<b>Total</b>	<b>749,273.82</b>	<b>752,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,501,273.82</b>

**Market Value Summary by Account for CAN Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1HNTCONT	217,710.30					6,949.17	224,659.47
JIB2HNTTD35	382,395.91	747,000.00				31,917.42	1,161,313.33
JIB3HNTTD10P	39,334.80	5,000.00				1,355.28	45,690.08
JIB4HNTTD510	71,560.66					2,284.17	73,844.83
<b>Total</b>	<b>711,001.67</b>	<b>752,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>42,506.04</b>	<b>1,505,507.71</b>

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for CAN Equity Fund**

**Book Value Summary by Account for CAN Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1HNTCONT	578,806.50			27,840.32				606,646.82
JIB2HNTTD35	102,577.64			4,622.65				107,200.29
JIB3HNTTD10P	232,352.58		5,000.00	11,141.48		898.07		239,392.13
JIB4HNTTD510	160,533.70		5,000.00	5,892.61		(275.53)		161,150.78
<b>Total</b>	<b>1,074,270.42</b>	<b>0.00</b>	<b>10,000.00</b>	<b>49,497.06</b>	<b>0.00</b>	<b>622.54</b>	<b>0.00</b>	<b>1,114,390.02</b>

**Market Value Summary by Account for CAN Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1HNTCONT	663,556.47			27,840.32		88,659.56	780,056.35
JIB2HNTTD35	110,177.91			4,622.65		14,721.05	129,521.61
JIB3HNTTD10P	270,322.32		5,000.00	11,141.48		35,708.92	312,172.72
JIB4HNTTD510	145,218.79		5,000.00	5,892.61		18,992.99	165,104.39
<b>Total</b>	<b>1,189,275.49</b>	<b>0.00</b>	<b>10,000.00</b>	<b>49,497.06</b>	<b>0.00</b>	<b>158,082.52</b>	<b>1,386,855.07</b>

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for Corp Bond Fund**

**Book Value Summary by Account for Corp Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1HNTCONT	234,191.09			3,655.56				237,846.65
JIB2HNTTD35	409,753.92			6,427.36				416,181.28
JIB3HNTTD10P	43,111.37	5,901.41		774.58				49,787.36
JIB4HNTTD510	75,647.93			1,199.58				76,847.51
<b>Total</b>	<b>762,704.31</b>	<b>5,901.41</b>	<b>0.00</b>	<b>12,057.08</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>780,662.80</b>

**Market Value Summary by Account for Corp Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1HNTCONT	208,116.84			3,655.56		9,381.66	221,154.06
JIB2HNTTD35	365,919.68			6,427.36		16,495.85	388,842.89
JIB3HNTTD10P	38,227.82	5,901.41		774.58		1,956.75	46,860.56
JIB4HNTTD510	68,293.95			1,199.58		3,078.88	72,572.41
<b>Total</b>	<b>680,558.29</b>	<b>5,901.41</b>	<b>0.00</b>	<b>12,057.08</b>	<b>0.00</b>	<b>30,913.14</b>	<b>729,429.92</b>

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for GLB Bond Fund**

**Book Value Summary by Account for GLB Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1HNTCONT	1,144,097.25	65,000.00		39,888.36				1,248,985.61
JIB2HNTTD35	2,010,069.06	69,265.72		68,176.44				2,147,511.22
JIB3HNTTD10P	219,719.00	22,616.76		8,067.10				250,402.86
JIB4HNTTD510	377,624.12	20,000.00		13,029.36				410,653.48
<b>Total</b>	<b>3,751,509.43</b>	<b>176,882.48</b>	<b>0.00</b>	<b>129,161.26</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>4,057,553.17</b>

**Market Value Summary by Account for GLB Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1HNTCONT	973,331.65	65,000.00		39,888.36		28,049.83	1,106,269.84
JIB2HNTTD35	1,706,147.23	69,265.72		68,176.44		47,226.45	1,890,815.84
JIB3HNTTD10P	187,430.02	22,616.76		8,067.10		5,619.83	223,733.71
JIB4HNTTD510	319,171.49	20,000.00		13,029.36		9,156.92	361,357.77
<b>Total</b>	<b>3,186,080.39</b>	<b>176,882.48</b>	<b>0.00</b>	<b>129,161.26</b>	<b>0.00</b>	<b>90,053.03</b>	<b>3,582,177.16</b>

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for GLB Equity Fund**

**Book Value Summary by Account for GLB Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1HNTCONT	1,451,124.51		65,000.00	29,019.60		8,180.05		1,423,324.16
JIB2HNTTD35	255,830.27			5,039.25				260,869.52
JIB3HNTTD10P	578,972.75		25,000.00	11,673.84		3,287.70		568,934.29
JIB4HNTTD510	368,139.07		15,000.00	6,278.69		(334.77)		359,082.99
<b>Total</b>	<b>2,654,066.60</b>	<b>0.00</b>	<b>105,000.00</b>	<b>52,011.38</b>	<b>0.00</b>	<b>11,132.98</b>	<b>0.00</b>	<b>2,612,210.96</b>

**Market Value Summary by Account for GLB Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1HNTCONT	1,516,345.99		65,000.00	29,019.60		232,750.60	1,713,116.19
JIB2HNTTD35	253,002.90			5,039.25		39,440.58	297,482.73
JIB3HNTTD10P	608,938.49		25,000.00	11,673.84		93,530.26	689,142.59
JIB4HNTTD510	328,932.66		15,000.00	6,278.69		50,438.56	370,649.91
<b>Total</b>	<b>2,707,220.04</b>	<b>0.00</b>	<b>105,000.00</b>	<b>52,011.38</b>	<b>0.00</b>	<b>416,160.00</b>	<b>3,070,391.42</b>

**Huntsville Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for PI-HISA**

**Book Value Summary by Account for PI-HISA**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB2HNTTD35	782,844.54		816,140.02	33,295.48				
JIBHNTCASH	2.63		2.73	0.10				
<b>Total</b>	<b>782,847.17</b>	<b>0.00</b>	<b>816,142.75</b>	<b>33,295.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Market Value Summary by Account for PI-HISA**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB2HNTTD35	782,844.54		816,140.02	33,295.48			
JIBHNTCASH	2.63		2.73	0.10			
<b>Total</b>	<b>782,847.17</b>	<b>0.00</b>	<b>816,142.75</b>	<b>33,295.58</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

*APPENDIX*



### ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

### ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years	75%	25%	

## Glossary and Definitions for Quarterly Reports

### Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

**Annual and Annualized Returns:** please see Returns below.

### Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

**Asset Mix:** See Asset allocation.

### Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

## **Blended Benchmark**

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

## **Canadian Corporate Bond Fund**

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range is 3.67 to 6.67 years. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

## **Canadian Equity Fund**

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

## **Canadian Government Bond Fund**

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12 years. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% FTSE Canada 91-Day Treasury Bill Index.

## **Book Value**

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

## **CAD**

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

## **Consolidated Holdings**

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

## **Discounts**

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

**Distribution:** a cash payment of interest or dividends made by ONE Investment from a fund.

## **Duration**

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.

## **Fees**

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

## **Global Bond Fund**

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

## **Global Equity Fund**

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

## **High Interest Savings Account (HISA)**

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

**Holdings:** the ONE Investment funds or HISA Balances held in client accounts.

## **Inception Date**

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.

## **Income**

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

## **Investment Manager**

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

## **Market Value**

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

## **ONE Joint Investment Board (ONE JIB)**

The joint board established by founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

## **Outcome**

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. ONE JIB has five pre-defined basic outcomes:

### **Cash:**

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

### **Contingency:**

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

### **Asset Management Reserves:**

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

### **Stable Return:**

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.



### **Target Date:**

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

### **Price**

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

### **Prudent Investor Standard**

The standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Long-Term Funds under control of ONE JIB rather than to individual securities.

### **Quality**

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

### **Realized and Unrealized Gains**

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

## Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

## Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

**Unrealized Gains:** Please see Realized and Unrealized Gains

**Value Added:** The return generated by an investment manager above (or below, if negative) the benchmark.

**Year to Date:** The time period beginning January 1 and ending at the most recent quarter end.

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality’s financial circumstances, or
- b. A significant change in the amount of your municipality’s “money that it does not require immediately”

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

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**Section 1 – Client Information**

Name of Municipality: Corporation of the Town of Huntsville

Address: 37 Main Street E, Huntsville, Ontario, P1H1A1

*Treasurer Information*

Name: Julia McKenzie

Phone Number: 705-789-1751 Extension: 2251

Email: julia.mckenzie@huntsville.ca

*Primary Day to Day Contact Information\**



*Check if same information as Treasurer above*

Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Extension: \_\_\_\_\_

Email: \_\_\_\_\_

\*Primary day-to-day contact should have a comprehensive understanding of your Municipality’s financial position and investment needs.

## Section 2 - Investment Knowledge and Experience

1. Which statement best describes the Municipal staff (person most responsible for managing investments)'s level of investment knowledge and experience with financial markets and products?

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2. If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

3. Please indicate if your municipality has used / held any of the following investment types within the past five years. *[check all that apply]*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC securities)
- Securities held in third party trusts (i.e., cemetery trust, legacy fund etc.)
- Fixed income (government and/or corporate bonds)
- Equities
- Other – Please Describe

## Section 3 – Investment Objectives and Risk Tolerance

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require Immediately** (MNRI).

In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return over a five-year period will be higher where the portfolio’s returns are varied when measured on a year-by-year basis, with some years possibly having negative returns.

A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five-year average.

- In relation to MNRI, which of the following best reflects your Municipality’s longer-term investment objectives (return), risk tolerance (volatility of returns) and shorter-term tolerance for losses (actual or unrealized)?

Description	Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<b>Lower risk / return</b> <input type="checkbox"/>	Capital preservation is the main objective.  Willingness to accept lower returns to reduce the likelihood of losses.	Small chance of loss of capital over a 5-year period	Less than 5% decline
<b>Moderate risk / return</b> <input checked="" type="checkbox"/>	Balanced growth (combination of growth and income) is the main objective.  Willingness to accept moderate level of risk to achieve moderate growth without excessive risk to capital.	Moderate chance of loss of capital over a 5-year period	5-15% decline
<b>Higher risk / return</b> <input type="checkbox"/>	Growth of capital is the main objective.  Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns.	Higher risk of loss of capital over a 5-year period	More than 15% decline

\* These percentages are for illustrative purposes only, to determine sensitivity to potential capital loss, and do not represent a guarantee by ONE JIB or ONE Investment.

5. *If applicable*, is there any other information about your Municipality’s investment objectives and risk tolerance for its MNRI that is relevant to your Investment Policy Statement or Investment Plan?

6. How sensitive is your municipality to recognizing investment gains and losses from portfolio adjustments and market fluctuations?

The Town can tolerate minor fluctuations in gains/losses, looking at a longer term horizon with funding.

**Sections 4 and 5** of this MCQ below ask about your Municipality’s MNRI, cash flow and other financial assets that may be applicable. It is intended to assist ONE Investment in obtaining an understanding of your Municipality’s financial circumstances, including its cash flow needs.

### ***Section 4 – Financial Information***

7. Please provide your municipality’s **MNRI** (*see note below*) by reserve (or reserve categories) with expected investment time horizons. This information can be provided in the template provided, or in a separate document.

**Note:** MNRI can be determined by time, source of funds, purpose of funds, or such other means as your Municipality may decide is appropriate. It is defined for your municipality in the Investment Policy Statement approved by your Council. For example, the ‘less than 3 years’ column of MNRI in the template might not be applicable for all municipalities.

Information has been provided as an attachment to this MCQ

## Summary of Money not Required Immediately for Investment Planning Purposes

Example Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Roads Mitnc Reserve	Ongoing Maintenance	\$8,000,000	\$1,500,000	\$1,500,000	\$3,500,000	\$3,500,000
Infrastructure Reserve	Road Lane Widening	\$5,000,000		\$1,000,000	\$4,000,000	

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Capital projects and special reserves	Target date - planned projects	4,112,748	1,000,000	2,000,000		1,112,748
Development charges reserve funds	Target Date - growth related projects	1,354,206	750,000	604,206		
Other funds	Target Date – Federal Gas Tax, Parking, Parkland Cash-in-Lieu, Development Contributions, contingency	404,768			404,768	
Hospital Local Share reserve	Target Date	4,194,368				4,194,368
	<b>Total MNRI</b>	10,066,090	1,750,000	2,604,206	404,768	5,307,116

8. Please provide your Municipality's current **Cash Flow Projections for MNRI** by year. This information informs the ONE JIB about potential drawdowns /additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns					(10,000,000)
Anticipated MNRI Contributions	0	1,000,000	2,000,000	2,000,000	
Net change in MNRI	0	1,000,000	2,000,000	2,000,000	(10,000,000)

*Other information or comments (if applicable)*

The Town's local share for hospital funding is anticipated to be paid out around 2038 and will be \$10,000,000 in total to be paid.

9. Does the MNRI drawdown forecasts in Question 8 above reflect:

- Drawdowns of current reserve balances
- Drawdowns of current reserve balances inclusive of projected future budgetary contributions

10. What **assumptions or factors** does your municipality include in the reserve cash flow projections? For example: inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

There are assumptions on future reserve contributions that are yet to be approved by Council, these assumptions have been made on past contributions and practice. Forecasted DC revenue is also included in the contributions considered.



11. If your Municipality has completed a **capital budget forecast**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

12. If your Municipality has completed an **asset management plan**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

13. To what extent has your Municipal asset management plan been integrated into the capital budget process?

The Town reviews the inventory of assets that make up the AMP annually to review items that need to be replaced and update the condition assessments and replacement costs. The projects are brought forward for a 5 year period and the total funding available is considered to determine which projects can be done. Annual increases are recommended for funding for the existing infrastructure to plan for the replacement of existing assets through the budget process.

### Funding/Expenditure Analysis

14. How does your Municipality manage unanticipated requests for funding? What is the probability that your municipality may unexpectedly need to draw down MNRI to fund unexpected budget shortfalls?

In the past there have not been significant anticipated requests that could not be funded through existing balances, there is no expectations based on what we know of at the moment that would lead us to believe there would be significant shortfalls in the budget.

15. Is there a particular year(s) in your Capital Forecast or Asset Management Plan when your Municipality anticipates unusual or large capital expenditure(s)?

- Yes     No

*If yes, please explain the timing and nature of the expenditure(s)*

The Town is considering the construction of 3 new buildings, 1) replacement of Madill - operations facility 2) Replacement of main fire station 3) Replacement or rehabilitation of library. Final approvals still TBD by Council, estimated amount of the project TBD, would need to secure debt financing and grant opportunities to proceed, it is expected that DC funds be used for these projects. Estimated to occur 2028-2030.

16. Do you anticipate any decisions / factors within the **next 24 months** that could have a material impact on your MNRI forecasts – either positive or negative? (e.g., projects contingent on unsecured grants, potential significant changes to your debt financing strategy, significant acquisitions or disposals/divestments).

Yes

No

*If yes, please provide details*

If Council has the opportunity to move on securing a location for any of the new facilities noted above, could result in the purchase of land.

## Section 5 – Portfolio Information

17. Please provide the breakdown of your MNRI, In-Kind securities and LDC securities by Investment type

Description	As of Date (MM/DD/YY)	Value*
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	06/30/24	10,619,886
Expected contributions (withdrawals) of MNRI and <i>Date</i> MNRI to be transferred / received (B)		0
<b>Total MNRI to be invested in ONE JIB Outcomes (A + B)</b>		10,619,886
In-Kind securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (C)		
<b>Total Current MNRI, expected contributions to MNRI and In-Kind securities (A + B + C)</b>		10,619,886
LDC securities as of <i>Date</i> (D)	12/31/23	13,505,903
<b>Total Municipal MNRI, In-Kind securities and LDC securities (A + B + C + D)</b>		24,125,789

\* The market value of In-Kind securities may change between the date control and management is given to ONE JIB and the date they mature after which the cash proceeds can be invested by ONE JIB.

*Other information or comments (if applicable)*

## Section 6 – Existing Investments

18. Your Municipality may have given control and management of In-Kind securities and LDC securities to ONE JIB with its MNRI (*refer to Section 5 above*). If applicable, please identify below any details of In-Kind securities and LDC securities that your municipality may have. A template and sample have been provided on the next page for your reference, or you may attach a copy of your statement(s). If your Municipality has no such In-Kind securities/LDC securities *proceed to Section 7 of the MCQ*.



## Municipal Client Questionnaire (MCQ)

The applicable information is provided as an attachment to the MCQ:

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>
<i>SAMPLE CIBC Global Blue Chip Growth Deposit Notes, Series 12</i>	<i>PPN</i>	<i>CIBC</i>	<i>\$5,000,000</i>	<i>N/A</i>	<i>February 2030</i>
<i>SAMPLE London 3.2% May 9, 2026</i>	<i>Bond</i>	<i>N/A</i>	<i>\$1,000,000</i>	<i>\$1,098,000</i>	<i>May 9, 2026</i>
<i>SAMPLE Canada 2 7/8 July 2, 2028</i>	<i>Bond</i>	<i>N/A</i>	<i>\$2,000,000</i>	<i>\$1,945,000</i>	<i>July 2, 2028</i>

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>

*Other information or comments (if applicable)*

**Section 7 – Other Information**

19. If there have been major changes in circumstances since the last MCQ updates (if applicable) that you would feel would require a reallocation of MNRI for your Municipality. Please advise what has changed since the last MCQ update.

The most significant change is the \$10m commitment made for Local Share for the Hosiptal which will expected to be paid out around 2038.

20. Please provide any additional information or context that you consider relevant to ONE JIB's understanding of your municipality's MNRI, In-Kind securities and LDC securities.

**Section 8 – Investment Restrictions**

21. Are your Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in your Municipal Investment Policy Statement?

Yes       No



# Municipal Client Questionnaire (MCQ)

If yes, please specify

### Section 9 – Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this 19 day of August, 202024

Julia McKenzie

\_\_\_\_\_

Digitally signed by julia mckenzie  
Date: 2024.08.19 15:09:00 -04'00'

Name and Signature of Treasurer

Second Signature (if Required)

## Appendix 1 – Midyear MCQ Updates Form

Please provide details below that explain the nature of your requested change. This should describe: the money involved, the timing of transactions required, and any other context to support the change request. This will allow ONE JIB to understand how this update may change the cashflow characteristics or investment horizons of MNRI and In-Kind securities (and possibly LDC securities) relative to your current MCQ and Investment Plan.

### Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this 19 day of August, 2024

Julia McKenzie

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name and Signature of Treasurer

Second Signature (if required)



## Attachment 3

# The Town of Huntsville Investment Plan

Date: September 4, 2024



155 University Ave., Suite 800  
Toronto Ontario M5H 3B7 Canada





## Contents

	<u>Page</u>
<b>1. DEFINITIONS.....</b>	<b>3</b>
<b>2. PURPOSE OF INVESTMENT PLAN .....</b>	<b>3</b>
<b>3. RESPONSIBILITY FOR PLAN.....</b>	<b>3</b>
<b>4. INVESTMENT GOALS AND OBJECTIVES .....</b>	<b>3</b>
<b>5. INVESTMENT PORTFOLIO .....</b>	<b>4</b>
5.1 Asset Allocations .....	4
5.2 Account Structure.....	4
5.3 In-Kind Securities (in transition) .....	7
5.4 Other Accounts.....	7
<b>6. APPLICABLE ONE JIB POLICIES .....</b>	<b>7</b>
6.1 Environmental, Social and Governance (ESG) Investing .....	8
6.2 Securities Lending.....	8
6.3 Derivatives.....	8
6.4 Rebalancing .....	8
<b>7. IMPLEMENTATION.....</b>	<b>9</b>
7.1 Custodian .....	9
7.2 Transition Plan (including transitional investments).....	9
7.3 Accommodating Cashflow Needs .....	9

## 1. Definitions

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

## 2. Purpose of Investment Plan

As required under the prudent investor regime authorized by the *Municipal Act, 2001* (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (*Plan*) establishes how ONE JIB will invest Huntsville's Long-Term Money as defined in section 5.2 of Huntsville's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Huntsville.

## 3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Huntsville's IPS.

## 4. Investment Goals and Objectives

Huntsville's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Huntsville's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined according to the Outcome Framework approved and annually reviewed by ONE JIB in accordance with the *ONE JIB Outcome Framework Policy*. The allocation of Huntsville's Long-Term Money in this Plan is consistent with the details as disclosed in Huntsville's IPS and MCQ.

The Long-Term Money will be invested to generate returns for any or all of the following results:

- a. Funding contingencies, where returns are reinvested with a view to growing principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Huntsville has an obligation for a specific project at a specific time.

While individually Huntsville’s reserve and reserve funds require liquidity, collectively they provide Huntsville with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Prudent Investment Program funds are designed to be highly liquid. Less liquid investments may become available through the program at a later date.

## 5. Investment Portfolio

### 5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of Long-Term Money must be communicated to ONE JIB formally as outlined in the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

### 5.2 Account Structure

The amounts of Long-Term Money, as disclosed in Huntsville’s updated MCQ have been allocated into investment Outcome categories as shown in *Table 1* below.

*Table 1 - Investment Allocations by Outcomes Categories as of June 30, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	-	-
Stable Return	-	-
Contingency	\$ 4,200,000	39.5
Asset Management Reserves	-	-
Target Date 3-5 Years	3,949,886	37.2
Target Date 5-10 Years	1,080,000	10.2
Target Date 10+ Years	1,390,000	13.1
Total	\$ 10,619,886	100.0

\* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of Long-Term Money on June 30, 2024. The Investment Plan will be implemented based on the allocation weights in Table 1.

Mixes of ONE Prudent Investment Program funds appropriate for Huntsville’s circumstances will be used for each Outcome. Descriptions of these Outcomes,

ONE Prudent Investment Program funds and the asset allocations for each Outcome are described in the *ONE JIB Outcome Framework Policy*.

The target weight for each Outcome Investment Allocation are shown in *Tables 2 to 8*, and the Total Long-Term Money by Investment Allocation (as of June 30, 2024) is shown in *Table 9* below.

*Table 2 – Cash Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Fixed Income</b>	<b>100.0</b>
ONE Canadian Government Bond Fund	100%
<b>Total</b>	<b>100.0</b>

*Table 3 – Stable Return Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>30.0</b>
ONE Canadian Equity Fund	9.0
ONE Global Equity Fund	21.0
<b>Fixed Income</b>	<b>70.0</b>
ONE Canadian Government Bond Fund	19.0
ONE Canadian Corporate Bond Fund	9.0
ONE Global Bond Fund	42.0
<b>Total</b>	<b>100.0</b>

*Table 4 – Contingency Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>60.0</b>
ONE Canadian Equity Fund	18.0
ONE Global Equity Fund	42.0
<b>Fixed Income</b>	<b>40.0</b>
ONE Canadian Government Bond Fund	6.0
ONE Canadian Corporate Bond Fund	6.0
ONE Global Bond Fund	28.0
<b>Total</b>	<b>100.0</b>

*Table 5 – Asset Management Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>90.0</b>
ONE Canadian Equity Fund	27.0
ONE Global Equity Fund	63.0
<b>Fixed Income</b>	<b>10.0</b>
ONE Canadian Government Bond Fund	1.5
ONE Canadian Corporate Bond Fund	1.5
ONE Global Bond Fund	7.0
<b>Total</b>	<b>100.0</b>

*Table 6 – Target Date 3-5 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>10.0</b>
ONE Canadian Equity Fund	3.0
ONE Global Equity Fund	7.0
<b>Fixed Income</b>	<b>90.0</b>
ONE Canadian Government Bond Fund	30.5
ONE Canadian Corporate Bond Fund	10.5
ONE Global Bond Fund	49.0
<b>Total</b>	<b>100.0</b>

*Table 7 – Target Date 5-10 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>50.0</b>
ONE Canadian Equity Fund	15.0
ONE Global Equity Fund	35.0
<b>Fixed Income</b>	<b>50.0</b>
ONE Canadian Government Bond Fund	7.5
ONE Canadian Corporate Bond Fund	7.5
ONE Global Bond Fund	35.0
<b>Total</b>	<b>100.0</b>

*Table 8 – Target Date 10+ Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>75.0</b>
ONE Canadian Equity Fund	22.5
ONE Global Equity Fund	52.5
<b>Fixed Income</b>	<b>25.0</b>
ONE Canadian Government Bond Fund	3.75
ONE Canadian Corporate Bond Fund	3.75
ONE Global Bond Fund	17.5
<b>Total</b>	<b>100.0</b>

*Table 9 – Total Long-Term Money by Investment Allocations as of June 30, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 1,349,247	12.7
ONE Global Equity Fund	3,148,242	29.6
ONE Canadian Government Bond Fund	1,589,840	15.0
ONE Canadian Corporate Bond Fund	799,863	7.5
ONE Global Bond Fund	3,732,694	35.1
Total	\$ 10,619,886	100.0

### 5.3 In-Kind Securities (in transition)

This section does not apply.

### 5.4 Other Accounts

Huntsville has no other accounts ONE JIB must consider.

## 6. Applicable ONE JIB Policies

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website.

- ONE JIB Outcome Framework Policy
- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)
- ONE JIB Rebalancing Policy

- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

## **6.1 Environmental, Social and Governance (ESG) Investing**

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing and evaluating External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

## **6.2 Securities Lending**

Investment Funds that are controlled by an External Portfolio Manager may be subject to securities lending if their policies permit such lending.

## **6.3 Derivatives**

ONE JIB does not intend that derivative be used in the investment of Long-Term Money for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

## **6.4 Rebalancing**

This Plan's asset allocations will be monitored and rebalanced by ONE Investment in accordance with the *ONE JIB Rebalancing Policy*.

## **7. Implementation**

### **7.1 Custodian**

All investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

### **7.2 Transition Plan (including transitional investments)**

This section does not apply.

### **7.3 Accommodating Cashflow Needs**

#### **a. Investment Income and Rebates**

Income from investments will be automatically reinvested as per the *ONE Distribution Policy PI* and cashflow needs of Huntsville are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Huntsville.

#### **b. Anticipated mid-year cashflow requests**

Huntsville has not disclosed any known mid year cashflow needs.

#### **c. Unanticipated mid-year cashflow requests**

Upon receipt of an updated MCQ from Huntsville that involves a withdrawal of Long-Term Money, the Chief Investment Officer will process the request in accordance with the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.





# REPORT

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: September 4, 2024  
 Re: Town of Innisfil's 2024 Investment Plan  
 Report: ONE JIB 2024-046

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Innisfil's Investment Policy Statement (Attachment 1).
2. Receive the Town of Innisfil's Municipal Client Questionnaire (Attachment 2).
3. Approve the Town of Innisfil's proposed Investment Plan (Attachment 3) that includes a \$5 million MNRI contribution that will be invested in the Target Date 3-5 Year Outcome.

## 2. SUMMARY

The Town of Innisfil has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI and the investment horizons associated with its reserve balances. The MCQ indicates the Town will be contributing \$5,000,000 to MNRI this year as part of its annual Investment Plan update. The Town has also updated its Investment Policy Statement (IPS), which resulted in no changes to the IPS.

The Town's investment horizon is becoming shorter as large capital projects will start to require funding in the coming years. While no trading will be required to reposition the existing portfolio allocations, the proposed deployment of the \$5 million MNRI contribution in the Target Date 3-5 Year Outcome will result in a shorter average investment horizon for MNRI. As a result, Innisfil's consolidated equity allocations will decline from 49.7% to 46.3%. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 8.2	13.9
ONE Global Equity Fund	19.1	32.4
ONE Canadian Government Bond Fund	6.5	11.0
ONE Canadian Corporate Bond Fund	4.4	7.5
ONE Global Bond Fund	20.6	35.1
Total	\$ 58.8	100.0

### 3. BACKGROUND

#### Innisfil’s annual IPS review resulted in no changes to the IPS

Innisfil completed its annual IPS review on June 26, 2024, making no updates to the wording or content of the IPS. There have been no changes to the ONE JIB IPS template since the Town last updated the plan in 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

#### There was no significant change in the overall investment horizon associated with MNRI this year.

Innisfil’s investment horizon, risk tolerances, and investment objectives are unchanged from last year’s Investment Plan. The projected cashflows projections associated with MNRI have been updated, indicating a shorter investment horizon. This will be taken into consideration when the MNRI contribution of \$5 million is allocated to Investment Outcomes. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 7 of the MCQ.*

<b>Investment Horizon of MNRI</b>					
<b>Reserve Name or Category</b>	<b>Brief Description or Purpose</b>	<b>Less than 3 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>10+ years</b>
Asset Renewal	Asset renewal reserve funds. Largest RF is the Capital Reserve Fund, which is where our 1% capital levy is directed to.	35,909,204	3,721,933		
Growth	DCs & other externally restricted funds, such as Cash-in-lieu of Parkland. It also includes our ARS(Alternative Revenue Source) reserve fund, which is where our OLG gaming revenues are directed towards. The largest component of the ARS funds is to be used to fund the non-growth(BTE) share of growth projects.	30,690,470	53,417,010		
Operating Reserves	Tax rate stabilization reserve and inspection stabilization reserve.	469,190		468,737	8,793,157
	<b>Total MNRI</b>	67,068,864	57,138,943	468,737	8,793,157

#### Innisfil will be contributing \$5 million to MNRI this year as part of its Investment Plan update, but has also signaled that it may require MNRI drawdowns within 5 years

Innisfil will be contributing \$5 million to MNRI this year but anticipates that drawdowns of MNRI may be required within five years as spending on major capital projects will commence. The potential for the deferral of growth-related projects and decisions related to external funding reduces the visibility of the cashflow projections provided. Section 8 of the Town’s MCQ provides details of the anticipated contributions and withdrawals of MNRI over the next 10 years, which are shown in Table 2 below.

*Table 2: Anticipated Cash Flow Projections MNRI by year from table 8 of the MCQ.*

<b>Reserve Name or Category</b>	<b>Next Year</b>	<b>2 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>Greater than 10 years</b>
Anticipated MNRI Drawdowns			(19,615,559)	(503,602)	
Anticipated MNRI Contributions					
<b>Net change in MNRI</b>	-	-	(19,615,559)	(503,602)	-

#### 4. ANALYSIS

##### **Innisfil’s updated Investment Plan will increase allocations to the Target Date 3-5 Year Outcome as the incremental MNRI contribution is deployed**

A review of Innisfil’s expected cashflows and expected future reserve balances was conducted as part of the annual review process. Staff are in the process of revisiting cashflow projections. This is expected to shorten the overall investment horizon of MNRI, but there remains some uncertainty about the ultimate size and timing of future drawdowns. The \$5 million contribution of MNRI identified in Innisfil’s MCQ will be allocated to the Target Date 3-5 Year Outcome, which aligns with the expected timing of MNRI drawdowns. Beyond this, no changes in the mapping of MNRI to reserves are required currently.

##### **Investment Plan updates in future years may have a shortened investment horizon for Innisfil’s MNRI as the Town’s financial circumstances change**

Innisfil is planning a large capital project that will require MNRI, which is currently invested with ONE JIB. While no drawdowns are contemplated within the next two years, it is likely that meaningful drawdowns will be required within five years. This primarily represents spending related to the Orbit project, a project that includes a GO-transit transportation hub and the development of residential, retail, and commercial real estate projects. Some of the details about financing options for this project have yet to be finalized. This, combined with some uncertainty about the timing of the construction, suggests that reserve cashflow forecasts beyond five years are imprecise. Due to the uncertainty involved, no adjustments in the current allocation of MNRI are recommended at this time.

##### **The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is consistent with the Innisfil’s circumstances, risk tolerances and objectives**

Innisfil does not anticipate any drawdowns in MNRI over the next two years but has identified longer-term projects that may lead to declines in MNRI in later years.

Adjustments to the investment allocations for these future potential drawdowns will be contemplated in future Investment Plan updates. For the 2024 annual investment Plan update, the \$5 million contribution to MNRI will be deployed into the Target Date 3-5 Year Outcome. Innisfil's consolidated equity allocations will decline from 49.7% to 46.3% as a result.

Mapping the MNRI to Outcomes was based on the information provided in the MCQ and discussions with the Treasurer. Asset allocations (Table 3) and fund allocations (Tables 4 and 5) were determined using the ONE JIB's Outcome Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

Outcome	Total Invested (\$ millions)	Portfolio Weight (%)	Fixed Income (%)	Equities (%)	Total (%)
Contingency	\$ 19.5	33.3	40	60	100
Target Date 3-5 Years	10.3	17.5	90	10	100
Target Date 5-10 Years	28.9	49.2	50	50	100
Total	\$ 58.8	100.0			

*Table 4: Proposed Pooled Fund-Level Allocation*

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 8.2	13.9
ONE Global Equity Fund	19.1	32.4
ONE Canadian Government Bond Fund	6.5	11.0
ONE Canadian Corporate Bond Fund	4.4	7.5
ONE Global Bond Fund	20.6	35.1
Total	\$ 58.8	100.0

*Table 5: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)*

Outcome	ONE Canadian Equity Fund	ONE Global Equity Fund	ONE Canadian Govt Bond Fund	ONE Canadian Corp Bond Fund	ONE Global Bond Fund	Total
Contingency	\$ 3.5	\$ 8.2	\$ 1.2	\$ 1.2	\$ 5.5	\$ 19.5
Target Date 3-5 Years	0.3	0.7	3.1	1.1	5.0	10.3
Target Date 5-10 Years	4.3	10.1	2.2	2.2	10.1	28.9
Total	\$ 8.2	\$ 19.1	\$ 6.5	\$ 4.4	\$ 20.6	\$ 58.8

## **5. CONCLUSION**

The proposed Investment Plan is consistent with Innisfil's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. Innisfil will contribute \$5 million to MNRI that will be deployed into the Target Date 3-5 Year Outcome. Innisfil also noted that it may need to start drawing down MNRI within five years to fund large capital projects. Investment allocations will be adjusted in subsequent years when there is greater certainty about the timing and magnitude of future drawdowns. It is anticipated that equity allocations of the Town will need to decrease during subsequent investment Plan updates.

## **ATTACHMENTS**

Attachment 1: Town of Innisfil's Investment Policy Statement

Attachment 2: Town of Innisfil's Municipal Client Questionnaire

Attachment 3: Town of Innisfil's Proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services  
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment



<b>Corporate Policy</b>		<b>CP.7.1.6</b>
<b>Section</b>	<b>7</b>	<b>Financial</b>
<b>Subsection</b>	<b>1</b>	<b>General</b>
<b>Subject</b>	<b>6</b>	<b>Investment Policy Statement</b>
<b>Approval Authority:</b> 2023.05.10-CR-01	<b>Effective Date:</b> May 10, 2023	

**Investment Policy Statement**  
**for**  
Town of Innisfil (the “Municipality”)

May 10, 2023



## TABLE OF CONTENTS

OVERVIEW .....	1
1. GLOSSARY AND DEFINITIONS.....	2
2. PURPOSE AND LEGISLATIVE FRAMEWORK .....	5
2.1 Purpose of Policy .....	5
2.2 Governing Legislation .....	6
2.3 Prudent Investor Standard .....	7
3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY .....	7
3.1 Determination of MNRI and MRI .....	7
3.2 Overview of Portfolios .....	8
4. ROLES AND RESPONSIBILITIES .....	8
4.1 Role of ONE JIB .....	8
4.2 Role of Municipal Staff .....	9
5. INVESTMENT .....	9
5.1 MRI: Short-Term Funds .....	9
5.1.1 Short-Term Funds: Investment Objectives .....	10
5.1.2 Short-Term Funds: Eligible Investments .....	10
5.2 MNRI: Long-Term Funds .....	11
5.2.1 Long-Term Funds: Investment Objectives.....	11
5.2.2 Long-Term Funds: Eligible Investments .....	12
5.2.3 Long-Term Funds: Sinking Funds .....	13
5.2.4 Long-Term Funds: Local Distribution Corporation (LDC) Securities .....	13
5.2.5 Long-Term Funds: .....	13
5.3 Third Party Trust Funds and Designated Funds .....	13
5.4 Investment Management.....	14
5.4.1 Investment Management of Short-Term Funds .....	14
5.4.2 Investment Management of Long-Term Funds.....	14
5.5 Transition to Prudent Investor Regime .....	14
5.6 Investment Constraints .....	14
5.6.1 Environmental, Social and Governance (ESG) Investing .....	14
5.6.2 Securities Lending .....	15
5.6.3 Derivatives .....	15
5.7 Performance Monitoring, Rebalancing and Management.....	16
5.7.1 Short-Term Funds.....	16
5.7.2 Long-Term Funds .....	16

6.	ADMINISTRATIVE POLICIES .....	16
6.1	Flow of Funds and Annual Municipal Budget .....	16
6.1.1	Transfer to ONE JIB as Part of Budget Process.....	16
6.1.2	Transfer to Municipality as Part of Budget Process .....	16
6.2	Flow of Funds Otherwise than through the Budget Process.....	16
6.2.1	Surplus Funds.....	16
6.2.2	Contingencies .....	17
6.3	Valuation of Investments.....	17
6.4	Voting Rights .....	17
6.5	Internal Controls .....	17
6.6	Custodians.....	17
6.7	Reporting .....	18
6.7.1	Short-Term Funds.....	18
6.7.2	Long-Term Funds .....	18
7.	APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE .....	18
7.1	Revocation / Amendment of Previous Investment Policy .....	18
7.2	Modifications to the IPS .....	18
7.3	Effective Date .....	19
	Schedule A Third Party Trust Funds and Designated Funds .....	21



## Town of Innisfil

### Investment Policy Statement

#### OVERVIEW

Municipalities that are subject to the *Municipal Act, 2001* (the “**Act**”) have no general power to invest money. Such powers must be found either in express provisions of the Act or by necessary implication.

Historically, municipalities that are subject to the Act had very limited express investment powers under section 418 of the Act. Section 418 continues to apply to all municipalities that are subject to the Act unless they elect to pass a by-law pursuant to the new section 418.1. Section 418 of the Act provides that “money that is not required immediately” can only be invested in securities prescribed by the Province in O. Reg. 438/97 (the “**Regulation**”). These prescribed securities are generally referred to as the “Legal List Securities” and are included in Part I of the Regulation.

Effective January 1, 2019, the new section 418.1 of the Act came into force. Section 418.1 provides that “money that is not required immediately” can be invested under that section in any security, provided that in making the investment the municipality exercises the care, skill, diligence and judgment that a prudent investor would exercise in making the investment. If a municipality elects to pass a by-law under section 418.1, the effect will be that its “money that is not required immediately” must be invested in accordance with the prudent investor regime. The rules, conditions and procedures that apply to investments under section 418.1 are set out in Part II of the Regulation.

Investing “money that is not required immediately” (MNRI) in Legal List Securities or in accordance with the prudent investor regime are mutually exclusive alternatives. That is to say, section 418 does not apply to a municipality that has adopted the prudent investor regime under section 418.1.

Every municipality, regardless of whether section 418 or 418.1 applies to it, has MNRI and also money that is required immediately (MRI). Municipalities retain the management and control of their MRI. The Act does not include any express provisions that deal with the investment of MRI. However, it is consistent with prudent practice to invest such money until it is actually spent, in order to preserve the capital value of that money. Accordingly, it is necessarily implied that a municipality has the power to invest such money on a short-term basis. Because the Act is silent as to how municipalities are to deal with MRI and because of the historical investment powers under the Act, a conservative approach is to invest MRI in appropriate Legal List Securities.

Municipalities that elect to pass a by-law pursuant to the new section 418.1 include in their investment policy:

- i. the basis upon which they distinguish between MNRI and MRI
- ii. principles governing the investment of each category of money

This Investment Policy Statement (IPS) is intended to respond to the foregoing requirements.

## 1. GLOSSARY AND DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

**Act:** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

**Agent:** means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

**Asset Class:** An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

**Asset Mix (or Asset Allocation):** means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

**Authorizing By-law:** means a by-law of a Founding Municipality which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the establishment of ONE JIB; (iii) the approval of the Client Questionnaire and the adoption of the IPS; and (iv) the entering into of the ONE JIB Agreement.

**Benchmark:** means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

**CFA Institute:** refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

**Credit Risk:** means the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. That is, the risk that a lender may not receive the owed principal and interest.

**Custodian:** means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Derivative:** A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an

index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

**Environmental, Social and Governance (ESG) Investing:** means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

**External Portfolio Managers:** means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

**Interest Rate Risk:** refers to the possibility that the value of a bond or other fixed-income investment will suffer as the result of a change in interest rates. Interest rate risk can be managed to help improve investment outcomes.

**Internal Controls:** means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

**Investment Plan:** means the investment plan applicable to the Long-Term Funds investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

**Investment Policy Statement (IPS):** means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Money under the Regulation, and for Short-Term Money, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

**JIB:** is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

**Legal List Securities:** means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

**Leverage:** means an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

**Local Distribution Corporation or LDC:** means a corporation incorporated under section 142 of the *Electricity Act, 1998*.

**Long-Term Money:** means money that the municipality has defined as long-term and characterized as money that is not required immediately (MNRI) by the Municipality as

described in section 5.2. Monies that are Long Term Money will be invested in accordance with the Prudent Investor Standard.

**Modern Portfolio Theory:** means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

**Municipality:** means The Town of Innisfil.

**ONE JIB:** means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

**ONE JIB Agreement:** means the agreement effective as of July 2, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Money.

**Outcome:** in the context of the municipality's IPS the word 'outcome' is used interchangeably with 'solutions'. Investment outcomes are a set of investment allocations with varying risk/return characteristics. The outcomes assigned to each investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

**ONE JIB's Outcome Framework:** a set of Investment Outcomes designed by ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the money assigned to the outcome.

**Participating Municipality:** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

**Pooled Fund:** means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute -monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

**Portfolio:** means any collection of funds that are grouped together and required for specific purposes.

**Proxy Voting:** means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

**Prudent Effective Date:** means July 2, 2020 the date on which the prudent investor regime applies to the Municipality.

**Prudent Investor Standard:** means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It

requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Money rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

**Regulation:** means Ontario Regulation 438/97.

**Risk:** means the uncertainty of future investment returns or chance of loss of capital.

**Risk Tolerance:** means the financial ability and willingness to absorb a loss in return for greater potential gains.

**Securities Lending:** means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

**Short-Term Money:** means money that is required immediately by the Municipality as described in section 5.1 and which remains under the control and management of the Municipality. The money can be invested in appropriate Legal List Securities.

**Sinking Fund:** means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

**Sinking Fund Required Contributions (Annual Sinking Fund Requirement):** means the amount of money to be set aside each year for deposit into a sinking fund or a retirement fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws.

**Sinking Fund Required Earnings:** means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

**Sinking Fund Excess Earnings:** means the investment earnings in excess of the required earnings.

## 2. PURPOSE AND LEGISLATIVE FRAMEWORK

### 2.1 Purpose of Policy

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI, by implementing the Prudent Investor Enabling By-law 053-20, pursuant to which the

Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary ("third party trust funds").

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to third party trust funds and designated funds
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer and any agent or advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

## **2.2 Governing Legislation**

Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.

Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

Money and investments that the Municipality holds as third-party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

### **2.3 Prudent Investor Standard**

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to Council and the liquidation or sale of investments is carried out in accordance with this IPS.

## **3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY**

### **3.1 Determination of MNRI and MRI**

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations
- the purpose for which the monies have been collected or set aside and are to be used
- the source of the money; or
- any combination of the foregoing

The Municipality's MNRI will be comprised of money that is to be used to meet financial obligations that become due more than 24 months from the date of receipt of such money by the Municipality.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than third party trust funds and any designated funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific -money by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

### **3.2 Overview of Portfolios**

The Municipality's portfolios represent funds required for specific purposes. A high-level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

## **4. ROLES AND RESPONSIBILITIES**

### **4.1 Role of ONE JIB**

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix I).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
- Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
- Monitoring the performance of the Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.



## **4.2 Role of Municipal Staff**

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any third-party trust funds referenced in Section 2.1 by, or under the direction of, the Treasurer;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of staff in the Financial Services.

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, the Treasurer may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of third party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

## **4.3 Ethics and Conflicts of Interest**

Individuals who are responsible for the Municipality's Short-Term Portfolio shall comply with the Municipality's Conflict of Interest guidelines and any relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct).

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Municipal Act, 2001 (the "Act"). This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

# **5. INVESTMENT**

## **5.1 MRI: Short-Term Money**

The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consists of money that is needed to meet the short-term financial obligations of the Municipality coming due within 24 months from the date of receipt of such money and are controlled and managed by the Treasurer.

### **5.1.1 Short-Term Money: Investment Objectives**

The main focus of the investment of Short-Term Money is cash management, and the interest income generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

Capital preservation is the paramount objective for short-term investments, and these investments need to be highly liquid. Consequently, only high quality, short-term investments that are also Legal List Securities will be held in this portfolio. The Municipality may invest in fully liquid money market securities and deposit accounts. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital and to further manage risk through diversification by issuer and credit quality.

The investment objectives for short term money, ranked in priority, are as follows:

#### **a) Security of Principal**

The primary objective for MRI is to ensure the security of principal. To minimize the risk of loss, investments shall be subject to minimum credit ratings and shall be diversified by maturity, type of investment and issuer. Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed. Maturity dates should be structured so that investment cash inflows occur when needed.

#### **b) Liquidity Requirements**

Liquidity is measured by the ease with which securities can be converted to cash to meet forecast spending. The investments that are eligible under Ontario's Eligible Investments and Related Financial Agreements Regulation possess different features and thus market prices will vary depending on market conditions, as well as the particular features of the type of investment.

To ensure adequate liquidity, the Municipality's investments shall be diversified by holding securities of various terms to maturity and by various types of investments and issuers and to the extent possible, the term of such investments shall match the forecasted requirements for such monies to meet expenditures.

#### **c) Rate of Return**

The Municipality's money shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the liquidity needs of each investment portfolio.

The composition of each portfolio, including its term to maturity and type of investments, shall be adjusted within the guidelines of this Policy to take advantage of market opportunities. Such changes shall be made with the periodic interest rate outlook and target portfolio structure approved by the Treasurer.

### **5.1.2 Short-Term Money: Eligible Investments**

Short Term Funds may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this Policy, as deemed eligible by Ontario Regulation 438/97 or as authorized by subsequent provincial regulations. Investments will be limited to securities issues maintaining a minimum credit rating by an appropriate credit rating agency.

Eligible investments include the following offerings:

- ONE Investment High Interest Savings Account;
- ONE Investment Money Market Portfolio;
- ONE Investment Canadian Government Bond Portfolio; and,
- GICs, bonds, and other investments as permitted within the Legal List.

ONE Investment products noted above are subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

### **5.2 MNRI: Long-Term Money**

The Municipality's MNRI is described in Section 3.1 as Long-Term Money. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Money and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

#### **5.2.1 Long-Term Money: Investment Objectives**

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

The municipality's Investment objectives for its Long-Term money (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB's Outcome Framework. Table 1 provides a summary of this framework.

**Table 1:**

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years
Stable Return	Stable Return	Income Generation; To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk; emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	Asset Mgt Reserves	Contributions to generate returns to fund asset management reserves	Higher risk; emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk; high liquidity	3 – 5 years
	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 – 10 years
	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long-term inflation-adjusted growth	> 10 years

Investment of long-term money is managed by ONE JIB in a way that balances the investment risk objectives with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help balance volatility of investment returns. Returns have an impact on revenues, as well as a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Money's investment horizons are aligned with the Municipality's obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

### **5.2.2 Long-Term Money: Eligible Investments**

Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product sponsored or managed by ONE Investment for the Prudent Investment Program

(Prudent Investment Offering), provided always that the products and the selection of products comply in all material respects with the IPS.

Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

### **5.2.3 Long-Term Money: Sinking Funds**

Not applicable.

### **5.2.4 Long-Term Money: Local Distribution Corporation (LDC) Securities**

The direct investment in LDC shares and/or promissory notes, as may be applicable, prior to July 2, 2020, shall be permitted and included as part of the Long-Term Money/MNRI held by ONE JIB. Specific details of this investment shall be approved by Council in its sole and absolute discretion, and ONE JIB shall adhere to all terms and conditions as directed by the Municipality. More specifically, ONE JIB shall be prohibited from selling, transferring, assigning, or pledging the LDC shares.

LDC shares are considered restricted, special assets and remain in the custody of the Town of Innisfil. LDC shares are to be viewed as separate standalone investments with the subject matter expertise and administrative functions remaining under the purview of the Town. These assets are not marketable securities and were acquired by the Town pursuant to separate legislative provisions and shareholder agreement(s). Council retains direct, de facto control of the LDC shares and ONE JIB shall adhere to all terms and conditions as directed. More specifically, Council controls all acquisition and disposition decisions related to current and future LDC assets. Any voting related to LDC shares will be undertaken solely by the Town.

The investment in LDC shares will not be included in calculations regarding asset mix/allocations or other constraints that apply to the Long-Term Money.

### **5.2.5 Long-Term Money:**

Not applicable.

## **5.3 Third Party Trust Funds and Designated Funds**

In addition to the Municipality's own money, the Municipality is from time to time entrusted with third party trust funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to third party trust funds, the latter shall prevail.

The Municipality's third-party trust funds and the designated funds are listed in Schedule A.

For certainty, the third-party trust funds and the designated funds are not MNRI of the Municipality, and such monies are not under the control or management of ONE JIB.

## **5.4 Investment Management**

### **5.4.1 *Investment Management of Short-Term Money***

The investment of Short-Term Funds shall be controlled and managed by the Treasurer.

### **5.4.2 *Investment Management of Long-Term Money***

The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.

Competent External Portfolio Managers shall be appointed by ONE JIB and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

## **5.5 Transition to Prudent Investor Regime**

This section is not applicable.

## **5.6 Investment Constraints**

### **5.6.1 *Environmental, Social and Governance (ESG) Investing***

The Municipality supports ESG investing for Short-Term and Long-Term Money. The Municipality believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance. The Municipality has chosen to monitor the developments of ESG factors and will reconsider its approach to ESG investing for the Short-Term Portfolio as and when appropriate to do so.

For the investment of Long-Term Money, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

### **5.6.2 *Securities Lending***

Securities lending is not permitted for short term investments directly held by the municipality. The municipality may hold externally managed investment portfolios that engage in securities lending.

For the investment of Long-Term Money, the Municipality may invest in pooled funds, and other investment funds that are managed by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager permit such an action.

### **5.6.3 *Derivatives***

Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Money where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

### **5.6.4 *Use of Leverage***

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage is not a strategy currently employed by ONE JIB but may be considered at a later date.

### **5.6.5 *Pooled Funds***

All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof. The investment strategies may also include allocations to cash or short-term investment vehicles.

### **5.6.6 *Currency Hedging***

The Short-Term Portfolio will not utilize currency hedging.

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the Long-Term Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

## **5.7 Performance Monitoring, Rebalancing and Management**

### **5.7.1 Short-Term Money**

The Treasurer shall monitor the performance, rebalance asset mix and manage short-term funds in a manner that achieves the investment objectives set out in this IPS.

### **5.7.2 Long-Term Money**

For the investment of Long-Term Money, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the investment plan.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.7.2 that shows the Municipality's holdings, declares compliance with this IPS and shows External Portfolio Manager performance.

## **6. ADMINISTRATIVE POLICIES**

### **6.1 Flow of Money and Annual Municipal Budget**

#### **6.1.1 Transfer to ONE JIB as Part of Annual Review Process**

On an annual basis, as part of the Municipality's Annual Review process, the Municipality shall identify the amount, if any, of Long-Term Money that it holds. Any Long-Term Money not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

#### **6.1.2 Transfer to Municipality as Part of Annual Review Process**

On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Money then under the control and management of ONE JIB for the Municipality's operational purposes. Such amounts shall be deemed to be Short-Term Money and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

### **6.2 Flow of Money Otherwise than through the Budget Process**

#### **6.2.1 Surplus Funds**

The Short-Term Funds capture revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the Treasurer at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Money. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.



### **6.2.2 Contingencies**

The Treasurer is authorized, to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the Long-Term Money under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Money). In determining the Budgeted Long-Term Money for purposes of calculating the 25% limit, any Long-Term Money to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to Section 6.1.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

### **6.3 Valuation of Investments**

Investments shall be valued according to the values provided by the Custodian(s). For the investment of Long-Term Money, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

### **6.4 Voting Rights**

Subject to the provisions of Section 5.2.4 with respect to LDC securities, where External Portfolio Managers have been appointed, such External Portfolio Managers shall assume the responsibility of exercising voting rights and will report their voting policies to ONE JIB annually. The Municipality may access these policies at any time.

### **6.5 Internal Controls**

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

### **6.6 Custodians**

All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees. For Long-Term Money, the Custodian shall be acceptable to ONE Investment. For Short-Term Money the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Money, otherwise the Custodian shall be acceptable to the Municipality.

## **6.7 Reporting**

### **6.7.1 Short-Term Money**

For the investment of Short-Term Money, the Treasurer shall report at least annually to Council, and the report to be a form and contain such content as Council may request. The report to Council shall include investment performance during the period covered and any other information required under the Regulation and that the Treasurer may consider to be pertinent.

### **6.7.2 Long-Term Money**

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the Treasurer.

All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.

## **7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE**

### **7.1 Revocation / Amendment of Previous Investment Policy**

This Policy replaces the existing Investment Policy CP.7.1.6.

### **7.2 Modifications to the IPS**

At least annually Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.

Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual IPS review will consider:

- the adequacy of funding for capital works;

- the Municipality’s ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

**7.3 Effective Date**

This IPS is adopted by Council of the Town effective May 10, 2023. The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

*A Webb*

Signed by:

Audrey Webb

Treasurer

May 10, 2023

Date

**REVISION HISTORY**

<b>Revision Number</b>	<b>Date</b>	<b>Summary of Changes</b>	<b>Approval Authority</b>
V1	2015.10.21	Policy Adoption	CR-208-12.15
V2	2020.03.11	Annual Review	2020.03.11-CR-01
V3	2021.06.02	Annual Review	2021.06.02-CR-01
V4	2022.05.25	Annual Review	2022.05.25-CR-02
V5	2023.05.10	Annual Review	2023.05.10-CR-01
V6	2024.06.24	Annual Review	2024.06.24-CR-01



## Schedule A

### Third Party Trust Funds and Designated Funds

#### Third Party Trust Funds

Not applicable.

#### Designated Funds

Funds collected under the *Responsibility Agreement*, between the Town of Innisfil and Friday Harbour and Big Bay Resort Association.

## **Appendix I: ONE JIB Agreement**

## Attachment 2

### Municipal Client Questionnaire (MCQ)

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality's financial circumstances, or
- b. A significant change in the amount of your municipality's "money that it does not require immediately"

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

---

#### **Section 1 – Client Information**

Name of Municipality: Town of Innisfil

Address: 2101 Innisfil Beach Road, Innisfil, ON, L9S 1A1

#### *Treasurer Information*

Name: Audrey Webb

Phone Number: 705-436-3740 Extension: 2302

Email: awebb@innisfil.ca

*Primary Day to Day Contact Information\**

*Check if same information as Treasurer above*

Name: Mike Melinyshyn

Phone Number: 705-436-3740 Extension: 2301

Email: mmelinyshyn@innisfil.ca

\*Primary day-to-day contact should have a comprehensive understanding of your Municipality's financial position and investment needs.

**Section 2 - Investment Knowledge and Experience**

1. Which statement best describes the Municipal staff (person most responsible for managing investments)'s level of investment knowledge and experience with financial markets and products?

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2. If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

3. Please indicate if your municipality has used / held any of the following investment types within the past five years. *[check all that apply]*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC securities)
- Securities held in third party trusts (i.e., cemetery trust, legacy fund etc.)
- Fixed income (government and/or corporate bonds)
- Equities
- Other – Please Describe



### Section 3 – Investment Objectives and Risk Tolerance

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require Immediately** (MNRI).

In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return over a five-year period will be higher where the portfolio’s returns are varied when measured on a year-by-year basis, with some years possibly having negative returns.

A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five-year average.

- In relation to MNRI, which of the following best reflects your Municipality’s longer-term investment objectives (return), risk tolerance (volatility of returns) and shorter-term tolerance for losses (actual or unrealized)?

Description	Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<b>Lower risk / return</b> <input type="checkbox"/>	Capital preservation is the main objective.  Willingness to accept lower returns to reduce the likelihood of losses.	Small chance of loss of capital over a 5-year period	Less than 5% decline
<b>Moderate risk / return</b> <input checked="" type="checkbox"/>	Balanced growth (combination of growth and income) is the main objective.  Willingness to accept moderate level of risk to achieve moderate growth without excessive risk to capital.	Moderate chance of loss of capital over a 5-year period	5-15% decline
<b>Higher risk / return</b> <input type="checkbox"/>	Growth of capital is the main objective.  Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns.	Higher risk of loss of capital over a 5-year period	More than 15% decline

\* These percentages are for illustrative purposes only, to determine sensitivity to potential capital loss, and do not represent a guarantee by ONE JIB or ONE Investment.

5. *If applicable*, is there any other information about your Municipality’s investment objectives and risk tolerance for its MNRI that is relevant to your Investment Policy Statement or Investment Plan?

6. How sensitive is your municipality to recognizing investment gains and losses from portfolio adjustments and market fluctuations?

For accounting purposes, the municipality only recognizes realized gains and losses. Since the municipality does not have a significant/well established plan to build reserves for asset renewal, we are sensitive to market adjustments and fluctuations.

**Sections 4 and 5** of this MCQ below ask about your Municipality’s MNRI, cash flow and other financial assets that may be applicable. It is intended to assist ONE Investment in obtaining an understanding of your Municipality’s financial circumstances, including its cash flow needs.

### ***Section 4 – Financial Information***

7. Please provide your municipality’s **MNRI** (*see note below*) by reserve (or reserve categories) with expected investment time horizons. This information can be provided in the template provided, or in a separate document.

**Note:** MNRI can be determined by time, source of funds, purpose of funds, or such other means as your Municipality may decide is appropriate. It is defined for your municipality in the Investment Policy Statement approved by your Council. For example, the ‘less than 3 years’ column of MNRI in the template might not be applicable for all municipalities.

Information has been provided as an attachment to this MCQ

## Summary of Money not Required Immediately for Investment Planning Purposes

Example Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Roads Mitnc Reserve	Ongoing Maintenance	\$8,000,000	\$1,500,000	\$1,500,000	\$3,500,000	\$3,500,000
Infrastructure Reserve	Road Lane Widening	\$5,000,000		\$1,000,000	\$4,000,000	

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Asset Renewal	Asset renewal reserve funds. Largest RF is the Capital Reserve Fund, which is where our 1% capital levy is directed to.	3,721,933	35,909,204	3,721,933		
Growth	DCs & other externally restricted funds, such as Cash-in-lieu of Parkland. It also includes our ARS(Alternative Revenue Source) reserve fund, which is where our OLG gaming revenues are directed towards. The largest component of the ARS funds is to be used to fund the non-growth(BTE) share of growth projects.	53,417,010	30,690,470	53,417,010		
Operating Reserves	Tax rate stabilization reserve and inspection stabilization reserve.	9,261,894	469,190		468,737	8,793,157
	<b>Total MNRI</b>	66,400,837	67,068,864	57,138,943	468,737	8,793,157

8. Please provide your Municipality's current **Cash Flow Projections for MNRI** by year. This information informs the ONE JIB about potential drawdowns /additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns			(19,615,559)	(503,602)	
Anticipated MNRI Contributions					
Net change in MNRI	0	0	(19,615,559)	(503,602)	0

*Other information or comments (if applicable)*

9. Does the MNRI drawdown forecasts in Question 8 above reflect:

- Drawdowns of current reserve balances
- Drawdowns of current reserve balances inclusive of projected future budgetary contributions

10. What **assumptions or factors** does your municipality include in the reserve cash flow projections? For example: inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

Assumptions used include:

- inflation included for capital projects. The factor can vary depending on the project.
- indexing of DC rates
- includes annual increase in Capital levy, and other tax levy funded reserve & reserve funds
- includes annual increase in OLG gaming revenues
- DC revenues are based on growth projections contained in DCBS

## Municipal Client Questionnaire (MCQ)

11. If your Municipality has completed a **capital budget forecast**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

12. If your Municipality has completed an **asset management plan**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

13. To what extent has your Municipal asset management plan been integrated into the capital budget process?

The Town has been undertaking various plans/studies to address asset management, such as a facilities master plan, roads need study, etc. The recommendations from these various plans are incorporated into our 10 year capital budget forecast, however adjustments are made to the planned works due to limited financial resources. The Town increases the Capital Levy by 1% of the blended tax rate each year, however while the annual amount is increasing each year, it will be a number of years before the annual capital levy collected through property taxes is sufficient to cover the annual asset mgmt work.

### Funding/Expenditure Analysis

14. How does your Municipality manage unanticipated requests for funding? What is the probability that your municipality may unexpectedly need to draw down MNRI to fund unexpected budget shortfalls?

Finance reviews additional requests, and if the cash is not available, the dept is required to identify funds in other capital projects that can be deferred or returned before the request goes to Council for approval. The cash flow forecast is based on dept estimates on when capital project work will be completed. Historically, depts over-estimate how much capital project work will be completed, therefore we usually have more cash than originally projected.

15. Is there a particular year(s) in your Capital Forecast or Asset Management Plan when your Municipality anticipates unusual or large capital expenditure(s)?

- Yes     No

*If yes, please explain the timing and nature of the expenditure(s)*

<b>Growth</b>			
RDS236 -Big Bay Point Road	2025	\$19M	
RDS241 -13th Line - Big Bay Point Road/25th SR to Friday Drive	2025	\$19M	
RDS248 -20th Sideroad (Bypass of IBR and Metrolinx Intersection)	2028	\$167M	
RDS313 -6th Line - County Road 27 - 20th Sideroad	2033	\$159M	
RDS406 -3rd Line, Reive to the 20th SR	2027	\$22M	
RDS408 -2nd Line, Reive Boulevard to the 20th SR	2032	\$30M	
LIB69 -ideaLAB & Library in Stroud	2027 & 2028	\$11M	
LIB42 -ideaLAB & Library in Lefroy	2026	\$9.6M	
PKS334 -Sports Complex	2026	\$13M	
PKS374 -IBP- Implement Master Plan	2028	\$18M	
PKS374 -IBP- Implement Master Plan	2033	\$23M	
FIRE58 -Fire Station #6 - Innisfil Heights	2025 & 2026	\$29M	
Fleet Vehicles Fire Station #6 - Innisfil Heights	2025	\$6.6M	
<b>Asset Renewal</b>			
FAC45 -Stroud Arena	2026	22.6M	
FAC46 -Morgan Russell Arena	2028	23.5M	
FAC50 -Operations Building Expansion	2025	2M	
FAC52 -Operations Frontline Staff and Storage Facility	2028	15M	

16. Do you anticipate any decisions / factors within the **next 24 months** that could have a material impact on your MNRI forecasts – either positive or negative? (e.g., projects contingent on unsecured grants, potential significant changes to your debt financing strategy, significant acquisitions or disposals/divestments).

Yes

No

*If yes, please provide details*

The Town is currently in negotiations with the Orbit developer that could impact our forecasted cash flow.

## Section 5 – Portfolio Information

17. Please provide the breakdown of your MNRI, In-Kind securities and LDC securities by Investment type

Description	As of Date (MM/DD/YY)	Value*
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	06/30/24	53,767,766
Expected contributions (withdrawals) of MNRI and <i>Date</i> MNRI to be transferred / received (B)	08/01/24	5,000,000
<b>Total MNRI to be invested in ONE JIB Outcomes (A + B)</b>		58,767,766
In-Kind securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (C)		
<b>Total Current MNRI, expected contributions to MNRI and In-Kind securities (A + B + C)</b>		58,767,766
LDC securities as of <i>Date</i> (D)	12/31/23	35,404,558
<b>Total Municipal MNRI, In-Kind securities and LDC securities (A + B + C + D)</b>		94,172,324

\* The market value of In-Kind securities may change between the date control and management is given to ONE JIB and the date they mature after which the cash proceeds can be invested by ONE JIB.

*Other information or comments (if applicable)*

## Section 6 – Existing Investments

18. Your Municipality may have given control and management of In-Kind securities and LDC securities to ONE JIB with its MNRI (*refer to Section 5 above*). If applicable, please identify below any details of In-Kind securities and LDC securities that your municipality may have. A template and sample have been provided on the next page for your reference, or you may attach a copy of your statement(s). If your Municipality has no such In-Kind securities/LDC securities *proceed to Section 7 of the MCQ*.



## Municipal Client Questionnaire (MCQ)

The applicable information is provided as an attachment to the MCQ:

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>
<i>SAMPLE CIBC Global Blue Chip Growth Deposit Notes, Series 12</i>	<i>PPN</i>	<i>CIBC</i>	<i>\$5,000,000</i>	<i>N/A</i>	<i>February 2030</i>
<i>SAMPLE London 3.2% May 9, 2026</i>	<i>Bond</i>	<i>N/A</i>	<i>\$1,000,000</i>	<i>\$1,098,000</i>	<i>May 9, 2026</i>
<i>SAMPLE Canada 2 <sup>7</sup>/<sub>8</sub> July 2, 2028</i>	<i>Bond</i>	<i>N/A</i>	<i>\$2,000,000</i>	<i>\$1,945,000</i>	<i>July 2, 2028</i>

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>

*Other information or comments (if applicable)*



***Section 7 – Other Information***

19. If there have been major changes in circumstances since the last MCQ updates (if applicable) that you would feel would require a reallocation of MNRI for your Municipality. Please advise what has changed since the last MCQ update.

20. Please provide any additional information or context that you consider relevant to ONE JIB's understanding of your municipality's MNRI, In-Kind securities and LDC securities.

***Section 8 – Investment Restrictions***

21. Are your Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in your Municipal Investment Policy Statement?

- Yes       No

If yes, please specify

**Section 9 – Acknowledgement**

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this 07th day of August, 2024

Audrey Webb, Treasurer

Mike Melinyshyn, CFO/Deputy Treasurer

Audrey Webb  
Digitally signed by Audrey Webb  
Date: 2024.08.23 12:12:35 -04'00'  
Name and Signature of Treasurer

Mike Melinyshyn  
Digitally signed by Mike Melinyshyn  
Date: 2024.08.27 08:45:09 -04'00'  
Second Signature (if Required)



## Municipal Client Questionnaire (MCQ)

### Appendix 1 – Midyear MCQ Updates Form

Please provide details below that explain the nature of your requested change. This should describe: the money involved, the timing of transactions required, and any other context to support the change request. This will allow ONE JIB to understand how this update may change the cashflow characteristics or investment horizons of MNRI and In-Kind securities (and possibly LDC securities) relative to your current MCQ and Investment Plan.

#### Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name and Signature of Treasurer

Second Signature (if required)



# **Attachment 3**

## **The Town of Innisfil Investment Plan**

Date: September 4, 2024

155 University Ave., Suite 800  
Toronto Ontario M5H 3B7 Canada



# Contents

## Page

<b>1. DEFINITIONS .....</b>	<b>3</b>
<b>2. PURPOSE OF INVESTMENT PLAN.....</b>	<b>3</b>
<b>3. RESPONSIBILITY FOR PLAN.....</b>	<b>3</b>
<b>4. INVESTMENT GOALS AND OBJECTIVES.....</b>	<b>3</b>
<b>5. INVESTMENT PORTFOLIO .....</b>	<b>4</b>
5.1 Asset Allocations .....	4
5.2 Account Structure.....	4
5.3 In-Kind Securities (in transition) .....	7
5.4 Other Accounts.....	7
<b>6. APPLICABLE ONE JIB POLICIES .....</b>	<b>7</b>
6.1 Environmental, Social and Governance (ESG) Investing .....	8
6.2 Securities Lending .....	8
6.3 Derivatives.....	8
6.4 Rebalancing.....	8
<b>7. IMPLEMENTATION.....</b>	<b>9</b>
7.1 Custodian .....	9
7.2 Transition Plan (including transitional investments).....	9
7.3 Accommodating Cashflow Needs.....	9

## 1. Definitions

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

## 2. Purpose of Investment Plan

As required under the prudent investor regime authorized by the *Municipal Act, 2001* (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (*Plan*) establishes how ONE JIB will invest Innisfil's Long-Term Money as defined in section 5.2 of Innisfil's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Innisfil.

## 3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Innisfil's IPS.

## 4. Investment Goals and Objectives

Innisfil's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Innisfil's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined according to the Outcome Framework approved and annually reviewed by ONE JIB in accordance with the *ONE JIB Outcome Framework Policy*. The allocation of Innisfil's Long-Term Money in this Plan is consistent with the details as disclosed in Innisfil's IPS and MCQ.

The Long-Term Money will be invested to generate returns for any or all of the following results:

- a. Funding contingencies, where returns are reinvested with a view to growing principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Innisfil has an obligation for a specific project at a specific time.

While individually Innisfil’s reserve and reserve funds require liquidity, collectively they provide Innisfil with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Prudent Investment Program funds are designed to be highly liquid. Less liquid investments may become available through the program at a later date.

## 5. Investment Portfolio

### 5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of Long-Term Money must be communicated to ONE JIB formally as outlined in the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

### 5.2 Account Structure

The amounts of Long-Term Money, as disclosed in Innisfil’s updated MCQ have been allocated into investment Outcome categories as shown in *Table 1* below.

*Table 1 - Investment Allocations by Outcomes Categories as of June 30, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	-	-
Stable Return	-	-
Contingency	\$ 19,548,618	33.3
Asset Management Reserves	-	-
Target Date 3-5 Years	10,282,010	17.5
Target Date 5-10 Years	28,937,137	49.2
Target Date 10+ Years	-	-
Total	\$ 58,767,766	100.0

\* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of Long-Term Money on June 30, 2024. The Investment Plan will be implemented based on the allocation weights in Table 1.

Mixes of ONE Prudent Investment Program funds appropriate for Innisfil’s circumstances will be used for each Outcome. Descriptions of these Outcomes,

ONE Prudent Investment Program funds and the asset allocations for each Outcome are described in the *ONE JIB Outcome Framework Policy*.

The target weight for each Outcome Investment Allocation are shown in *Tables 2 to 8*, and the Total Long-Term Money by Investment Allocation (as of June 30, 2024) is shown in *Table 9* below.

*Table 2 – Cash Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Fixed Income</b>	<b>100.0</b>
ONE Canadian Government Bond Fund	100%
<b>Total</b>	<b>100.0</b>

*Table 3 – Stable Return Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>30.0</b>
ONE Canadian Equity Fund	9.0
ONE Global Equity Fund	21.0
<b>Fixed Income</b>	<b>70.0</b>
ONE Canadian Government Bond Fund	19.0
ONE Canadian Corporate Bond Fund	9.0
ONE Global Bond Fund	42.0
<b>Total</b>	<b>100.0</b>

*Table 4 – Contingency Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>60.0</b>
ONE Canadian Equity Fund	18.0
ONE Global Equity Fund	42.0
<b>Fixed Income</b>	<b>40.0</b>
ONE Canadian Government Bond Fund	6.0
ONE Canadian Corporate Bond Fund	6.0
ONE Global Bond Fund	28.0
<b>Total</b>	<b>100.0</b>



*Table 5 – Asset Management Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>90.0</b>
ONE Canadian Equity Fund	27.0
ONE Global Equity Fund	63.0
<b>Fixed Income</b>	<b>10.0</b>
ONE Canadian Government Bond Fund	1.5
ONE Canadian Corporate Bond Fund	1.5
ONE Global Bond Fund	7.0
<b>Total</b>	<b>100.0</b>

*Table 6 – Target Date 3-5 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>10.0</b>
ONE Canadian Equity Fund	3.0
ONE Global Equity Fund	7.0
<b>Fixed Income</b>	<b>90.0</b>
ONE Canadian Government Bond Fund	30.5
ONE Canadian Corporate Bond Fund	10.5
ONE Global Bond Fund	49.0
<b>Total</b>	<b>100.0</b>

*Table 7 – Target Date 5-10 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>50.0</b>
ONE Canadian Equity Fund	15.0
ONE Global Equity Fund	35.0
<b>Fixed Income</b>	<b>50.0</b>
ONE Canadian Government Bond Fund	7.5
ONE Canadian Corporate Bond Fund	7.5
ONE Global Bond Fund	35.0
<b>Total</b>	<b>100.0</b>

*Table 8 – Target Date 10+ Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>75.0</b>
ONE Canadian Equity Fund	22.5
ONE Global Equity Fund	52.5
<b>Fixed Income</b>	<b>25.0</b>
ONE Canadian Government Bond Fund	3.75
ONE Canadian Corporate Bond Fund	3.75
ONE Global Bond Fund	17.5
<b>Total</b>	<b>100.0</b>

*Table 9 – Total Long-Term Money by Investment Allocations as of June 30, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 8,167,782	13.9
ONE Global Equity Fund	19,058,158	32.4
ONE Canadian Government Bond Fund	6,479,216	11.0
ONE Canadian Corporate Bond Fund	4,422,813	7.5
ONE Global Bond Fund	20,639,796	35.1
<b>Total</b>	<b>\$ 58,767,766</b>	<b>100.0</b>

### **5.3 In-Kind Securities (in transition)**

This section does not apply.

### **5.4 Other Accounts**

Innisfil has no other accounts ONE JIB must consider.

## **6. Applicable ONE JIB Policies**

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website.

- ONE JIB Outcome Framework Policy
- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)

- ONE JIB Rebalancing Policy
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

## **6.1 Environmental, Social and Governance (ESG) Investing**

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing and evaluating External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

## **6.2 Securities Lending**

Investment Funds that are controlled by an External Portfolio Manager may be subject to securities lending if their policies permit such lending.

## **6.3 Derivatives**

ONE JIB does not intend that derivative be used in the investment of Long-Term Money for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

## **6.4 Rebalancing**

This Plan's asset allocations will be monitored and rebalanced by ONE Investment in accordance with the *ONE JIB Rebalancing Policy*.

## 7. Implementation

### 7.1 Custodian

All investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

### 7.2 Transition Plan (including transitional investments)

This section does not apply.

### 7.3 Accommodating Cashflow Needs

#### a. Investment Income and Rebates

Income from investments will be automatically reinvested as per the *ONE Distribution Policy PI* and cashflow needs of Innisfil are expected to be financed with the sale of units of the investment pools.

#### b. Anticipated mid-year cashflow requests

Innisfil has not disclosed any known mid year cashflow needs but will be contributing \$5 million to MNRI in September 2024 as part of this Investment Plan update. These monies will be allocated to the Target Date 3-5 Year Outcome.

#### c. Unanticipated mid-year cashflow requests

Upon receipt of an updated MCQ from Innisfil that involves a withdrawal of Long-Term Money, the Chief Investment Officer will process the request in accordance with the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: September 4, 2024  
 Re: District Municipality of Muskoka’s Investment Plan  
 Report: ONE JIB 2024-045

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the District Municipality of Muskoka’s Investment Policy Statement (Attachment 1).
2. Receive the District Municipality of Muskoka’s Municipal Client Questionnaire (Attachment 2).
3. Approve the District Municipality of Muskoka’s proposed Investment Plan including the CIO executing a mid-year drawdown of up to \$5 million (Attachment 3).

## 2. SUMMARY

The District Municipality of Muskoka has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI and the investment horizons associated with reserve balances. Muskoka has also reviewed its Investment Policy Statement (IPS), which resulted in no changes to the IPS. Muskoka continues to have a long investment horizon, with three-quarters of MNRI having an investment horizon longer than five years.

The Investment Plan update does not result in new contributions to MNRI or drawdowns at this time, but the Treasurer has indicated the potential for a mid-year drawdown of approximately \$5 million. However, no change in the Investment Plan is recommended at this time. Consolidated equity allocations in the Investment Plan, which do not reflect the proposed drawdown, will remain at 50.5%. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 24.2	15.1
ONE Global Equity Fund	56.5	35.3
ONE Canadian Government Bond Fund	15.5	9.8
ONE Canadian Corporate Bond Fund	11.2	7.0
ONE Global Bond Fund	52.3	32.8
Total	\$ 159.8	100.0

### 3. BACKGROUND

#### Muskoka’s annual IPS review resulted in no changes

Muskoka completed its annual IPS review on August 8, 2024, making no updates to the wording or content of the IPS. There have been no changes to the ONE JIB IPS template since its plan was last updated in 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

#### Muskoka’ overall investment horizon associated with MNRI remains long

Muskoka’s risk tolerances and investment objectives are unchanged from last year’s Investment Plan. About 75% of Muskoka’s MNRI has an investment horizon between 5-10 years, indicating that Muskoka continues to have a long investment horizon. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 7 of the MCQ.*

Investment Horizon of MNRI						
Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Less than 3 years	3-to-5 years	5-to- 10 years	10+ years
Development Charge Reserve Funds	Stable Balances	28,100,000	3,169,000		12,931,000	12,000,000
Obligatory and fee-based reserve funds	Near-term drawdowns	7,327,000		1,832,000	5,495,000	
Program Reserve Funds	Increasing after 2024	62,730,000	(157,000)	8,796,000	24,491,000	29,600,000
Debt Reduction Reserve Fund	Well defined funding needs	(93,000)		5,218,000	(5,311,000)	
Stabilization Reserves	Stable balances	55,264,000	13,750,000		41,184,000	330,000
Contingency Reserves	Modest growth expected	6,358,000			6,358,000	
	<b>Total MNRI</b>	159,686,000	16,762,000	15,846,000	85,148,000	41,930,000

**Muskoka may have a mid-year MNRI drawdown of \$5 million and additional drawdowns in 2026, with MNRI balances increasing significantly thereafter**

The Treasurer indicated that Muskoka may draw down up to \$5 million of MNRI within the next twelve months to address short-term funding needs. If needed, the Treasurer will complete a mid-year MCQ update to initiate the drawdown. Additional drawdowns will be required in 2026, though there is uncertainty concerning the magnitude of this drawdown.

Muskoka anticipates significant contributions to MNRI from 2027 onwards as the District builds reserves to fund large capital projects, including the District’s share in a hospital to be built in 15 years. The financing of this project has not yet been finalized but may involve debenture issuance.

Details about the time horizon associated with municipal reserves are provided in Section 8 of the District’s MCQ. Details of the anticipated contributions and withdrawals of MNRI over the next 10 years are shown in Table 2 below.

*Table 2: Anticipated Cash Flow Projections MNRI by year from table 8 of the MCQ.*

	<b>Next Year</b>	<b>2 years</b>	<b>3 to 5 years</b>	<b>5 to 10 years</b>	<b>Greater than 10 years</b>
Anticipated MNRI Drawdowns	(4,953,844)	(22,103,552)			
Anticipated MNRI Contributions			61,369,637	127,837,285	
Net change in MNRI	(4,953,844)	(22,103,552)	61,369,637	127,837,285	0

**4. ANALYSIS**

**Investment allocations in Muskoka’s updated Investment Plan remain unchanged**

Muskoka’s investment horizon has changed somewhat as the updated reserve mapping identifies more MNRI with an investment horizon beyond 10 years and more MNRI with an investment horizon of less than 5 years. Overall, the average investment horizon of MNRI is unchanged. Significant contributions to MNRI are anticipated within 5 to 10 years that should increase MNRI and could extend the investment horizon of MNRI. No changes to the Investment Plan are recommended at this time, but this may be revisited in 2025, and as needed, changes can be implemented as part of the transition to the OCIO Offering. The anticipated mid-year MNRI drawdown will be fulfilled by reductions in the Cash and Target Date 3-5 Year Outcomes as needed.

**The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is appropriate considering Muskoka’s cashflow forecasts, risk tolerances and objectives**

The District continues to have a long investment horizon, with modest near-term

drawdowns and significant MNRI contributions expected in the intermediate term. Considering this, there will be no changes in the mapping of MNRI to investment outcomes, the overall risk level is unchanged, and the overall allocation to equities at a consolidated level remains at 50.5%.

Mapping the MNRI to Outcomes was based on the information provided in the MCQ and discussions with the Treasurer. Asset allocations (Table 3) and fund allocations (Tables 4 and 5) were determined using the ONE JIB's Outcomes Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Cash	\$ 0.1	0.1	100	-	100
Contingency	21.4	13.4	40	60	100
Target Date 3-5 Years	21.2	13.3	90	10	100
Target Date 5-10 Years	88.4	55.3	50	50	100
Target Date 10+ Years	28.7	18.0	25	75	100
<b>Total</b>	<b>\$ 159.8</b>	<b>100.0</b>			

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 24.2	15.1
ONE Global Equity Fund	56.5	35.3
ONE Canadian Government Bond Fund	15.5	9.8
ONE Canadian Corporate Bond Fund	11.2	7.0
ONE Global Bond Fund	52.3	32.8
<b>Total</b>	<b>\$ 159.8</b>	<b>100.0</b>



*Table 5: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)*

<b>Outcome</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corp Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Cash	-	-	\$ 0.09	-	-	\$ 0.09
Contingency	3.85	8.99	1.28	1.28	5.99	21.4
Target Date 3-5 Years	0.64	1.48	6.46	2.23	10.39	21.2
Target Date 5-10 Years	13.26	30.94	6.63	6.63	30.94	88.4
Target Date 10+ Years	6.46	15.07	1.08	1.08	5.02	28.7
<b>Total</b>	<b>\$ 24.2</b>	<b>\$ 56.5</b>	<b>\$ 15.5</b>	<b>\$ 11.2</b>	<b>\$ 52.3</b>	<b>\$ 159.8</b>

## **5. CONCLUSION**

The proposed Investment Plan is consistent with Muskoka’s IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. If needed, the District may draw down up to \$5 million within the next 12 months. The MNRI drawdown, if requested, it will be funded from monies invested in the Cash Outcome and Target Date 3-5 Year Outcome. Significant contributions to MNRI beyond 2026 are expected that may extend the average investment horizon of Muskoka’s MNRI, but analysis from the District provided as part of this year’s annual Investment Plan update does not indicate that a change in investment allocations is required at this time. As a result, no changes are recommended to the Investment Plan at this point, but changes may be considered in 2025 when the transition to the OCIO Offering takes place. The allocations in Muskoka’s Investment Plan remain appropriate for the municipality considering its time horizons and circumstances.

## **ATTACHMENTS**

Attachment 1: District Municipality of Muskoka’s Investment Policy Statement

Attachment 2: District Municipality of Muskoka’s Municipal Client Questionnaire

Attachment 3: District Municipality of Muskoka’s Proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services  
 Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment

# Attachment 1



**To:** Chair and Members  
Finance and Corporate Services Committee

**From:** Vineet Bhatia  
Director, Tax Policy and Long-Term Financial Planning

**Date:** July 17, 2024

**Subject:** Annual Review of Investment Policy Statement

**Report:** FCS-7-2024-2

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## Recommendation

WHEREAS Investment Policy Statement (IPS) FI-009-2023 was approved by Council and came into effect on August 10, 2023;

AND WHEREAS the required annual review of the IPS has resulted in no recommended updates or changes to the IPS;

NOW THEREFORE BE IT RESOLVED THAT Investment Policy Statement FI-009-2023 attached as Appendix A to Report FCS-7-2024-2, **remain in effect**, as is.

## Origin

Section 35.1 requires that, at least annually, Council shall review the IPS and update it, if required. Following Council's review of the IPS, the ONE Joint Investment Board (JIB) shall review and update the Investment Plan, if required.

The following report satisfies the 2024 annual review requirement of the Investment Policy Statement.

## Analysis

The IPS Review provides Committee with a process to meet our obligation of an annual review of the IPS as set out in section 35.1 of IPS FI-009-2023.

## Investment Policy Statement Review

The IPS is a comprehensive document that allows Council to provide direction to the ONE JIB. Using the IPS, the ONE JIB designs and implements an Investment Plan. It is through the IPS that Council ultimately controls its Money Not Required Immediately

(MNRI). At a minimum, Council is required to review and, if necessary, amend the IPS annually. Staff have completed their review and have no recommended changes. In addition, there have been no changes recommended by ONE Investment.

As part of the review process, staff complete a cash flow analysis and reserve fund analysis to determine the amount of MNRI and Money Required Immediately (MRI) for the current fiscal year. This is updated through the Municipal Client Questionnaire (MCQ). The ONE JIB will then review and update the Investment Plan based on the updated MCQ, MNRI and IPS. The updated investment plans are scheduled to be reviewed and approved by the ONE JIB at their September 2024 meeting.

Overall, staff believe that the investment objectives and risk tolerance in the current policy structure accurately reflects the needs of the District. As the District matures in its asset management planning and financing strategy, staff may recommend changes to our allocations within the investment plan. Also, if Council priorities change or fiscal circumstances require, the IPS can be reviewed and amended at any point in time.

For reference, the District’s current policy statement supports a mixed approach to risk depending on the estimated timeline during which the reserve funds will be required and is summarised below.

- 11.5% of the District’s reserves are invested in low risk, highly liquid investments to support the three (3) to five (5) year operational and capital plans;
- 55.9% of the District’s reserves are invested in moderate risk investments to support the five (5) to 10 year operational and capital plans; and
- 32.6% of the District’s reserves are invested in higher risk investments to focus on long-term, inflation-adjusted growth for contingency purposes and beyond the 10-year horizon.

### Financial Considerations

The review of the IPS has no immediate financial implications. As reported through [Report FCS-5-2024-2](#), the ending market value of District’s investments invested through ONE JIB for the first quarter of 2024 was \$155,074,364.

**Table 2: Market Results by Portfolio for Q1 2024 (\$)**

Portfolio	Starting Balance	Contributions	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Equity Fund	23,236,218	-	-	1,829,807	-	25,066,025
GLB Equity Fund	52,867,235	-	-	3,711,190	-	56,578,426
Corp Bond Fund	10,008,892	-	-	(50,799)	-	9,958,092
CAN Bond Fund	14,055,537	32,226	-	61,897	-	14,149,660
GLB Bond Fund	49,149,068	-	-	173,093	-	49,322,161
<b>Total</b>	<b>\$149,316,951</b>	<b>\$32,226</b>	<b>-</b>	<b>\$5,725,187</b>	<b>-</b>	<b>\$155,074,364</b>

## **Climate Change Implications**

The District assesses climate implications in all staff reports using the Clean Air Partnership's '[Municipal Climate Lens Tool](#)' to consider climate impacts or benefits associated with any project, program or initiative. There is no climate impact related to this report.

## **Communications**

This report is provided to the Finance and Corporate Services Committee in compliance with the District IPS, section 35 reporting.

## **Strategic Plan**

The District assesses the impact or influence of the information or recommendations included in staff reports toward achieving Council's [Strategic Plan objectives](#).

This report includes information or recommendations that impact or influence the following Strategic Plan Objectives:

- [Objective 8 Future thinking](#) – Plan and invest so that we have the services and infrastructure our residents and communities need – now and in the future.

Respectfully submitted,

Vineet Bhatia, MPPAL (candidate), BBA, Director, Tax Policy and Long-Term Financial Planning; and  
Suzanne Oliner, B.Com, CPA, CMA, Commissioner of Finance and Corporate Services



**Appendix A**

**POLICY**

<b>Name:</b> Investment Policy Statement	<b>Policy Number:</b> FI-009-2023
<b>Administrative Approval Date:</b> July 19, 2023	
<b>Council Approval Date:</b> August 10, 2023	<b>Supersedes:</b> FI-009-2022
<b>Most Recent Amendment Date:</b> July 11, 2023	<b>Effective Date:</b> August 10, 2023

**Policy Statement**

1. The District Municipality of Muskoka strives to optimize utilization of its cash resources within statutory limitations while recognizing the importance of protecting and preserving capital together with the need to maintain solvency and liquidity to meet ongoing financial requirements. Funds that are defined as money not required immediately are to be invested within the scope of the Prudent Investor Standard where diversification and potential for the growth of investments play a prominent role.

**Contents**

<a href="#">Glossary and Definitions</a> .....	2
<a href="#">Purpose</a> .....	6
<a href="#">Scope</a> .....	7
<a href="#">Legislative Authority</a> .....	7
<a href="#">Standards of Care</a> .....	8
<a href="#">Money Required Immediately and Money Not Required Immediately</a> .....	8
<a href="#">Overview of Portfolios</a> .....	9
<a href="#">Roles and Responsibilities</a> .....	9
<a href="#">Investment</a> .....	11
<a href="#">Administrative Policies</a> .....	17
<a href="#">Approval, Subsequent Modifications and Effective Date</a> .....	21
<a href="#">Schedule “A”</a> .....	22

## Glossary and Definitions

The following capitalized terms are defined terms which have the meanings set out below:

**Act:** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

**Agent:** means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

**Asset Class:** An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

**Asset Mix (or Asset Allocation):** means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

**Authorizing By-law** means a by-law of a Founding Municipality which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the establishment of ONE JIB; (iii) the approval of the Client Questionnaire and the adoption of the IPS; and (iv) the entering into of the ONE JIB Agreement.

**Benchmark:** means an index that is representative of a specific securities market (e.g. which includes but is not limited to the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

**CFA Institute:** refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

**Credit Risk:** means the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. That is, the risk that a lender may not receive the owed principal and interest.

**Custodian:** means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for

their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Derivative:** A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

**Environmental, Social and Governance (ESG) Investing:** means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

**External Portfolio Managers:** means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

**Interest Rate Risk:** refers to the possibility that the value of a bond or other fixed-income investment will suffer as the result of a change in interest rates. Interest rate risk can be managed to help improve investment outcomes.

**Internal Controls:** means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

**Investment Plan:** means the investment plan applicable to the Long-Term Money investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

**Investment Policy Statement (IPS):** means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Money under the Regulation, and for Short-Term Money, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

**JIB:** is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

**Legal List Securities:** means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

**Leverage:** means an investment strategy of using borrowed money - specifically, the use of various financial instruments or borrowed capital to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

**Local Distribution Corporation or LDC:** means a corporation incorporated under section 142 of the *Electricity Act, 1998*.

**Long-Term Money:** means money that the municipality has defined as long-term and characterized as money that is not required immediately (MNRI) by the Municipality as described in section 21. Monies that are Long Term Money will be invested in accordance with the Prudent Investor Standard.

**Modern Portfolio Theory:** means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

**Municipality:** means The District Municipality of Muskoka.

**ONE JIB:** means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

**ONE JIB Agreement:** means the agreement effective as of July 2, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Money.

**Outcome:** in the context of the municipality's IPS the word 'outcome' is used interchangeably with 'solutions'. Investment outcomes are a set of investment allocations with varying risk/return characteristics. The outcomes assigned to each investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

**ONE JIB's Outcome Framework:** a set of Investment Outcomes designed by ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the money assigned to the outcome.

**Participating Municipality:** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.



**Pooled Fund:** means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

**Portfolio:** means any collection of funds that are grouped together and required for specific purposes.

**Proxy Voting:** means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

**Prudent Effective Date:** means July 2, 2020, the date on which the prudent investor regime applies to the Municipality.

**Prudent Investor Standard:** means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Money rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

**Regulation:** means Ontario Regulation 438/97.

**Risk:** means the uncertainty of future investment returns or chance of loss of capital.

**Risk Tolerance:** means the financial ability and willingness to absorb a loss in return for greater potential for gains.

**Securities Lending:** means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

**Short-Term Money:** means money that is required immediately (MRI) by the Municipality as described in section 19, and which remains under the control and management of the Municipality. The money can be invested in appropriate Legal List Securities.

**Treasurer:** means the Treasurer as appointed by by-law of The District Municipality of Muskoka or their designate.

**Sinking Fund:** means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

**Sinking Fund Required Contributions (Annual Sinking Fund Requirement):** means the amount of money to be set aside each year for deposit into a sinking fund or a retirement fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws.

**Sinking Fund Required Earnings:** means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

**Sinking Fund Excess Earnings:** means the investment earnings in excess of the required earnings.

## **Purpose**

1. This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law 2020-6 pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.
2. In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary ("third-party trust funds"). There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds.
3. The goals of this IPS are to:
  - 3.1. Define and assign responsibilities for investment of MRI and MNRI;
  - 3.2. Describe the Municipality's responsibilities with respect to third-party trust funds and designated funds;
  - 3.3. Ensure compliance with the applicable legislation;

- 3.4. Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- 3.5. Provide guidance and limitations regarding the investments and their underlying risks;
- 3.6. Establish a basis of evaluating investment performance and the underlying risks; and,
- 3.7. Establish a reporting standard to Council.

### **Scope**

4. This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer and any agent or advisor providing services to ONE JIB in connection with the investment of the portfolio of the Municipality shall accept and strictly adhere to this IPS.

### **Legislative Authority**

5. Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.
6. Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.
7. Money and investments that the Municipality holds as third-party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.
8. The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:
  - 8.1. General economic conditions;
  - 8.2. The possible effect of inflation or deflation;
  - 8.3. The role that each investment plays within the Municipality's total portfolio of investments;
  - 8.4. The expected total return from income and the appreciation of capital; and
  - 8.5. Needs for liquidity, regularity of income and preservation or appreciation of capital.

## **Standards of Care**

9. For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.
10. Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff, acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to Council and the liquidation or sale of investments is carried out in accordance with this IPS.

## **Money Required Immediately and Money Not Required Immediately**

11. Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:
  - 11.1. the time horizon within which the monies are needed to meet financial obligations;
  - 11.2. the purpose for which the monies have been collected or set aside and are to be used;
  - 11.3. the source of the money; or
  - 11.4. any combination of the foregoing.
12. The Municipality's MNRI will be comprised of money that is to be used to meet financial obligations that become due more than eighteen (18) months from the date of receipt of such money by the Municipality.
13. For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than third-party trust funds and any designated funds referenced in section 2) shall be deemed for purposes of this IPS to be MRI.
14. Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the Treasurer, in accordance with the provisions set out in section 27.3.

15. Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

### **Overview of Portfolios**

16. The Municipality's portfolios represent funds required for specific purposes. A high-level description of each of these portfolios and their objectives is provided in section 19.3 and section 21.3. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:
  - 16.1. MRI which is invested in Legal List Securities; and
  - 16.2. MNRI which is invested under the Prudent Investor Standard.

### **Roles and Responsibilities**

17. No person including, without limitation, ONE JIB members, may engage in an investment transaction except as provided under the terms of this IPS.

### **Role of ONE JIB**

- 17.1. ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix "A").
- 17.2. ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.
- 17.3. Among the responsibilities of ONE JIB are the following:
  - 17.3.1. Reviewing this IPS;
  - 17.3.2. Adopting and maintaining an Investment Plan that complies with this IPS;
  - 17.3.3. Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
  - 17.3.4. Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
  - 17.3.5. Monitoring the performance of the Agents; and,
  - 17.3.6. Reporting to the Municipality.
- 17.4. The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

**18. Role of Municipal Staff**

- 18.1. This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in section 2, remain under the control and management of the Treasurer.
- 18.2. Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:
  - 18.2.1. Investment management of MRI and any third-party trust funds referenced in section 2 by, or under the direction of, the Treasurer;
  - 18.2.2. In the management of MRI of the Municipality, and any third-party trust funds referenced in section 2, the Treasurer may engage one or more agent(s) and service provider(s). ONE Investment can assist with the investment of the Municipality’s MRI, in Legal List Securities and with the investment of third-party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality;
  - 18.2.3. The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments;
  - 18.2.4. A system of controls exercised by the Treasurer to regulate the activities of staff in the Finance Department; and
  - 18.2.5. Individuals involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.
- 18.3. Authorized individuals acting in accordance with this policy and exercising due diligence shall be relieved of personal liability and responsibility for an individual security’s credit risk or market price change.

**Ethics and Conflicts of Interest**

- 18.4. Individuals who are responsible for The District Municipality of Muskoka’s Short-Term Portfolio shall comply with The District Municipality of

Muskoka's Conflict of Interest guidelines and any relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct).

- 18.5. ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Municipal Act, 2001 (the "Act"). This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

## **Investment**

### **19. MRI: Short-Term Money**

- 19.1. The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consists of money that is needed to meet the short-term financial obligations of the Municipality and are controlled and managed by the Treasurer.

#### **19.2. Short-Term Funds: Investment Objectives**

The main focus of the investment of Short-Term Money is cash management, and the interest income generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

- 19.3. Capital preservation is the paramount objective for short-term investments, and these investments need to be highly liquid. Consequently, only high quality, short-term investments that are also Legal List Securities will be held in this portfolio. The Municipality may invest in fully liquid money market securities and deposit accounts. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital and to further manage risk through diversification by issuer and credit quality.

The investment objectives for short term money, ranked in priority, are as follows:

#### **a) Security of Principal**

The primary objective for MRI is to ensure the security of principal. To minimize the risk of loss, investments shall be subject to minimum credit ratings and shall be diversified by maturity, type of investment and issuer. Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed. Maturity dates should be structured so that investment cash inflows occur when needed.

#### **b) Liquidity Requirements**

Liquidity is measured by the ease with which securities can be converted to cash to meet forecast spending. The investments that are eligible under Ontario's Eligible Investments and Related Financial Agreements Regulation possess different features and thus market prices will vary depending on market conditions, as well as the particular features of the type of investment.

To ensure adequate liquidity, the Municipality's investments shall be diversified by holding securities of various terms to maturity and by various types of investments and issuers and to the extent possible, the term of such investments shall match the forecasted requirements for such monies to meet expenditures.

c) Rate of Return

The Municipality's money shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the liquidity needs of each investment portfolio.

The composition of each portfolio, including its term to maturity and type of investments, shall be adjusted within the guidelines of this Policy to take advantage of market opportunities. Such changes shall be made with the periodic interest rate outlook and target portfolio structure approved by the Treasurer.

**20. Short-Term Money: Eligible Investments**

20.1. Short Term Money may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this Policy, as deemed eligible by Ontario Regulation 438/97 or as authorized by subsequent provincial regulations. Investments will be limited to securities issues maintaining a minimum credit rating by an appropriate credit rating agency.

Eligible investments include the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account;
- ONE Investment Money Market Portfolio; and,
- ONE Investment Canadian Government Bond Portfolio

Investment in the foregoing is subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

**21. MNRI: Long-Term Money**

21.1. The Municipality's MNRI is described in this IPS as Long-Term money. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has



exclusive control and management of the Long-Term Money and the investments made therewith.

21.2. From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

**21.3. Long-Term Money: Investment Objectives**

21.3.1. In setting the objectives noted below, the Municipality has taken into account the following considerations:

- 21.3.1.1. Preservation of capital;
- 21.3.1.2. Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- 21.3.1.3. Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- 21.3.1.4. Income and capital appreciation; and,
- 21.3.1.5. Macro risks, such as inflation, economic growth and interest rates.

21.3.2. The municipality’s Investment objectives for its Long-Term money (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB’s Outcome Framework. Table 1 provides a summary of this framework.

Table 1:

<b>Outcome Category</b>	<b>Outcome Strategy</b>	<b>Objective</b>	<b>Risk Tolerance, Liquidity</b>	<b>Investment Horizon</b>
Cash	Cash	Preservation of capital	Low risk, high liquidity	< 3 years
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
Contingency	Asset mgt. reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth, low liquidity	> 10 years (Perpetual)

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk, high liquidity	3 – 5 years
Target Date	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 – 10 years
Target Date	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long-term inflation-adjusted growth	> 10 years

21.3.3. Investment of long-term money is to be managed by ONE JIB in a way that balances the investment objectives with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of investment returns. Returns have an impact on revenues, as well as a longer-term impact on future years’ budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Money’s investment horizons are aligned with the Municipality’s obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

**21.4. Long-Term Money: Eligible Investments**

21.4.1. Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product sponsored or managed by ONE Investment for the Prudent Investment Program (Prudent Investment Offering), provided always that the products and the selection of products comply in all material respects with the IPS.

21.4.2. Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

**21.5. Local Distribution Corporation (LDC) Securities**

21.5.1. Not applicable.

**21.6. Long-Term Funds: Muskoka Debentures**

21.6.1. Debentures previously issued by the Municipality which are available to be publicly traded may from time to time become attractive for the Municipality to repurchase prior to maturity. These investments shall be included as part of the Long-Term Funds. ONE JIB will be prohibited from selling the debentures without the

consent of the Municipality. The Municipality will inform ONE JIB accordingly when such debenture repurchases take place.

## **22. Third-Party Trust Funds and Designated Funds**

- 22.1. In addition to the Municipality's own money, the Municipality is from time to time entrusted with third-party trust funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to third-party trust funds, the latter shall prevail.
- 22.2. The Municipality's third-party trust funds and the designated funds are listed in Schedule A.
- 22.3. For certainty, the third-party trust funds and the designated funds are not MNRI of the Municipality, and such monies are not under the control or management of ONE JIB.

## **23. Investment Management**

### **23.1. Investment Management of Short-Term Money**

- 23.1.1. The investment of Short-Term Funds shall be controlled and managed by the Treasurer.

### **23.2. Investment Management of Long-Term Money**

- 23.2.1. The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.
- 23.2.2. Competent External Portfolio Managers shall be appointed by ONE JIB, and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

## **24. Transition to Prudent Investor Regime**

This section has been left intentionally blank.

## 25. **Investment Constraints**

### 25.1. **Environmental, Social and Governance (ESG) Investing**

25.1.1. The Municipality supports ESG investing for Short-Term and Long-Term Money. The Municipality believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

25.1.2. For the investment of Short-Term Funds, the Treasurer is required to invest in instruments that support responsible ESG principles.

25.1.3. For the investment of Long-Term Money, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

### 25.2. **Securities Lending**

25.2.1. The Municipality may invest in pooled funds, and other investment funds that are managed by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager permit such an action.

### 25.3. **Derivatives**

25.3.1. Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Money where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

### 25.4. **Use of Leverage**

25.4.1. Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage is not a strategy currently employed by ONE JIB but may be considered at a later date.

### 25.5. **Pooled Funds**

25.5.1. All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof. The investment

strategies may also include allocations to cash or short-term investment vehicles.

#### **25.6. Currency Hedging**

25.6.1. The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the Long-Term Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

### **26. Performance Monitoring, Rebalancing and Management**

#### **26.1. Short-Term Money**

26.1.1. The Treasurer shall monitor the performance, rebalance asset mix and manage short-term funds in a manner that achieves the investment objectives set out in this IPS.

#### **26.2. Long-Term Money**

26.2.1. For the investment of Long-Term Funds, each account's asset mix will be monitored on a periodic basis by ONE JIB. Should the asset mixes deviate outside the ranges set out in the Investment Plan, the account will be rebalanced as soon as practicable taking into consideration variations in market liquidity and the investment objectives. Cash inflows /outflows will be used to rebalance as much as possible. If they are insufficient, investments will be sold in a commercially reasonable manner and reallocated as required.

26.2.2. Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in section 32.2 that shows the Municipality's holdings, declares compliance with this IPS, and shows External Portfolio Manager performance.

### **Administrative Policies**

#### **27. Flow of Money and Annual Municipal Budget**

##### **27.1. Transfer to ONE JIB as Part of Annual Review Process**

27.1.1. On an annual basis, as part of the Municipality's Annual Review process, the Municipality shall identify the amount, if any, of Long-Term Money that it holds. Any Long-Term Money not already under

the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

**27.2. Transfer to Municipality as Part of Annual Review Process**

27.2.1. On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Money then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Money and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

**27.3. Flow of Money Otherwise than through the Budget Process**

**27.3.1. Surplus Funds**

27.3.1.1. The Short-Term Funds capture revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the Treasurer at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Funds. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

**27.3.2. Contingencies**

27.3.2.1. The Treasurer is authorized to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this section during the year shall not exceed 25% of the Long-Term Money under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Money). In determining the Budgeted Long-Term Money for purposes of calculating the 25% limit, any Long-Term Money to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to section 27.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to section 27.2 shall be excluded.

27.3.2.2. In the event that expenditures for unexpected contingencies exceed 25% of the Budgeted Long-Term Funds, ONE JIB may be directed to return any amounts under its control and management by motion of the Council of the Municipality.

**28. Valuation of Investments**

28.1. Investments shall be valued according to the values provided by the Custodian(s). For the investment of Long-Term Money, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

**29. Voting Rights**

29.1. Where Subject to the provisions with respect to LDC securities (if applicable), where External Portfolio Managers have been appointed, such External Portfolio Managers shall assume the responsibility of exercising voting rights and will report their voting policies to ONE JIB annually. The Municipality may access these policies at any time.

**30. Internal Controls**

30.1. The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

**31. Custodians**

31.1. All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees. For Long-Term Money, the Custodian shall be acceptable to ONE Investment. For Short-Term Money the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Money, otherwise the Custodian shall be acceptable to the Municipality.

## 32. Reporting

### 32.1. Short-Term Money

32.1.1. For the investment of Short-Term Money, **the Treasurer shall report at least annually to Council**, the report to be in a form **and** contain such content as Council may request. the report to Council shall include investment performance during the period;

32.1.2. A statement as to whether or not, in their opinion, all investments were made in accordance with this IPS; and

32.1.3. A record of the date of each transaction; covered and any other information required under the Regulation and that the Treasurer may consider to be pertinent.

### 32.2. Long-Term Money

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money at least annually. This report shall include the following.

32.2.1. Investment performance during the period covered by the report;

32.2.2. Asset mix of the total portfolio;

32.2.3. A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;

32.2.4. A list of all transactions including the security name, trade date, and the purchase and/or sale price;

32.2.5. A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan;

32.2.6. Any other pertinent information in the opinion of the Treasurer; and

32.2.7. All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.



**Approval, Subsequent Modifications and Effective Date**

**33. Revocation/Amendment of Previous Investment Policy**

33.1. Upon coming into effect, this IPS supersedes previously approved investment policies of the Municipality. Specifically, Investment Policy FI-009-2022 is repealed as of the date this IPS comes into effect.

**34. Modifications to the IPS**

34.1. At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.

34.2. Following the Council’s review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

34.3. At a minimum, the annual IPS review will consider:

34.3.1.the adequacy of funding for capital works;

34.3.2.the Municipality’s ability to reduce other spending;

34.3.3.flexibility of the timeframe to payout; and

34.3.4.sensitivity to loss.

**35. Effective Date**

35.1. This IPS is adopted by Council of the Municipality effective August 10, 2023. The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

Suzanne Oliner

\_\_\_\_\_  
Signed by



\_\_\_\_\_  
Treasurer

August 10, 2023

\_\_\_\_\_  
Date

## **Schedule "A"**

### **Third-Party Trust Funds**

1. The Pines Residents Trust Funds.

### **Designated Funds**

2. Social housing capital reserves of a non-profit housing corporation which are to be invested in the Housing Services Corporation's pooled capital reserve funds managed by Encasa.

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality's financial circumstances, or
- b. A significant change in the amount of your municipality's "money that it does not require immediately"

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

---

#### **Section 1 – Client Information**

Name of Municipality: The District Municipality of Muskoka

Address: 70 Pine Street, Bracebridge ON P1L 1N3

#### *Treasurer Information*

Name: Suzanne Oliner

Phone Number: 705-645-2100 Extension: 4115

Email: Suzanne.olimer@muskoka.on.ca

*Primary Day to Day Contact Information\**

*Check if same information as Treasurer above*

Name: Vineet Bhatia

Phone Number: 705-645-2100 Extension: 4222

Email: Vineet.bhatia@muskoka.on.ca

\*Primary day-to-day contact should have a comprehensive understanding of your Municipality's financial position and investment needs.

**Section 2 - Investment Knowledge and Experience**

1. Which statement best describes the Municipal staff (person most responsible for managing investments)'s level of investment knowledge and experience with financial markets and products?

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2. If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

Muskoka's finance staff hold various designations such as CPA and CA. The finance team also consist of staff who have prior experience within broader public sector entities such as education section (school boards), the provincial government (Treasury Board Secretariat and Ministry of Finance), and staff who have worked at audit firms previously.

3. Please indicate if your municipality has used / held any of the following investment types within the past five years. *[check all that apply]*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC securities)
- Securities held in third party trusts (i.e., cemetery trust, legacy fund etc.)
- Fixed income (government and/or corporate bonds)
- Equities
- Other – Please Describe

## Section 3 – Investment Objectives and Risk Tolerance

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require Immediately** (MNRI).

In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return over a five-year period will be higher where the portfolio’s returns are varied when measured on a year-by-year basis, with some years possibly having negative returns.

A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five-year average.

- In relation to MNRI, which of the following best reflects your Municipality’s longer-term investment objectives (return), risk tolerance (volatility of returns) and shorter-term tolerance for losses (actual or unrealized)?

Description	Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<b>Lower risk / return</b> <input type="checkbox"/>	Capital preservation is the main objective.  Willingness to accept lower returns to reduce the likelihood of losses.	Small chance of loss of capital over a 5-year period	Less than 5% decline
<b>Moderate risk / return</b> <input checked="" type="checkbox"/>	Balanced growth (combination of growth and income) is the main objective.  Willingness to accept moderate level of risk to achieve moderate growth without excessive risk to capital.	Moderate chance of loss of capital over a 5-year period	5-15% decline
<b>Higher risk / return</b> <input type="checkbox"/>	Growth of capital is the main objective.  Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns.	Higher risk of loss of capital over a 5-year period	More than 15% decline

\* These percentages are for illustrative purposes only, to determine sensitivity to potential capital loss, and do not represent a guarantee by ONE JIB or ONE Investment.

5. *If applicable*, is there any other information about your Municipality’s investment objectives and risk tolerance for its MNRI that is relevant to your Investment Policy Statement or Investment Plan?

6. How sensitive is your municipality to recognizing investment gains and losses from portfolio adjustments and market fluctuations?

The recognition of investment gains and losses for DMM largely depends on its need for cash flow and the potential requirement to withdraw funds for uncontrollable circumstances, such as emergencies or unforeseen expenses.

**Sections 4 and 5** of this MCQ below ask about your Municipality’s MNRI, cash flow and other financial assets that may be applicable. It is intended to assist ONE Investment in obtaining an understanding of your Municipality’s financial circumstances, including its cash flow needs.

### ***Section 4 – Financial Information***

7. Please provide your municipality’s **MNRI** (*see note below*) by reserve (or reserve categories) with expected investment time horizons. This information can be provided in the template provided, or in a separate document.

**Note:** MNRI can be determined by time, source of funds, purpose of funds, or such other means as your Municipality may decide is appropriate. It is defined for your municipality in the Investment Policy Statement approved by your Council. For example, the ‘less than 3 years’ column of MNRI in the template might not be applicable for all municipalities.



Information has been provided as an attachment to this MCQ

## Summary of Money not Required Immediately for Investment Planning Purposes

Example			Investment Horizon of MNRI			
Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Roads Mtnc Reserve	Ongoing Maintenance	\$8,000,000	\$1,500,000	\$1,500,000	\$3,500,000	\$3,500,000
Infrastructure Reserve	Road Lane Widening	\$5,000,000		\$1,000,000	\$4,000,000	

			Investment Horizon of MNRI			
Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Development Charge Reserve Funds	Stable Balances	28,100,000	3,169,000		12,931,000	12,000,000
Obligatory and fee-based reserve funds	Near-term drawdowns	7,327,000		1,832,000	5,495,000	
Program Reserve Funds	Increasing after 2024	62,730,000	(157,000)	8,796,000	24,491,000	29,600,000
Debt Reduction Reserve Fund	Well defined funding needs	(93,000)		5,218,000	(5,311,000)	
Stabilization Reserves	Stable balances	55,264,000	13,750,000		41,184,000	330,000
Contingency Reserves	Modest growth expected	6,358,000			6,358,000	
	<b>Total MNRI</b>	159,686,000	16,762,000	15,846,000	85,148,000	41,930,000

8. Please provide your Municipality’s current **Cash Flow Projections for MNRI** by year. This information informs the ONE JIB about potential drawdowns /additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns	(4,953,844)	(22,103,552)			
Anticipated MNRI Contributions			61,369,637	127,837,285	
Net change in MNRI	(4,953,844)	(22,103,552)	61,369,637	127,837,285	0

*Other information or comments (if applicable)*

9. Does the MNRI drawdown forecasts in Question 8 above reflect:

- Drawdowns of current reserve balances
- Drawdowns of current reserve balances inclusive of projected future budgetary contributions

10. What **assumptions or factors** does your municipality include in the reserve cash flow projections? For example: inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

Future capital needs, future tax and rate based reserve contributions, forecasted development charge revenue, and operating reserves.



## Municipal Client Questionnaire (MCQ)

11. If your Municipality has completed a **capital budget forecast**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

12. If your Municipality has completed an **asset management plan**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

13. To what extent has your Municipal asset management plan been integrated into the capital budget process?

It is currently a work in progress that will be incorporated into the 2026 Capital Budget.

### Funding/Expenditure Analysis

14. How does your Municipality manage unanticipated requests for funding? What is the probability that your municipality may unexpectedly need to draw down MNRI to fund unexpected budget shortfalls?

Unanticipated requests for funding go through the Finance and Corporate Services committee for approval, with further resolution of council.  
Unlikely that Municipality will need to drawdown MNRI for unexpected shortfalls.

15. Is there a particular year(s) in your Capital Forecast or Asset Management Plan when your Municipality anticipates unusual or large capital expenditure(s)?

- Yes     No

*If yes, please explain the timing and nature of the expenditure(s)*

In the next two years as there significant capital expenditures planned for West Paramedic station, Housing Investment Framework, and Fairvern Redevelopment (for which debt will be issued once interest rates are favorable).

16. Do you anticipate any decisions / factors within the **next 24 months** that could have a material impact on your MNRI forecasts – either positive or negative? (e.g., projects contingent on unsecured grants, potential significant changes to your debt financing strategy, significant acquisitions or disposals/divestments).



Yes



No

*If yes, please provide details*

Construction funding for the new long term care home (Fairvern), future paramedic station in Port Carling, costs for landfill cell development, housing investment framework.

The municipality is using a mixed pool for funding it's future capital needs driven from internal reserves, OCIF and CCBF grant funding, and debt financing.

## Section 5 – Portfolio Information

17. Please provide the breakdown of your MNRI, In-Kind securities and LDC securities by Investment type

Description	As of Date (MM/DD/YY)	Value*
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	08/08/24	159,779,948
Expected contributions (withdrawals) of MNRI and <i>Date</i> MNRI to be transferred / received (B)		
<b>Total MNRI to be invested in ONE JIB Outcomes (A + B)</b>		159,779,948
In-Kind securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (C)	08/08/24	1,882,435
<b>Total Current MNRI, expected contributions to MNRI and In-Kind securities (A + B + C)</b>		161,662,383
LDC securities as of <i>Date</i> (D)		
<b>Total Municipal MNRI, In-Kind securities and LDC securities (A + B + C + D)</b>		161,662,383

\* The market value of In-Kind securities may change between the date control and management is given to ONE JIB and the date they mature after which the cash proceeds can be invested by ONE JIB.

*Other information or comments (if applicable)*

## Section 6 – Existing Investments

18. Your Municipality may have given control and management of In-Kind securities and LDC securities to ONE JIB with its MNRI (*refer to Section 5 above*). If applicable, please identify below any details of In-Kind securities and LDC securities that your municipality may have. A template and sample have been provided on the next page for your reference, or you may attach a copy of your statement(s). If your Municipality has no such In-Kind securities/LDC securities *proceed to Section 7 of the MCQ*.



## Municipal Client Questionnaire (MCQ)

The applicable information is provided as an attachment to the MCQ:

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>
<i>SAMPLE CIBC Global Blue Chip Growth Deposit Notes, Series 12</i>	<i>PPN</i>	<i>CIBC</i>	<i>\$5,000,000</i>	<i>N/A</i>	<i>February 2030</i>
<i>SAMPLE London 3.2% May 9, 2026</i>	<i>Bond</i>	<i>N/A</i>	<i>\$1,000,000</i>	<i>\$1,098,000</i>	<i>May 9, 2026</i>
<i>SAMPLE Canada 2 <sup>7</sup>/<sub>8</sub> July 2, 2028</i>	<i>Bond</i>	<i>N/A</i>	<i>\$2,000,000</i>	<i>\$1,945,000</i>	<i>July 2, 2028</i>

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>
<b>National Bank in-Kind Bond</b>	<b>Bond</b>	<b>National Bank</b>	<b>1882435</b>		<b>various</b>

*Other information or comments (if applicable)*

**Section 7 – Other Information**

19. If there have been major changes in circumstances since the last MCQ updates (if applicable) that you would feel would require a reallocation of MNRI for your Municipality. Please advise what has changed since the last MCQ update.

N/A

20. Please provide any additional information or context that you consider relevant to ONE JIB's understanding of your municipality's MNRI, In-Kind securities and LDC securities.

**Section 8 – Investment Restrictions**

21. Are your Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in your Municipal Investment Policy Statement?

Yes       No

If yes, please specify

**Section 9 – Acknowledgement**

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this 8 day of August, 2024

Suzanne Oliner

Vineet Bhatia

A handwritten signature in black ink, appearing to read "Suzanne Oliner", written over a horizontal line.

Name and Signature of Treasurer

A handwritten signature in black ink, appearing to read "Vineet B.", written over a horizontal line.

Second Signature (if Required)



## **Attachment 3**

# **The District of Muskoka Investment Plan**

Date: September 4, 2024

### **Contents**

155 University Ave., Suite 800  
Toronto Ontario M5H 3B7 Canada



	<u>Page</u>
<b>1. DEFINITIONS .....</b>	<b>3</b>
<b>2. PURPOSE OF INVESTMENT PLAN.....</b>	<b>3</b>
<b>3. RESPONSIBILITY FOR PLAN.....</b>	<b>3</b>
<b>4. INVESTMENT GOALS AND OBJECTIVES.....</b>	<b>3</b>
<b>5. INVESTMENT PORTFOLIO .....</b>	<b>4</b>
5.1 Asset Allocations.....	4
5.2 Account Structure.....	4
5.3 In-Kind Securities (in transition) .....	7
5.4 Other Accounts.....	7
<b>6. APPLICABLE ONE JIB POLICIES .....</b>	<b>7</b>
6.1 Environmental, Social and Governance (ESG) Investing .....	8
6.2 Securities Lending .....	8
6.3 Derivatives.....	8
6.4 Rebalancing .....	9
<b>7. IMPLEMENTATION.....</b>	<b>9</b>
7.1 Custodian .....	9
7.2 Transition Plan (including transitional investments).....	9
7.3 Accommodating Cashflow Needs.....	9



## 1. Definitions

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

## 2. Purpose of Investment Plan

As required under the prudent investor regime authorized by the *Municipal Act, 2001* (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (*Plan*) establishes how ONE JIB will invest Muskoka's Long-Term Money as defined in section 21 of Muskoka's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Muskoka.

## 3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Muskoka's IPS.

## 4. Investment Goals and Objectives

Muskoka's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Muskoka's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined according to the Outcome Framework approved and annually reviewed by ONE JIB in accordance with the *ONE JIB Outcome Framework Policy*. The allocation of Muskoka's Long-Term Money in this Plan is consistent with the details as disclosed in Muskoka's IPS and MCQ.

The Long-Term Money will be invested to generate returns for any or all of the following results:

- a. Funding contingencies, where returns are reinvested with a view to growing principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Muskoka has an obligation for a specific project at a specific time.

While individually Muskoka’s reserve and reserve funds require liquidity, collectively they provide Muskoka with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Prudent Investment Program funds are designed to be highly liquid. Less liquid investments may become available through the program at a later date.

## 5. Investment Portfolio

### 5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of Long-Term Money must be communicated to ONE JIB formally as outlined in the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

### 5.2 Account Structure

The amounts of Long-Term Money, as disclosed in Muskoka’s updated MCQ have been allocated into investment Outcome categories as shown in *Table 1* below.

*Table 1 - Investment Allocations by Outcomes Categories as of July 31, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	\$ 85,000	0.1
Stable Return	-	0.0
Contingency	21,400,000	13.4
Asset Management Reserves	-	0.0
Target Date 3-5 Years	21,194,949	13.3
Target Date 5-10 Years	88,400,000	55.3
Target Date 10+ Years	28,700,000	18.0
<b>Total</b>	<b>\$ 159,779,949</b>	<b>100.0</b>

\* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of Long-Term Money on July 31, 2024. The Investment Plan will be implemented based on the allocation weights in Table 1.

Mixes of ONE Prudent Investment Program funds appropriate for Muskoka’s circumstances will be used for each Outcome. Descriptions of these Outcomes,

ONE Prudent Investment Program funds and the asset allocations for each Outcome are described in the *ONE JIB Outcome Framework Policy*.

The target weight for each Outcome Investment Allocation are shown in *Tables 2 to 8*, and the Total Long-Term Money by Investment Allocation (as of July 31, 2024) is shown in *Table 9* below.

*Table 2 – Cash Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Fixed Income</b>	<b>100.0</b>
ONE Canadian Government Bond Fund	100%
<b>Total</b>	<b>100.0</b>

*Table 3 – Stable Return Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>30.0</b>
ONE Canadian Equity Fund	9.0
ONE Global Equity Fund	21.0
<b>Fixed Income</b>	<b>70.0</b>
ONE Canadian Government Bond Fund	19.0
ONE Canadian Corporate Bond Fund	9.0
ONE Global Bond Fund	42.0
<b>Total</b>	<b>100.0</b>

*Table 4 – Contingency Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>60.0</b>
ONE Canadian Equity Fund	18.0
ONE Global Equity Fund	42.0
<b>Fixed Income</b>	<b>40.0</b>
ONE Canadian Government Bond Fund	6.0
ONE Canadian Corporate Bond Fund	6.0
ONE Global Bond Fund	28.0
<b>Total</b>	<b>100.0</b>

*Table 5 – Asset Management Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>90.0</b>
ONE Canadian Equity Fund	27.0
ONE Global Equity Fund	63.0
<b>Fixed Income</b>	<b>10.0</b>
ONE Canadian Government Bond Fund	1.5
ONE Canadian Corporate Bond Fund	1.5
ONE Global Bond Fund	7.0
<b>Total</b>	<b>100.0</b>

*Table 6 – Target Date 3-5 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>10.0</b>
ONE Canadian Equity Fund	3.0
ONE Global Equity Fund	7.0
<b>Fixed Income</b>	<b>90.0</b>
ONE Canadian Government Bond Fund	30.5
ONE Canadian Corporate Bond Fund	10.5
ONE Global Bond Fund	49.0
<b>Total</b>	<b>100.0</b>

*Table 7 – Target Date 5-10 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>50.0</b>
ONE Canadian Equity Fund	15.0
ONE Global Equity Fund	35.0
<b>Fixed Income</b>	<b>50.0</b>
ONE Canadian Government Bond Fund	7.5
ONE Canadian Corporate Bond Fund	7.5
ONE Global Bond Fund	35.0
<b>Total</b>	<b>100.0</b>

*Table 8 – Target Date 10+ Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>75.0</b>
ONE Canadian Equity Fund	22.5
ONE Global Equity Fund	52.5
<b>Fixed Income</b>	<b>25.0</b>
ONE Canadian Government Bond Fund	3.75
ONE Canadian Corporate Bond Fund	3.75
ONE Global Bond Fund	17.5
<b>Total</b>	<b>100.0</b>

*Table 9 – Total Long-Term Money by Investment Allocations as of July 31, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 24,205,348	15.1
ONE Global Equity Fund	56,479,146	35.3
ONE Canadian Government Bond Fund	15,539,709	9.7
ONE Canadian Corporate Bond Fund	11,215,720	7.0
ONE Global Bond Fund	52,340,025	32.8
<b>Total</b>	<b>\$ 159,779,949</b>	<b>100.0</b>

### **5.3 In-Kind Securities (in transition)**

Muskoka has a portfolio of securities that have been designated in-kind securities under the control and management of the ONE JIB. Full details of the holdings are reflected in Muskoka's ONE Investment Quarterly report. The aggregate market value of these securities was \$1,8836,045 on June 30, 2024.

### **5.4 Other Accounts**

Muskoka has no other accounts ONE JIB must consider.

## **6. Applicable ONE JIB Policies**

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website.

- ONE JIB Outcome Framework Policy

- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)
- ONE JIB Rebalancing Policy
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

## **6.1 Environmental, Social and Governance (ESG) Investing**

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing and evaluating External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

## **6.2 Securities Lending**

Investment Funds that are controlled by an External Portfolio Manager may be subject to securities lending if their policies permit such lending.

## **6.3 Derivatives**

ONE JIB does not intend that derivative be used in the investment of Long-Term Money for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

## 6.4 Rebalancing

This Plan's asset allocations will be monitored and rebalanced by ONE Investment in accordance with the *ONE JIB Rebalancing Policy*.

## 7. Implementation

### 7.1 Custodian

All investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

### 7.2 Transition Plan (including transitional investments)

This section does not apply.

### 7.3 Accommodating Cashflow Needs

#### a. Investment Income and Rebates

Income from investments will be automatically reinvested as per the *ONE Distribution Policy PI* and cashflow needs of Muskoka are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Muskoka.

#### b. Anticipated mid-year cashflow requests

Muskoka has disclosed that they expect a cash a drawdown of up to \$5,000,000. As and if required, monies invested in the Cash Outcome and Target Date 3-5 Year Outcome will be used to satisfy this cashflow request.

#### c. Unanticipated mid-year cashflow requests

Upon receipt of an updated MCQ from Muskoka that involves a withdrawal of Long-Term Money, the Chief Investment Officer will process the request in accordance with the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: September 4, 2024  
 Re: City of Thunder Bay’s Investment Plan  
 Report: ONE JIB 2024-044

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the City of Thunder Bay’s Investment Policy Statement (Attachment 1).
2. Receive the City of Thunder Bay’s Municipal Client Questionnaire (Attachment 2).
3. Approve the City of Thunder Bay’s proposed Investment Plan (Attachment 3).

## 2. SUMMARY

The City of Thunder Bay has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI and the investment horizons associated with its reserve balances. The MCQ indicates the City will not be making contributions or withdrawals of MNRI as part of the annual Investment Plan update this year. The City has also reviewed its Investment Policy Statement (IPS), which resulted in no changes to the IPS.

The City continues to have a relatively long investment horizon, with low prospects for drawdowns of MNRI within the next five years, with the bulk of municipal reserves having an investment horizon of between 5 to 10 years. Analysis of changes in municipal cashflow projections indicated that the mapping of MNRI to Outcomes remains appropriate. The Investment Plan’s allocations remain unchanged after the annual review. Consolidated equity allocations in the Investment Plan will remain at 43.8%. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 16.3	13.2
ONE Global Equity Fund	38.0	30.7
ONE Canadian Government Bond Fund	19.3	15.6
ONE Canadian Corporate Bond Fund	8.9	7.2
ONE Global Bond Fund	41.4	33.4
Total	\$ 123.9	100.0



### 3. BACKGROUND

#### **Thunder Bay’s annual Investment Policy Statement (IPS) review resulted in no changes to the IPS**

Thunder Bay completed its annual IPS review on June 24, 2024, making no updates to the content of the IPS. There have been no changes to the ONE JIB IPS template since the City last updated the plan in 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

#### **There was no change in the overall investment horizon associated with MNRI this year.**

Thunder Bay’s investment horizon, risk tolerances, and investment objectives are unchanged from last year’s Investment Plan. The mapping of reserves is also largely unchanged. As a result, there will be no changes to the City’s Investment Plan at this time. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 7 of the MCQ.*

<b>Investment Horizon of MNRI</b>						
<b>Reserve Name or Category</b>	<b>Brief Description or Purpose</b>	<b>Total MNRI Amount</b>	<b>Less than 3 years</b>	<b>3-to-5 years</b>	<b>5-to- 10 years</b>	<b>10+ Years</b>
Capital Reserves	Program Reserves and Capital Reserves	85,667,008	3,732,977	25,930,230	37,360,623	18,643,178
Obligatory Reserves	Building Permit Reserve Fund, Canada Community Building Fund Reserve Fund, Dedicated Gas Tax Reserve Fund, Ontario Community Infrastructure Fund Reserve Fund, Parkland Dedication Reserve Fund	10,721,761	155,864	7,375,652	2,770,900	419,345
Stabilization & Contingency	Operating Reserves and Reserve Funds, Vested Property Rehabilitation Reserve Fund	27,527,097	--	--	27,527,097	--
	<b>Total MNRI</b>	123,915,866	3,888,841	33,305,882	67,658,620	19,062,523

#### **Thunder Bay will not be making contributions or withdrawals of MNRI this year and does not expect any over the next few years**

Thunder Bay will not be contributing to or drawing down MNRI this year, and its forecasts do not project any occurring within the next five years. This means that the Investment Plan does not need to account for near-term drawdowns, and the MNRI can be invested based on the long investment horizon of the City. Section 8 of the City’s MCQ provides

details of the anticipated contributions and withdrawals of MNRI over the next 10 years, which are shown in Table 2 below.

*Table 2: Anticipated Cash Flow Projections MNRI by year from table 8 of the MCQ.*

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	0	0

#### 4. ANALYSIS

##### **Investment allocations in Thunder Bay’s updated Investment Plan remain unchanged as a result of the annual Investment Plan review**

A review of Thunder Bay’s expected cashflows and expected future reserve balances was conducted as part of the annual review process. While some changes were identified versus the analysis conducted in 2023, these changes did not result in a material change in the overall time horizon associated with municipal reserves. As a result, the allocation of MNRI across Outcomes remains appropriate at this time.

##### **The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is consistent with Thunder Bay’s cashflow forecasts, risk tolerances and objectives**

The City continues to have a relatively long investment horizon, with no drawdowns expected within five years. About 70% of reserves have an investment horizon greater than five years. As there will be no changes in the mapping of MNRI to investment outcomes, the overall risk level is unchanged, and the overall allocation to equities at a consolidated level remains at 43.8%.

Mapping the MNRI to Outcomes was based on the information provided in the MCQ and discussions with the Treasurer. Asset allocations (Table 3) and fund allocations (Tables 4 and 5) were determined using the ONE JIB’s Outcome Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Cash	\$ 3.8	3.1	100	-	100
Contingency	27.6	22.3	40	60	100
Target Date 3-5 Years	33.1	26.8	90	10	100
Target Date 5-10 Years	40.2	32.4	50	50	100
Target Date 10+ Years	19.1	15.4	25	75	100
<b>Total</b>	<b>\$ 123.9</b>	<b>100.0</b>			

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 16.3	13.2
ONE Global Equity Fund	38.0	30.7
ONE Canadian Government Bond Fund	19.3	15.6
ONE Canadian Corporate Bond Fund	8.9	7.2
ONE Global Bond Fund	41.4	33.4
<b>Total</b>	<b>\$ 123.9</b>	<b>100.0</b>

*Table 5: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)*

<b>Outcome</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corp Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Cash	-	-	\$ 3.8	-	-	\$ 3.8
Contingency	5.0	11.6	1.7	1.7	7.7	27.6
Target Date 3-5 Years	1.0	2.3	10.1	3.5	16.2	33.1
Target Date 5-10 Years	6.0	14.1	3.0	3.0	14.1	40.2
Target Date 10+ Years	4.3	10.0	0.7	0.7	3.3	19.1
<b>Total</b>	<b>\$ 16.3</b>	<b>\$ 38.0</b>	<b>\$ 19.3</b>	<b>\$ 8.9</b>	<b>\$ 41.4</b>	<b>\$ 123.9</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Thunder Bay's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The City has a long investment horizon and does not anticipate contributions or withdrawals of MNRI within the next five years. The investment

allocations are able to address the future drawdowns of MNRI anticipated by the municipality if circumstances change. As a result, the Investment Plan is appropriate for the City's time horizons and circumstances.

## **ATTACHMENTS**

Attachment 1: City of Thunder Bay's Investment Policy Statement

Attachment 2: City of Thunder Bay's Municipal Client Questionnaire

Attachment 3: City of Thunder Bay's Proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services  
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment



# Attachment 1 Corporate Policy

*Policy No.* 05-01-04  
*Page* 1 of 22  
*Effective Date*

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**SECTION:** OFFICE OF THE CITY TREASURER  
**DEPARTMENT/DIVISION:** CORPORATE SERVICES  
**SUBJECT:** INVESTMENT POLICY STATEMENT

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## POLICY STATEMENT

It is the policy of The Corporation of the City of Thunder Bay to govern the management of the Corporation's investment portfolio.

### PURPOSE

To establish a formal written Investment Policy Statement that summarizes and defines the investment objectives, risk tolerance and liquidity needs and investment horizon for the City's investment portfolio.

## OVERVIEW

Municipalities that are subject to the *Municipal Act, 2001* (the “**Act**”) have no general power to invest money. Such powers must be found either in express provisions of the Act or by necessary implication.

Historically, municipalities that are subject to the Act had very limited express investment powers under section 418 of the Act. Section 418 continues to apply to all municipalities that are subject to the Act unless they elect to pass a by-law pursuant to the new section 418.1. Section 418 of the Act provides that “money that is not required immediately” can only be invested in securities prescribed by the Province in O. Reg. 438/97 (the “**Regulation**”). These prescribed securities are generally referred to as the “Legal List Securities” and are included in Part I of the Regulation.

Effective January 1, 2019, the new section 418.1 of the Act came into force. Section 418.1 provides that “money that is not required immediately” can be invested under that section in any security, provided that in making the investment the municipality exercises the care, skill, diligence and judgment that a prudent investor would exercise in making the investment. If a municipality elects to pass a by-law under section 418.1, the effect will be that its “money that is not required immediately” must be invested in accordance with the prudent investor regime. The rules, conditions and procedures that apply to investments under section 418.1 are set out in Part II of the Regulation.

Investing “money that is not required immediately” (MNRI) in Legal List Securities or in accordance with the prudent investor regime are mutually exclusive alternatives. That is to say, section 418 does not apply to a municipality that has adopted the prudent investor regime under section 418.1.

Every municipality, regardless of whether section 418 or 418.1 applies to it, has MNRI and also money that is required immediately (MRI). Municipalities retain the management and control of their MRI. The Act does not include any express provisions that deal with the investment of MRI. However, it is consistent with prudent practice to invest such money until it is actually spent, in order to preserve the capital value of that money. Accordingly, it is necessarily implied that a municipality has the power to invest such money on a short-term basis. Because the Act is silent as to how municipalities are to deal with MRI and because of the historical investment powers under the Act, a conservative approach is to invest MRI in appropriate Legal List Securities.

Municipalities that elect to pass a by-law pursuant to the new section 418.1 include in their investment policy (i) the basis upon which they distinguish between MNRI and MRI, and (ii) principles governing the investment of each category of money. This Investment Policy Statement (IPS) is intended to respond to the foregoing requirements.

## 1. GLOSSARY AND DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

**Act:** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

**Agent:** means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

**Asset Class:** An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

**Asset Mix (or Asset Allocation):** means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

**Authorizing By-law:** means a by-law of a Founding Municipality which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the establishment of ONE JIB; (iii) the approval of the Client Questionnaire and the adoption of the IPS; and (iv) the entering into of the ONE JIB Agreement.

**Benchmark:** means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

**CFA Institute:** refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

**City:** means The Corporation of the City of Thunder Bay.

**Credit Risk:** means the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. That is, the risk that a lender may not receive the owed principal and interest.

**Custodian:** means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Derivative:** A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common

underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

**Environmental, Social and Governance (ESG) Investing:** means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

**External Portfolio Managers:** means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

**Interest Rate Risk:** refers to the possibility that the value of a bond or other fixed-income investment will suffer as the result of a change in interest rates. Interest rate risk can be managed to help improve investment outcomes.

**Internal Controls:** means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

**Investment Plan:** means the investment plan applicable to the Long-Term Money investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

**Investment Policy Statement (IPS):** means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Money under the Regulation, and for Short-Term Money, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

**JIB:** is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

**Legal List Securities:** means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

**Leverage:** means an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

**Local Distribution Corporation or LDC:** means a corporation incorporated under section 142 of the *Electricity Act, 1998*.



**Long-Term Money:** means money that the municipality has defined as long-term and characterized as money that is not required immediately by the Municipality as described in section 5.2. Monies that are Long-Term Money will be invested in accordance with the Prudent Investor Standard.

**Modern Portfolio Theory:** means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

**Municipality:** means The Corporation of the City of Thunder Bay.

**ONE JIB:** means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

**ONE JIB Agreement:** means the agreement effective as of March 2, 2022, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Money.

**Outcome:** in the context of the municipality's IPS the word 'outcome' is used interchangeably with 'solutions'. Investment outcomes are a set of investment allocations with varying risk/return characteristics. The outcomes assigned to each investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

**ONE JIB's Outcome Framework:** a set of Investment Outcomes designed by ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the money assigned to the outcome.

**Participating Municipality:** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

**Pooled Fund:** means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

**Portfolio:** means any collection of funds that are grouped together and required for specific purposes.

**Proxy Voting:** means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

**Prudent Effective Date:** means the date on which the prudent investor regime applies to the Municipality.

**Prudent Investor Standard:** means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Money rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

**Regulation:** means Ontario Regulation 438/97.

**Risk:** means the uncertainty of future investment returns or chance of loss of capital.

**Risk Tolerance:** means the financial ability and willingness to absorb a loss in return for greater potential for gains.

**Securities Lending:** means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

**Short-Term Money:** means money that is required immediately by the Municipality as described in section 5.1 and which remains under the control and management of the Municipality. The money can be invested in appropriate Legal List Securities.

**Sinking Fund:** means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

**Sinking Fund Required Contributions (Annual Sinking Fund Requirement):** means the amount of money to be set aside each year for deposit into a sinking fund or a retirement fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws.

**Sinking Fund Required Earnings:** means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

**Sinking Fund Excess Earnings:** means the investment earnings in excess of the required earnings.

**Tbaytel:** means the Municipal Service Board, established by The Corporation of the City of Thunder Bay By-law #257-2004, to govern, control, maintain, operate and manage the City's provision of telecommunication services.

**Treasurer:** means the position of City Treasurer.

## **2. PURPOSE AND LEGISLATIVE FRAMEWORK**

### **2.1 Purpose of Policy**

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law 10/2022 pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary ("third-party trust funds").

There are also source(s) of money in which the Municipality may have a direct or indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds. Designated funds listed in Schedule A are not considered by the Municipality to be MNRI and are in no way subject to the control or management of ONE JIB.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to third-party trust funds and designated funds
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer, and any agent or advisor providing services to ONE

JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

## **2.2 Governing Legislation**

Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.

Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

Money and investments that the Municipality holds as third-party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

## **2.3 Prudent Investor Standard**

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors

### 3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY

#### 3.1 Determination of MNRI and MRI

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations;
- the purpose for which the monies have been collected or set aside and are to be used;
- the source of the money; or
- any combination of the foregoing

There is no widely accepted definition of MRI or MNRI and no guidance is provided in the applicable legislation. Some, like the Toronto Investment board, have used a time-based definition (funds needed within 18 months) as their definition. The municipality has the responsibility to define the basis of MNRI in a way that is most appropriate for their circumstances.

The Municipality has defined MRI as monies required within 18 months.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than third-party trust funds and any designated funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

#### 3.2 Overview of Portfolios

The Municipality's portfolios represent funds required for specific purposes. A high-level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

**4. ROLES AND RESPONSIBILITIES**

**4.1 Role of ONE JIB**

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix I).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
- Allocating the money and investments under its control and management among External Portfolio Managers
- Monitoring the performance of the Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

**4.2 Role of Municipal Staff**

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any third-party trust funds referenced in Section 2.1 by, or under the direction of, the Treasurer;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of municipal staff.

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, the Treasurer may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of third-party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

#### **4.3 Ethics and Conflicts of Interest**

Individuals who are responsible for The Corporation of the City of Thunder Bay's Short-Term Portfolio shall comply with the City of Thunder Bay's Employee Code of Conduct and the relevant sections of the CPA Code of Professional Conduct.

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Municipal Act, 2001 (the "Act"). This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

### **5. INVESTMENT**

#### **5.1 MRI: Short-Term Money**

The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consists of money that is needed to meet the short-term financial obligations of the Municipality and are controlled and managed by the Treasurer.

##### **5.1.1 Short-Term Moneys: Investment Objectives**

The main focus of the investment of Short-Term Money is cash management, and the interest income generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

Capital preservation is the paramount objective for short-term investments, and these investments need to be highly liquid. Consequently, only high quality, short-term investments that are also Legal List Securities will be held in this portfolio. The Municipality may invest in fully liquid money market securities and deposit accounts. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital and to further manage risk through diversification by issuer and credit quality.

##### **5.1.2 Short-Term Money: Eligible Investments**

Short Term Money may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this Policy, as deemed eligible by Ontario Regulation 438/97 or as authorized by subsequent

provincial regulations. Investments will be limited to securities issues maintaining a minimum credit rating by an appropriate credit rating agency.

Eligible investments include the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account;
- ONE Investment Money Market Portfolio; and,
- ONE Investment Canadian Government Bond Portfolio

Investment in the foregoing is subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

For MRI, the Municipality has established a High Interest Savings Account (“HISA”) with the ONE Investment Program that can be utilized for the management of cash flows. The City will communicate on-going cash management requirements with ONE Investment. The cash management will take into consideration the current interest rate environment and the impact of potential realized gains or losses in the Portfolio.

## **5.2 MNRI: Long-Term Money**

The Municipality’s MNRI is described in Section 3.1 as Long-Term money. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Money and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

### **5.2.1 Long-Term Money: Investment Objectives**

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

The municipality’s Investment objectives for its Long-Term money (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB’s Outcome Framework. Table 1 provides a summary of this framework.



Table 1:

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years
Stable Return	Stable Return	Income Generation; To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk; emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	Asset Mgt Reserves	Contributions to generate returns to fund asset management reserves	Higher risk; emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 – 5 years
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 – 10 years
	Target Date 10+ yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long-term inflation-adjusted growth	> 10 years

Investment of long-term money is to be managed by ONE JIB in a way that balances the investment objectives with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of investment returns. Returns have an impact on revenues, as well as a longer-term impact on future years’ budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Money’s investment horizons are aligned with the Municipality’s obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

**5.2.2 Long-Term Money: Eligible Investments**

Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product sponsored or managed by ONE Investment for the Prudent Investment Program (Prudent Investment Offering), provided always that the products and the selection of products comply in all material respects with the IPS.

Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

### **5.2.3 Long-Term Money: Sinking Funds**

The Municipality does not hold any sinking funds.

### **5.2.4 Long-Term Money: Local Distribution Corporation (LDC) Securities**

The Thunder Bay Hydro Corporation is wholly owned by the City and provides regulated and unregulated electric utility services and complimentary commercial services. Thunder Bay Hydro Corporation includes its majority-owned subsidiary SYNERGY NORTH Corporation and its wholly-owned subsidiaries Thunder Bay Hydro Utility Services Inc. and Thunder Bay Hydro Renewable Power Incorporated. The investment in Thunder Bay Hydro Corporation included in the City's 2022 Consolidated Financial Statements is \$110.6 million. Included in this investment is a promissory note of \$26.5 million.

The LDC shares and the promissory note are considered restricted, special assets and remain in the custody of the City. The LDC shares and the promissory note are to be viewed as separate standalone investments with the subject matter expertise and administrative functions remaining under the purview of the City. Council retains direct, de facto control of the LDC shares and the promissory note and ONE JIB shall adhere to all terms and conditions as directed. More specifically, Council controls all acquisition and disposition decisions related to current and future LDC assets. Any voting related to the LDC shares will be undertaken solely by the City.

The investment in the LDC shares and the promissory note will not be included in calculations regarding asset mix/allocations or other constraints that apply to the Long-Term Money.

ONE JIB is prohibited from selling, transferring, assigning or pledging either the LDC shares or the promissory note without the authority of the Municipality.

### **5.2.5 Long-Term Money:**

The Municipality does not hold any other Long-Term Money.

## **5.3 Third-Party Trust Funds and Designated Funds**

In addition to the Municipality's own money, the Municipality is from time to time entrusted with third-party trust funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to third-party trust funds, the latter shall prevail.

The Municipality's third-party trust funds and the designated funds are listed in Schedule A. For certainty, the third-party trust funds and the designated funds are not MNRI of the Municipality, and such monies are not under the control or management of ONE JIB.

## **5.4 Investment Management**

### **5.4.1 Investment Management of Short-Term Money**

The investment of Short-Term Money shall be controlled and managed by the Treasurer.

### **5.4.2 Investment Management of Long-Term Money**

The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.

Competent External Portfolio Managers shall be appointed by ONE JIB, and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

## **5.5 Transition to Prudent Investor Regime**

Until the Prudent Effective Date, the Municipality will continue to control and manage its MRI, MNRI and investments in Legal List Securities. Some Legal List investments were made with MRI and some with MNRI.

Upon and after the Prudent Effective Date, the control and management of money and investments that are determined to be not required immediately shall be given to ONE JIB. Nothing in this IPS requires that such investments need be liquidated or disposed of. It is not contrary to this IPS for investments that the Municipality does not require immediately to be held, and to continue to be held by, ONE JIB in instruments such as term deposits, guaranteed investment certificates or principal protected notes issued by a financial institution. They can be held to maturity and invested upon receipt of cash proceeds.

Management of third-party trust funds and any designated funds is not directly affected by the Prudent Effective Date.

## **5.6 Investment Constraints**

### **5.6.1 Environmental, Social and Governance (ESG) Investing**

The Corporation of the City of Thunder Bay supports ESG investing for Short-Term and Long-Term Money. The City believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

For the investment of Long-Term Money, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

#### **5.6.2 *Securities Lending***

For the investment of Short-Term Money securities lending is not permitted.

For the investment of Long-Term Money, the Municipality may invest in pooled funds, and other investment funds that are managed by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager permit such an action.

#### **5.6.3 *Derivatives***

Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Money where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

#### **5.6.4 *Use of Leverage***

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage is not a strategy currently employed by ONE JIB but may be considered at a later date.

#### **5.6.5 *Pooled Funds***

All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof. The investment strategies may also include allocations to cash or short-term investment vehicles.

#### **5.6.6 *Currency Hedging***

The Short-Term Portfolio will not utilize currency hedging.

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the Long-Term Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

#### **5.6.7 *Prohibited Investments***

Investments in no event may be made in foreign direct investment in countries subject to Canadian or UN economic sanctions.

## **5.7 Performance Monitoring, Rebalancing and Management**

### **5.7.1 Short-Term Money**

The Municipality holds a High Interest Savings Account (“HISA”) with the ONE Investment Program that can be utilized for the management of cash flows. The City will communicate on-going cash management requirements with ONE Investment. The cash management will take into consideration the current interest rate environment and the impact of potential realized gains or losses in the Portfolio. Refer to the Investment Policy for Short-Term Money outlined in Appendix II.

### **5.7.2 Long-Term Money**

For the investment of Long-Term Money, each account’s asset mix will be monitored on a periodic basis by ONE JIB. Should the asset mixes deviate outside the ranges set out in the Investment Plan, the account will be rebalanced as soon as practicable taking into consideration variations in market liquidity and the investment objectives. Cash inflows /outflows will be used to rebalance as much as possible. If they are insufficient, investments will be sold in a commercially reasonable manner and reallocated as required.

For the investment of Long-Term Money, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the investment plan.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.7 that shows the Municipality’s holdings, declares compliance with this IPS, and shows External Portfolio Manager performance.

## **6. ADMINISTRATIVE POLICIES**

### **6.1 Flow of Money and Annual Municipal Budget**

#### **6.1.1 Transfer to ONE JIB as Part of Annual Review Process**

On an annual basis, as part of the Municipality’s Annual Review process, the Municipality shall identify the amount, if any, of Long-Term Money that it holds. Any Long-Term Money not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

#### **6.1.2 Transfer to Municipality as Part of Annual Review Process**

On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Money then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Money and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

**6.2 Flow of Money Otherwise than through the Budget Process**

**6.2.1 Surplus Funds**

The Short-Term Money captures revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the Treasurer at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Money. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

**6.2.2 Contingencies**

The Treasurer is authorized to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the Long-Term Money under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Money). In determining the Budgeted Long-Term Money for purposes of calculating the 25% limit, any Long-Term Money to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to Section 6.1.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

**6.3 Valuation of Investments**

Investments shall be valued according to the values provided by the Custodian(s). For the investment of Long-Term Money, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

**6.4 Voting Rights**

Subject to the provisions of Section 5.2.4 with respect to LDC securities, where External Portfolio Managers have been appointed, such External Portfolio Managers shall assume the responsibility of exercising voting rights and will report their voting policies to ONE JIB annually. The Municipality may access these policies at any time.

## **6.5 Internal Controls**

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

## **6.6 Custodians**

All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees. For Long-Term Money, the Custodian shall be acceptable to ONE Investment. For Short-Term Money the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Money, otherwise the Custodian shall be acceptable to the Municipality.

## **6.7 Reporting**

### **6.7.1 Short-Term Money**

For the investment of Short-Term Money, the Treasurer shall report at least annually to Council, the report to be in a form and contain such content as Council may request. The report to Council shall include investment performance during the period covered and any other information required under the Regulation and that the Treasurer may consider to be pertinent.

### **6.7.2 Long-Term Money**

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the Treasurer.

All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.

**7. SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE**

**7.1 Modifications to the IPS**

At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.

Following the Council’s review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual IPS review will consider:

- the adequacy of funding for capital works;
- the Municipality’s ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

**7.2 Effective Date**

This policy will be effective on the date of Council ratification.



**Schedule A**

**Third-Party Trust Funds and Designated Funds**

**Third-Party Trust Funds**

The Corporation of the City of Thunder Bay holds Trust Funds as outlined in the Trust Funds Financial Statements for the year ended December 31<sup>st</sup> audited by external auditors annually. Included are care and maintenance trust funds under the *Funeral, Burial and Cremation Services Act, 2002* which are to be invested pursuant to the *Trustee Act*.

**Designated Funds**

The Municipality holds the following designated fund.

**Tbaytel**

REFERENCES

Section 418, Municipal Act 2001

Ontario Regulation 438/97 and Ontario Regulation 655/05, as amended.

Report R 6/2022

Appendix I: ONE JIB Agreement

Appendix II: Investment Policy for Short-Term Money

<b>APPROVED BY:</b>	
<b>Replacing/Amending:</b>	
<b>Originating Department:</b>	Corporate Services – Office of the City Treasurer
<b>Contact:</b>	City Treasurer
<b>Departmental Procedural Manual:</b>	N/A
<b>Affected Departments:</b>	N/A

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality's financial circumstances, or
- b. A significant change in the amount of your municipality's "money that it does not require immediately"

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

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#### **Section 1 – Client Information**

Name of Municipality: The Corporation of the City of Thunder Bay

Address: 500 Donald St E, Thunder Bay, ON P7C 5K4

#### *Treasurer Information*

Name: Keri Greaves

Phone Number: 807-625-2645

Extension: \_\_\_\_\_

Email: keri.greaves@thunderbay.ca

#### *Primary Day to Day Contact Information\**

*Check if same information as Treasurer above*

Name: Andrea Morrison

Phone Number: 807-628-5690

Extension: \_\_\_\_\_

Email: andrea.morrison@thunderbay.ca

\*Primary day-to-day contact should have a comprehensive understanding of your Municipality's financial position and investment needs.

## Section 2 - Investment Knowledge and Experience

1. Which statement best describes the Municipal staff (person most responsible for managing investments)'s level of investment knowledge and experience with financial markets and products?

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2. If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

3. Please indicate if your municipality has used / held any of the following investment types within the past five years. *[check all that apply]*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC securities)
- Securities held in third party trusts (i.e., cemetery trust, legacy fund etc.)
- Fixed income (government and/or corporate bonds)
- Equities
- Other – Please Describe

## Section 3 – Investment Objectives and Risk Tolerance

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require Immediately** (MNRI).

In general, investors can expect a higher annualized rate of return if the investor is also willing to accept volatility or fluctuation in the market value of their investments. For example, investors can expect that the average annual rate of return over a five-year period will be higher where the portfolio’s returns are varied when measured on a year-by-year basis, with some years possibly having negative returns.

A portfolio which has a steady return year over year, with little possibility of negative returns in any year, will most likely have a lower annualized return when measured on a rolling five-year average.

- In relation to MNRI, which of the following best reflects your Municipality’s longer-term investment objectives (return), risk tolerance (volatility of returns) and shorter-term tolerance for losses (actual or unrealized)?

Description	Investment Objective	Risk Tolerance	Tolerance for short-term (3 year) losses*
<b>Lower risk / return</b> <input type="checkbox"/>	Capital preservation is the main objective.  Willingness to accept lower returns to reduce the likelihood of losses.	Small chance of loss of capital over a 5-year period	Less than 5% decline
<b>Moderate risk / return</b> <input checked="" type="checkbox"/>	Balanced growth (combination of growth and income) is the main objective.  Willingness to accept moderate level of risk to achieve moderate growth without excessive risk to capital.	Moderate chance of loss of capital over a 5-year period	5-15% decline
<b>Higher risk / return</b> <input type="checkbox"/>	Growth of capital is the main objective.  Willingness to accept higher risk, including risk of loss of capital, for potentially higher returns.	Higher risk of loss of capital over a 5-year period	More than 15% decline

\* These percentages are for illustrative purposes only, to determine sensitivity to potential capital loss, and do not represent a guarantee by ONE JIB or ONE Investment.

5. *If applicable*, is there any other information about your Municipality's investment objectives and risk tolerance for its MNRI that is relevant to your Investment Policy Statement or Investment Plan?

Please see section 5.2.1 of the IPS for Long Term Money Investment Objectives.

6. How sensitive is your municipality to recognizing investment gains and losses from portfolio adjustments and market fluctuations?

Please see MCQ question #4.

**Sections 4 and 5** of this MCQ below ask about your Municipality's MNRI, cash flow and other financial assets that may be applicable. It is intended to assist ONE Investment in obtaining an understanding of your Municipality's financial circumstances, including its cash flow needs.

### ***Section 4 – Financial Information***

7. Please provide your municipality's **MNRI** (*see note below*) by reserve (or reserve categories) with expected investment time horizons. This information can be provided in the template provided, or in a separate document.

**Note:** MNRI can be determined by time, source of funds, purpose of funds, or such other means as your Municipality may decide is appropriate. It is defined for your municipality in the Investment Policy Statement approved by your Council. For example, the 'less than 3 years' column of MNRI in the template might not be applicable for all municipalities.

Information has been provided as an attachment to this MCQ



8. Please provide your Municipality’s current **Cash Flow Projections for MNRI** by year. This information informs the ONE JIB about potential drawdowns /additions to MNRI that you anticipate in coming years. Supporting documentation may be provided as needed.

	Next Year	2 years	3 to 5 years	5 to 10 years	Greater than 10 years
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	0	0

*Other information or comments (if applicable)*

Due to uncertainty in the municipal sector, the municipality at this time does not have a clear forecast on when MNRI may change.

9. Does the MNRI drawdown forecasts in Question 8 above reflect:

- Drawdowns of current reserve balances
- Drawdowns of current reserve balances inclusive of projected future budgetary contributions

10. What **assumptions or factors** does your municipality include in the reserve cash flow projections? For example: inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

Year end reserve and reserve fund balances; reserve and reserve fund commitments; 2024 budgeted reserve and reserve fund contributions and withdrawals; short term financial obligations; and the timing of cash inflows and outflows.



## Municipal Client Questionnaire (MCQ)

11. If your Municipality has completed a **capital budget forecast**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

12. If your Municipality has completed an **asset management plan**, how many years does this forecast extend?

- Less than 3 years     3-5 Years     5-10 Years     10 years or more

13. To what extent has your Municipal asset management plan been integrated into the capital budget process?

The AMP has not yet been integrated into the capital budget. Once the financial strategy (Phase 3) has been completed then that will start to inform how the City will increase the funds available for capital renewal. The City is continuing to improve the maturity of the AMP with the intent that it will serve as the basis for prioritizing projects in the future.

### Funding/Expenditure Analysis

14. How does your Municipality manage unanticipated requests for funding? What is the probability that your municipality may unexpectedly need to draw down MNRI to fund unexpected budget shortfalls?

Unanticipated requests for funding must be approved by Council and every effort is made to minimize these requests outside of the budget process. The Office of the City Treasurer monitors reserve and reserve fund commitments and therefore is aware of uncommitted and committed reserve and reserve fund balances. It is unlikely that the City will need to draw down MNRI for unexpected budget shortfalls.

15. Is there a particular year(s) in your Capital Forecast or Asset Management Plan when your Municipality anticipates unusual or large capital expenditure(s)?

- Yes     No

*If yes, please explain the timing and nature of the expenditure(s)*

16. Do you anticipate any decisions / factors within the **next 24 months** that could have a material impact on your MNRI forecasts – either positive or negative? (e.g., projects contingent on unsecured grants, potential significant changes to your debt financing strategy, significant acquisitions or disposals/divestments).

Yes       No

*If yes, please provide details*

## Section 5 – Portfolio Information

17. Please provide the breakdown of your MNRI, In-Kind securities and LDC securities by Investment type

Description	As of Date (MM/DD/YY)	Value*
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	06/30/24	123,915,865
Expected contributions (withdrawals) of MNRI and <i>Date</i> MNRI to be transferred / received (B)		
<b>Total MNRI to be invested in ONE JIB Outcomes (A + B)</b>		123,915,865
In-Kind securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (C)		0
<b>Total Current MNRI, expected contributions to MNRI and In-Kind securities (A + B + C)</b>		123,915,865
LDC securities as of <i>Date</i> (D)	12/31/22	110,632,595
<b>Total Municipal MNRI, In-Kind securities and LDC securities (A + B + C + D)</b>		234,548,460

\* The market value of In-Kind securities may change between the date control and management is given to ONE JIB and the date they mature after which the cash proceeds can be invested by ONE JIB.

*Other information or comments (if applicable)*

Refer to 5.2.4 of IPS: Local Distribution Corporation (LDC securities) which are included in calculations for Long Term Money (MNRI), but ONE JIB does not have management and control of the LDC investment and is prohibited from using or including.

## Section 6 – Existing Investments

18. Your Municipality may have given control and management of In-Kind securities and LDC securities to ONE JIB with its MNRI (*refer to Section 5 above*). If applicable, please identify below any details of In-Kind securities and LDC securities that your municipality may have. A template and sample have been provided on the next page for your reference, or you may attach a copy of your statement(s). If your Municipality has no such In-Kind securities/LDC securities *proceed to Section 7 of the MCQ*.



## Municipal Client Questionnaire (MCQ)

The applicable information is provided as an attachment to the MCQ:

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>
<i>SAMPLE CIBC Global Blue Chip Growth Deposit Notes, Series 12</i>	<i>PPN</i>	<i>CIBC</i>	<i>\$5,000,000</i>	<i>N/A</i>	<i>February 2030</i>
<i>SAMPLE London 3.2% May 9, 2026</i>	<i>Bond</i>	<i>N/A</i>	<i>\$1,000,000</i>	<i>\$1,098,000</i>	<i>May 9, 2026</i>
<i>SAMPLE Canada 2 <sup>7</sup>/<sub>8</sub> July 2, 2028</i>	<i>Bond</i>	<i>N/A</i>	<i>\$2,000,000</i>	<i>\$1,945,000</i>	<i>July 2, 2028</i>

<i>Security/Investment</i>	<i>Type</i>	<i>Manager/Institution</i>	<i>Book Value</i>	<i>Market Value</i>	<i>Maturity Date (If applicable)</i>

*Other information or comments (if applicable)*

**Section 7 – Other Information**

19. If there have been major changes in circumstances since the last MCQ updates (if applicable) that you would feel would require a reallocation of MNRI for your Municipality. Please advise what has changed since the last MCQ update.

No major change in circumstances since last MCQ update.

20. Please provide any additional information or context that you consider relevant to ONE JIB's understanding of your municipality's MNRI, In-Kind securities and LDC securities.

No additional information.

**Section 8 – Investment Restrictions**

21. Are your Municipality's investments subject to any prohibited investment or other similar restrictions that are not fully disclosed in your Municipal Investment Policy Statement?

Yes

No



# Municipal Client Questionnaire (MCQ)

If yes, please specify

### Section 9 – Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this 8th day of August, 2024

\_\_\_\_\_

\_\_\_\_\_

Keri Greaves

Digitally signed by Keri Greaves  
Date: 2024.08.08 08:56:59 -04'00'

Name and Signature of Treasurer

Second Signature (if Required)



## Municipal Client Questionnaire (MCQ)

### Appendix 1 – Midyear MCQ Updates Form

Please provide details below that explain the nature of your requested change. This should describe: the money involved, the timing of transactions required, and any other context to support the change request. This will allow ONE JIB to understand how this update may change the cashflow characteristics or investment horizons of MNRI and In-Kind securities (and possibly LDC securities) relative to your current MCQ and Investment Plan.

#### Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name and Signature of Treasurer

Second Signature (if required)



## Attachment 3

# The City of Thunder Bay Investment Plan

Date: September 4, 2024

155 University Ave., Suite 800  
Toronto Ontario M5H 3B7 Canada





# Contents

## Page

<b>1. DEFINITIONS .....</b>	<b>3</b>
<b>2. PURPOSE OF INVESTMENT PLAN.....</b>	<b>3</b>
<b>3. RESPONSIBILITY FOR PLAN.....</b>	<b>3</b>
<b>4. INVESTMENT GOALS AND OBJECTIVES.....</b>	<b>3</b>
<b>5. INVESTMENT PORTFOLIO .....</b>	<b>4</b>
5.1 Asset Allocations .....	4
5.2 Account Structure.....	4
5.3 In-Kind Securities (in transition) .....	7
5.4 Other Accounts.....	7
<b>6. APPLICABLE ONE JIB POLICIES .....</b>	<b>7</b>
6.1 Environmental, Social and Governance (ESG) Investing .....	8
6.2 Securities Lending .....	8
6.3 Derivatives.....	8
6.4 Rebalancing.....	8
<b>7. IMPLEMENTATION.....</b>	<b>9</b>
7.1 Custodian .....	9
7.2 Transition Plan (including transitional investments).....	9
7.3 Accommodating Cashflow Needs.....	9

## 1. Definitions

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

## 2. Purpose of Investment Plan

As required under the prudent investor regime authorized by the *Municipal Act, 2001* (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (*Plan*) establishes how ONE JIB will invest Thunder Bay's Long-Term Money as defined in section 5.2 of Thunder Bay's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Thunder Bay.

## 3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Thunder Bay's IPS.

## 4. Investment Goals and Objectives

Thunder Bay's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Thunder Bay's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined according to the Outcome Framework approved and annually reviewed by ONE JIB in accordance with the *ONE JIB Outcome Framework Policy*. The allocation of Thunder Bay's Long-Term Money in this Plan is consistent with the details as disclosed in Thunder Bay's IPS and MCQ.

The Long-Term Money will be invested to generate returns for any or all of the following results:

- a. Funding contingencies, where returns are reinvested with a view to growing principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Thunder Bay has an obligation for a specific project at a specific time.

While individually Thunder Bay’s reserve and reserve funds require liquidity, collectively they provide Thunder Bay with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Prudent Investment Program funds are designed to be highly liquid. Less liquid investments may become available through the program at a later date.

## 5. Investment Portfolio

### 5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of Long-Term Money must be communicated to ONE JIB formally as outlined in the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

### 5.2 Account Structure

The amounts of Long-Term Money, as disclosed in Thunder Bay’s updated MCQ have been allocated into investment Outcome categories as shown in *Table 1* below.

*Table 1 - Investment Allocations by Outcomes Categories as of June 30, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	\$ 3,915,865	3.2
Stable Return	-	-
Contingency	27,500,000	22.2
Asset Management Reserves	-	-
Target Date 3-5 Years	33,300,000	26.9
Target Date 5-10 Years	40,100,000	32.4
Target Date 10+ Years	19,100,000	15.4
<b>Total</b>	<b>\$ 123,915,865</b>	<b>100.0</b>

\* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of Long-Term Money on June 30, 2024. The Investment Plan will be implemented based on the allocation weights in Table 1.

Mixes of ONE Prudent Investment Program funds appropriate for Thunder Bay's circumstances will be used for each Outcome. Descriptions of these Outcomes, ONE Prudent Investment Program funds and the asset allocations for each Outcome are described in the *ONE JIB Outcome Framework Policy*.

The target weight for each Outcome Investment Allocation are shown in *Tables 2 to 8*, and the Total Long-Term Money by Investment Allocation (as of June 30, 2024) is shown in Table 9 below.

*Table 2 – Cash Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Fixed Income</b>	<b>100.0</b>
ONE Canadian Government Bond Fund	100%
<b>Total</b>	<b>100.0</b>

*Table 3 – Stable Return Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>30.0</b>
ONE Canadian Equity Fund	9.0
ONE Global Equity Fund	21.0
<b>Fixed Income</b>	<b>70.0</b>
ONE Canadian Government Bond Fund	19.0
ONE Canadian Corporate Bond Fund	9.0
ONE Global Bond Fund	42.0
<b>Total</b>	<b>100.0</b>

*Table 4 – Contingency Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (%)</b>
<b>Equity</b>	<b>60.0</b>
ONE Canadian Equity Fund	18.0
ONE Global Equity Fund	42.0
<b>Fixed Income</b>	<b>40.0</b>
ONE Canadian Government Bond Fund	6.0
ONE Canadian Corporate Bond Fund	6.0
ONE Global Bond Fund	28.0
<b>Total</b>	<b>100.0</b>

*Table 5 – Asset Management Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>90.0</b>
ONE Canadian Equity Fund	27.0
ONE Global Equity Fund	63.0
<b>Fixed Income</b>	<b>10.0</b>
ONE Canadian Government Bond Fund	1.5
ONE Canadian Corporate Bond Fund	1.5
ONE Global Bond Fund	7.0
<b>Total</b>	<b>100.0</b>

*Table 6 – Target Date 3-5 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>10.0</b>
ONE Canadian Equity Fund	3.0
ONE Global Equity Fund	7.0
<b>Fixed Income</b>	<b>90.0</b>
ONE Canadian Government Bond Fund	30.5
ONE Canadian Corporate Bond Fund	10.5
ONE Global Bond Fund	49.0
<b>Total</b>	<b>100.0</b>

*Table 7 – Target Date 5-10 Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>50.0</b>
ONE Canadian Equity Fund	15.0
ONE Global Equity Fund	35.0
<b>Fixed Income</b>	<b>50.0</b>
ONE Canadian Government Bond Fund	7.5
ONE Canadian Corporate Bond Fund	7.5
ONE Global Bond Fund	35.0
<b>Total</b>	<b>100.0</b>

*Table 8 – Target Date 10+ Year Outcome Investment Allocations*

<b>Allocation</b>	<b>Target Weight (\$)</b>
<b>Equity</b>	<b>75.0</b>
ONE Canadian Equity Fund	22.5
ONE Global Equity Fund	52.5
<b>Fixed Income</b>	<b>25.0</b>
ONE Canadian Government Bond Fund	3.75
ONE Canadian Corporate Bond Fund	3.75
ONE Global Bond Fund	17.5
<b>Total</b>	<b>100.0</b>

*Table 9 – Total Long-Term Money by Investment Allocations as of June 30, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 16,261,500	13.1
ONE Global Equity Fund	37,943,500	30.6
ONE Canadian Government Bond Fund	19,446,115	15.7
ONE Canadian Corporate Bond Fund	8,870,250	7.2
ONE Global Bond Fund	41,394,500	33.4
Total	\$ 123,915,865	100.0

### **5.3 In-Kind Securities (in transition)**

This section does not apply.

### **5.4 Other Accounts**

Thunder Bay has no other accounts ONE JIB must consider.

## **6. Applicable ONE JIB Policies**

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website.

- ONE JIB Outcome Framework Policy
- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)

- ONE JIB Rebalancing Policy
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

## **6.1 Environmental, Social and Governance (ESG) Investing**

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing and evaluating External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

## **6.2 Securities Lending**

Investment Funds that are controlled by an External Portfolio Manager may be subject to securities lending if their policies permit such lending.

## **6.3 Derivatives**

ONE JIB does not intend that derivative be used in the investment of Long-Term Money for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

## **6.4 Rebalancing**

This Plan's asset allocations will be monitored and rebalanced by ONE Investment in accordance with the *ONE JIB Rebalancing Policy*.

## 7. Implementation

### 7.1 Custodian

All investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

### 7.2 Transition Plan (including transitional investments)

This section does not apply.

### 7.3 Accommodating Cashflow Needs

#### a. Investment Income and Rebates

Income from investments will be automatically reinvested as per the *ONE Distribution Policy PI* and cashflow needs of Thunder Bay are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Thunder Bay.

#### b. Anticipated mid-year cashflow requests

Thunder Bay has not disclosed any known mid year cashflow needs.

#### c. Unanticipated mid-year cashflow requests

Upon receipt of an updated MCQ from Thunder Bay that involves a withdrawal of Long-Term Money, the Chief Investment Officer will process the request in accordance with the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.



To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: September 4, 2024  
 Re: Fund Manager Performance Report Q2 2024  
 Report: ONE JIB 2024-056

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Confirm that its members have reviewed the Fund Manager Performance Reports for Q2 2024 provided in the Resource Library.
2. Receive the report.

## 2. SUMMARY

This report summarizes the performance of the ONE Investment Prudent Investment Funds for the second quarter of 2024, including a brief overview of contributing factors.

The ONE Investment pooled fund performance saw modest gains for fixed income funds in the quarter, while equity-oriented pooled funds had modestly negative performance. Returns for all five funds over the last 12 months were positive, with equity funds showing significantly stronger returns than fixed income funds.

	Quarter	1 Year
ONE Canadian Equity Fund	-0.8%	14.6%
ONE Global Equity Fund	-0.5%	12.7%
ONE Canadian Corporate Bond Fund	0.9%	4.5%
ONE Canadian Government Bond Fund	1.1%	3.8%
ONE Global Bond Fund	0.2%	4.3%

### 3. BACKGROUND

#### **ONE JIB and ONE Investment have a responsibility to review the performance of the investment managers**

As outlined in ONE JIB's Policy for Reviewing External Fund Managers, ONE Investment is to report to ONE JIB on a quarterly basis, identifying any issues arising from the quarterly review of the external investment managers. The report is to include a summary of the positioning of the mandates, information on investment performance, an explanation of the drivers of performance, and commentary to explain the performance and market context.

#### **The performance of global fixed income markets was mixed in the second quarter of 2024 while equity markets were modestly higher**

During the second quarter of 2024, equity markets posted modest gains, while the performance of fixed income markets was mixed. While the overall global equity markets were up about 3%, equity market performance varied considerably by market. The strongest returns were experienced in large-capitalization technology stocks, and weakness was seen in small-capitalization stocks. The breadth of equity market strength was narrow, especially in the US equity markets, with only a handful of stocks having strong performance, leading to strong index returns, while the rest of the US equity market experienced weaker returns. Canadian fixed income markets performed better than most other bond markets, with performance aided by rate cuts by the Bank of Canada.

#### **Most major central banks have either started to cut interest rates or are poised to start cutting rates**

Inflation pressures, which have been a concern in major global economies over the last few years, continue to abate, and there are increasing signs of economic growth moderating. In the second quarter, the Bank of Canada was the first of the major global central banks to start cutting interest rates, with the overnight lending rate declining by 0.25% to 4.75%. It made a further 0.25% after quarter-end. The European Central Bank also cut interest rates by 0.25% in the quarter, while the Bank of England made a similar interest rate cut in July.

It is widely expected that the US Federal Reserve (Fed) will start cutting interest rates later in the year, as there have been increasing signs that the US labour markets are showing signs of softening, but as the United States continues to show greater economic strength than many other countries, the Fed has not yet needed to start cutting rates.

#### **The performance of large capitalization technology companies had a significant impact on overall market performance, with more tepid results experienced in the broader equity markets**

The markets continue to focus on a handful of stocks that have been the major factor driving the overall performance of the US equity markets. These stocks, known as the Magnificent-7 stocks (Microsoft, Apple, Nvidia, Alphabet, Amazon, Meta and Tesla) have had spectacular performance over the last year as investor interest in Artificial Intelligence

has peaked, leading to returns for this group of stocks that exceed 50%. As they collectively represent more than 30% of the S&P 500 index, their returns have made a significant contribution to the overall performance of the index. Strong performance combined with heavy weighting in the index has led to a situation where their performance can dominate the performance of the rest of the US equity market.

In the quarter, the Magnificent-7 stocks were up an average of 16.9%, while the US equity markets excluding the Magnificent-7 stocks were actually down about 1.5%. The only reason the US equity markets were able to produce a positive return of about 4% is because these seven stocks delivered more than 100% of the overall US equity market performance in the quarter. This suggests that there is very narrow breadth in the market movements, so if a manager has light exposure to these seven stocks, they are likely to underperform.

As the US represents roughly half of the global equity market, these seven stocks collectively account for over 15% of the overall global equity markets, and their strong returns explained the bulk of the returns in the global equity markets also.

#### 4. ANALYSIS

**The ONE Canadian Equity Fund's returns were -0.8% in the quarter, consistent with modestly weaker Canadian equity markets.**

Canadian equity markets were slightly weaker in the quarter, with the ONE Canadian Equity Fund producing returns of -0.8% in the quarter, following two successive quarters of very strong returns. The performance of global equity markets was generally mixed, with weakness seen in continental European and many Asian equity markets.

While overall returns were weak in the Canadian equity markets, the Materials sector was particularly strong, being the best-performing sector in the quarter with returns of 7.4%. Prices for industrial metals like copper, aluminium, and zinc moved higher, while precious metals showed strength too, with gold hitting an all-time high in the quarter. This bolstered the performance of mining stocks, but the fund was able to only partially participate in the sector's strength in the quarter. The ONE Canadian Equity Fund is designed to have light exposure to commodity-related companies, as they tend to have more volatile performance than the rest of the Canadian equity market. The fund typically has half the exposure to commodity-related sectors versus the broader Canadian equity market. This positioning is unhelpful when the Materials or Energy sectors are very strong but is designed to dampen the volatility of returns.

In the 12-month period ending June 30, 2024, the ONE Canadian Equity Fund generated returns of 14.6%, outperforming the benchmark by over 2%. The strength of these results was supported by strong stock selection, with the performance of a few fund holdings making a significant contribution. Celestica Inc., Atkinsrealis Group, and Fairfax Financial, which each represent about 3% of the fund, had returns of 307%, 71%, and 59% over the last 12 months. Sector allocation detracted from performance in the 12-month period

primarily due to a large underweight exposure to the Energy sector, which was among the strongest sectors of the market.

**The ONE Global Equity Fund had returns of -0.5% in the second quarter as fund holdings were not able to participate in the key themes driving global equity markets higher**

The ONE Global Equity Fund's returns were slightly weaker in the second quarter, with returns of -0.5%, underperforming its benchmark by about 4%. The global equity markets posted modestly positive returns in the second quarter, but the performance was mixed across the different regions. Positive gains were seen in the US, UK, and certain Asian equity markets, but negative returns occurred in many other equity markets, including Canada and continental Europe.

The key factor explaining fund underperformance in the quarter related to the fund's lower exposures in the Information Technology sector, which was the best performing sector of the market in the quarter. The fund has light exposure to this sector, being about 10% underweight relative to its benchmark. Stock selection within this sector also trailed the returns of the broader sector. Not owning any semiconductor stocks or Apple accounted for about half of the fund's underperformance relative to the benchmark.

With the strong performance of Magnificent-7 stocks and weaker performance from the rest of the market, a lack of exposure to a few of these stocks can have a large performance impact. The fund has exposure to only three of these companies, Microsoft Corp., Amazon.com Inc., and Alphabet Inc., and was only able to partially participate in the strength of the Magnificent-7, leading to underperformance relative to the benchmark.

Over the 12-month period ending June 30, 2024, the fund's returns were 12.7%. These returns were also weaker than the broader global equity markets, as the fund's holdings and allocations were not able to fully participate in some of the most favourable themes affecting global equity markets. The fund performance over the 12-month period was affected by similar themes that affected quarterly results. Limited exposure to the mega-cap Magnificent-7 meant the fund did not fully participate in their strength. While the manager is known for its strong stock selection skills with its focus on fundamentals and prospects, the market does not always reward this in the short term. As Warren Buffet has noted, 'In the short term, the market is a popularity contest, but over the long term, it is a weighing machine', suggesting that strong fundamentals are rewarded over the long term. While the recent underperformance should merit closer monitoring, it is expected considering the market movements and the manager's approach.

**The ONE Investment fixed income funds had positive returns in the quarter with Canadian fixed income funds performing better than the ONE Global Bond Fund**

The global fixed-income markets were mixed in the second quarter of 2024, with Canadian bonds tending to have stronger performance as the Bank of Canada cut interest rates in the quarter. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 0.9%, 1.1%, and 0.2%, respectively, in the quarter. All three funds generated positive returns over the twelve-month period ending June 30, 2024, with returns of 4.5% for the ONE Canadian Corporate

Bond Fund, 3.8% for the ONE Canadian Government Bond Fund, and 4.3% for the ONE Global Bond Fund.

The rate cut by the Bank of Canada lowered short-term rates, but the long end of the yield curve was slightly higher. This twisting of the yield curve meant that it had a negligible impact on the performance of the ONE Canadian Government Bond Fund and the ONE Canadian Corporate Bond Fund. With the duration positioning of both funds being very similar to the benchmark, total returns for these two funds were largely a reflection of “carry” (the income received on the bonds held). The prospects of further rate cuts provide the potential for returns to be augmented by capital gains in the coming years.

The performance of the ONE Global Bond Fund was effectively in line with benchmark returns in the quarter. Global bond markets had relatively flat returns in the quarter, as did the returns from the fund. Bond yields tended to be higher in most regions during the quarter, which was a negative factor affecting performance, but as the fund has a duration 1.8 years lower than its benchmark, this helped performance relative to the benchmark. Currency hedges generated losses in the quarter, with a performance impact of similar magnitude to the duration positioning. The net effect was that fund performance was in line with benchmark performance. The fund typically has currency hedges in place to reduce foreign exchange risk and currently has about 80% of currency exposure hedged back to the Canadian dollar.

Investment-grade credit spreads were relatively stable during the quarter, hovering a bit below their long-term average, while high-yield bond spreads declined marginally. Overall, corporate bonds tended to perform better than Treasury bonds during the quarter, which made a small positive contribution to the returns of all three funds.

## **5. CONCLUSION**

The review of manager performance for the second quarter of 2024 did not identify any significant performance issues of concern, but the underperformance of the ONE Global Equity fund merits close monitoring. While the equity funds had slightly negative performance in the quarter, the fixed income funds made modest gains. The overall equity market returns in the US continue to be dominated by a handful of mega-cap technology firms with spectacular performance, which has led to notable deviations in returns for the ONE Global Equity Fund versus its benchmark.

In fixed-income markets, the outlook for interest rate cuts remains the most important theme, as many major central banks have already started cutting rates and more cuts are expected. While the ONE Investment fixed income-oriented pooled funds generated modest returns in the quarter, further rate cuts may help augment overall investment returns in the near future.

Drafted by: Keith Taylor, Chief Investment Officer

Approved by: Judy Dezell and Donna Herridge - Co-Presidents/CEO



# REPORT

To: ONE Joint Investment Board  
From: Denis Kelly, Board Secretary  
Date: September 4, 2024  
Re: ONE JIB Meeting Dates 2025-2026  
Report: ONE JIB 2024-055

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the 2025 and 2026 ONE JIB schedule of meetings as follows:

February 27, 2025  
May 29, 2025  
September 4, 2025  
November 25, 2025  
February 26, 2026  
May 28, 2026  
September 3, 2026  
November 24, 2026

## 2. SUMMARY

Subsection 9(3) of ONE JIB's Procedure By-law provides that the Board shall hold a minimum of four meetings each year. The Board's current schedule of meetings ends with the meeting scheduled for November 27, 2024. This report provides a recommended schedule of meetings for 2025 and 2026.

## 3. BACKGROUND AND ANALYSIS

### **A two-year meeting schedule allows for better long-term planning**

Subsection 9(3) of ONE JIB's Procedure By-law provides that the Board shall hold a minimum of four meetings each calendar year.

The draft schedule provides for four meetings of the Board in each of 2025 and 2026. It mirrors the timing of the Board's meeting dates in 2023 and 2024.

The meetings would now be generally on Thursdays rather than Wednesdays. This is to accommodate the Council and Committee meeting dates of the municipal Board Members,

including the new member from Durham Region. The only two exceptions are in November of 2025 and 2026 when the meetings would be on Tuesdays to avoid conflict with AMO meetings. The meetings have also been scheduled for nine weeks from each quarter end to allow for timely analysis and reporting on quarterly investment returns for the Participating Municipalities.

As per the Board's previous practice, meetings are being scheduled for the next two years to allow for appropriate agenda planning and to provide ONE JIB members sufficient notice to plan around other obligations. Additional meetings can be called, if necessary, by the Board Chair or by a decision of the Board or petition of a majority of the Board Members.

Meetings will be planned as in-person unless health protection or other considerations make it necessary to hold them virtually. The Procedure By-law also permits Board Members to participate electronically if the Board Chair determines that there are exceptional circumstances.

As indicated above, most ONE JIB meeting dates will be on Thursdays, with time allocation for each meeting to be approximately 10:00 a.m. to 3:00 p.m.

#### **4. CONCLUSION**

The proposed meeting schedule provides for four meetings in each of 2025 and 2026. It has been designed to accommodate other meeting schedules and timely analysis and reporting on investment returns for the Participating Municipalities.

The 2025 and 2026 meeting schedule, once approved, will be posted on the ONE JIB website.

Drafted by: Jennie Song, Board Coordinator and Denis Kelly, Board Secretary  
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO



# REPORT

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: September 4, 2024  
Re: Transition to OCIO Business Model  
Report: ONE JIB 2024-038

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Direct ONE Investment to bring a business transformation plan to ONE JIB's next meeting for approval.

## 2. SUMMARY

ONE Investment is undertaking a complex business transformation to the OCIO Offering to allow it to scale up over the next few years.

ONE JIB, as the *Municipal Act* required governance framework, plays a key role in the business transformation. Having ONE JIB's perspective will assist ONE Investment in successfully transforming its business model.

## 3. BACKGROUND

### **ONE Investment staff capacity has reached its limit**

Work for ONE Investment staff in supporting the existing 11 Participating Municipalities has been automated as much as possible for efficiency. But tasks like quarterly performance reporting commentary take a significant amount of time from staff that could instead be focused on supporting the needs of existing investors or onboarding new investors. The annual review of a municipal Investment Policy Statement is also a labour-intensive exercise. As the number of municipalities joining ONE JIB grows, there will need to be increased focus on supporting this annual cycle to meet *Municipal Act* requirements. Staff are also looking at ways to streamline the annual review for ONE JIB because its workload will also increase as the number of Participating Municipalities increases.

### **ONE Investment chose an OCIO model as it sought to attract larger municipalities to its Prudent Investment Offering**

To attract larger municipalities, ONE Investment was faced with a choice of either significantly expanding its staff complement to attract the large investors or, as it has always done, hiring the expertise required to attract and support large investors. ONE



Investment chose to hire the expertise through an OCIO Offering. That does not mean that ONE Investment is ruling out the creation of in-house expertise, but right now it is critical to provide the depth of expertise in areas such as asset allocation studies and breadth of investment options sought by large municipalities.

At the same time, ONE Investment was seeking a prudent investor product offering that could be scaled to the small and medium-sized municipalities that already invest through the Prudent Investment Offering and those looking to join. The OCIO model helps address the capacity challenges ONE Investment is already experiencing due to the growth of the Prudent Investment Program.

**ONE Investment is committed to maintaining a strong governance framework**

ONE Investment is ONE JIB’s agent with obligations that it is committed to appropriately resourcing. Drafting reports that provide the right details for ONE JIB to make informed decisions takes time. Appropriately supporting ONE JIB is a priority for ONE Investment. Relying on PH&N Institutional to undertake the quarterly performance analysis required for municipalities along with rebalancing and other similar functions will free up time for ONE Investment staff to focus on the key governance requirements such as municipal Investment Plans and assessing PH&N Institutional and the performance of its funds. It is also important to note the OCIO business model will continue to have a strong focus on a comprehensive compliance framework, which is fundamental to the good governance tone ONE JIB has established.

**4. ANALYSIS**

**The rollout of the business transformation is taking place in three phases**

Currently, the plan is to fully transition to the OCIO Offering as the only Prudent Investment Offering in three phases:

<b>Phase</b>	<b>Activity</b>	<b>Status</b>
Phase 1	Initial onboarding Durham Region	Completed
Phase 2	Onboarding new Participating Municipalities in Q4 2024	In Progress
Phase 3	Transition existing 11 Participating Municipalities in Q1 2025	In the planning stages

ONE Investment staff have been learning from the transition of Durham Region into the OCIO Offering. New business processes are evolving and existing templates have been revised to accommodate the new business model approach.

ONE Investment has documented several activities that need to occur over the next six months to successfully transform its business model from the existing platform to the

OCIO Offering. It is seeking ONE JIB's input on the transformation steps identified before it finalizes the transformation plan.

### **Legal Counsel is guiding the transition of the existing participating municipalities**

ONE Investment has been working closely with WeirFoulds LLP in designing the transition of the existing Participating Municipalities over to the OCIO Offering.

It is ONE Investment's intention to transition all Participating Municipalities at the same time in early 2025. As agent for ONE JIB, it is ONE Investment's responsibility to hire fund managers. WeirFoulds LLP has laid out a process that should be followed in making the transition. The transition does not require each Participating Municipality's council to approve a new IPS, nor ONE JIB to revise the Investment Plan. The CIO and PH&N Institutional have reviewed all the approved IPS and Investment Plans to ensure each can be transitioned to the OCIO Offering without having to go back to each council to approve a new IPS, nor ONE JIB for the Investment Plan. To achieve this, PH&N Institutional has examined each municipality's Outcomes Framework approach, asset allocation and the funds – they have matched as closely as possible to RBC GAM funds. See Attachment 1 for details.

In 2025, as council does its annual review of the IPS, there will be also a conversation about the expanded opportunities through PH&N Institutional including alternative investment options. At that time, there may be a need for rebalancing for each municipality. To support this, ONE Investment is having regular meetings with Participating Municipalities to explain the transition and educate them on the new offering, including the availability of alternative investments. Concurrent to this work, the New Products Committee is currently reviewing model portfolios in the OCIO Offering. The model portfolios will need to be reviewed by ONE JIB. Timing for this is Q1 2025 to provide ONE JIB a framework for implementing, through the new Investment Plan template, revised IPS into the new approach of short-, medium- and long-term investments like the Region of Durham's ONE JIB approved Investment Plan.

With the business model transformation, there are new fund options available to ONE JIB to consider in setting asset allocations including alternative investments. To support ONE JIB, training on alternative investments will be offered in early Q4 2024.

### **ONE JIB approved templates will need to evolve**

ONE staff have identified that for the most part the new Investment Plan and Investment Policy Statement formats used by Durham Region for its onboarding are scalable to the smaller municipalities and can be repurposed. ONE staff have also confirmed that both templates meet ONE Investment and ONE JIB's fiduciary obligations as well as having been reviewed by PH&N Institutional. The one template that will need to be revised is the Municipal Client Questionnaire to reflect information both the CIO and PH&N Institutional need to understand clients. ONE Investment must have know your client information on each municipal investor as a requirement of the Ontario Securities Commission

exemption. It is also staff's view, given the obligation to have know your client information, that the MCQ must remain an approved ONE JIB template. ONE JIB Report 2024-039 provides more details on the templates.

### Some ONE JIB Policies will need to be revised

The OCIO Offering necessitates a review of some ONE JIB policies. The exceptions are those policies required under the *Municipal Act* (e.g., Sale and Disposition of Land, Hiring of Employees Policies). These will continue to be reviewed every five years or after relevant *Municipal Act* changes. Table 1 reflects the relevant ONE JIB policies that will need to be either rescinded or revised, from ONE Investment Audit Committee's perspective, to maintain an effective compliance framework for both ONE Investment and ONE JIB.

Table 1 - ONE JIB Policy Review

ONE JIB Policy	Policy Purpose	ONE Investment Audit Committee comments
Outcomes Framework	The scope of the policy is limited to the determination of MNRI as it applies to the annual investment plan review and updated as required under the Outcome Framework.	The Outcomes Framework will evolve into a marketing document to translate Municipal investment objectives into Bay Street Investment strategy. The Policy itself should be rescinded.
Distribution Policy	The policy establishes guidelines and processes for the distribution of Net Income and Net Realized Gains for the Prudent Investment Funds	PH&N Institutional will be responsible for handling of distributions. Staff to review PH&N Institutional's distribution policy and align ONE JIB's policy as appropriate with PH&N Institutional.
Rebalancing Policy	The policy establishes the principles governing the rebalancing of Investment Fund Allocation Weights to those established in the Participating Municipality Investment Plans.	PH&N Institutional will be responsible for rebalancing. Staff to review PH&N Institutional's rebalancing policy and align ONE JIB's policy as appropriate with PH&N Institutional.
Currency Hedging	Effectively establishes that there will be no currency hedging requirements imposed	PH&N Institutional will be responsible for currency hedging. Staff to review PH&N Institutional's currency

	on fund managers by ONE JIB.	hedging policy and align ONE JIB's policy as appropriate with PH&N Institutional.
External Fund Manager Review	The policy provides a framework that helps guide the regular review of the performance of the External Investment Managers to ensure that their performance meets the expectations of the ONE JIB.	The policy needs to be fully reviewed based on the new business model.
Withdrawal of Money Not Required Immediately	The policy establishes the principles governing withdrawals of MNRI.	The policy should remain in place and ONE Investment should ensure PH&N Institutional understands the policy purpose.

Changes to policies are scheduled for ONE Investment Audit Committee review in September 2024 with revised policies forthcoming to ONE JIB at its November 29, 2024 meeting to facilitate the transition of the existing Participating Municipalities to the new business model in early 2025.

**Municipal Quarterly Performance Reporting will become the responsibility of PH&N Institutional**

Quarterly reporting to municipalities will become the responsibility of PH&N Institutional. The quarterly performance reporting will be co-branded with PH&N Institutional and ONE Investment logos. The information being provided to municipalities is more than ONE Investment has typically provided, but ONE Investment staff see this as an opportunity to educate the municipal investors on how to read the statements for their local accounting and reporting purposes. A sample of the proposed quarterly reporting is found in Attachment 2. Ensuring continuity of performance since joining Prudent Investing is key for ONE Investment and the existing 11 Participating Municipalities. In December 2024 ONE Investment will share with PH&N Institutional monthly returns since inception so it can populate its performance system to ensure a continuous record of performance.

ONE Investment is also working with PH&N Institutional on ways to help ONE JIB with its workload on quarterly performance reporting. This is a work in progress with the goal of giving ONE JIB the right level of information in a succinct manner to make informed decisions.

**PH&N Institutional, as a fund manager, will require a new review process to be established**

As noted above in the Policy review section, the External Fund Manager Review Policy will need to evolve. This will include ONE Investment retaining the services of a firm that does not engage in OCIO offerings as a business line. Negotiations with a firm are currently underway to facilitate the first review of the new offering in Q2 2025.

**Existing Prudent Investment Offering Funds to be wound down and a close out audit completed**

ONE Investment will need to formally advise each fund manager that the Prudent Investment Offering funds will be wound down. Further, ONE Investment will engage PwC to conduct close-out audits of the existing funds.

**Business transformation is a complex process that requires careful planning and risk management**

ONE Investment is working with legal counsel and PH&N Institutional to identify all the activities that need to take place to appropriately manage risks and seamlessly transition the existing 11 Participating Municipalities into the new business model. ONE JIB will have an active role in the transformation as it will impact ONE JIB approved templates, policies and fiduciary obligations to the Participating Municipalities. Figure 1 below summarizes at a high level the activities that need to take place between now and the end of Q1 2025 to achieve a successful business transformation.

*Figure 1 Summary of Business Transformation Activities*

Activity	Q3 2024	Q4 2024	Q1 2025
ONE and PH&N Review Approved IPS and Investment Plans			
Revise IPS and MCQ Templates			
Review of ONE JIB Policies			
Business Transformation Plan to ONE JIB			
Approval by ONE JIB of IPS and MCQ Templates			
Noticification to Existing Fund Managers			
Approval of revised ONE JIB Policies			
Final Business Transformation Plan to ONE JIB			
Business Transformation execution			
Prudent Investment Funds Close Out Audit			
Model Portfolio Adoption by ONE JIB			

## **5. CONCLUSION**

ONE Investment's business transformation to the OCIO Offering is an exciting opportunity to grow the Prudent Investment Offering and offer more to municipalities at the same or lower cost. Careful planning will contribute to a successful transformation.

### **ATTACHMENTS**

Attachment 1: PH&N Institutional 11 Participating Municipalities DRAFT Transition Plan

Attachment 2: Sample Municipal Quarterly Performance Report

Drafted by: Judy Dezell, Co-President/CEO

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO

# ONE Investment

## Transition Plan for 11 P.I. Municipalities

### Presented by

Martin Leclair, CFA, Vice President & Portfolio Manager  
Paul Purcell, CFA, Managing Director & Portfolio Manager  
Dylan Rae, CFA, Portfolio Manager

# Overview

Objective: to determine the adequate Outcome Framework's allocation to RBC GAM funds and to recommend a Q1 2025 transition plan for the 11 investors.

*The analysis is based on the premise that ONE Investment and ONE JIB may wish to review and amend the investment allocations for the ONE Investment's Outcomes from time to time, and that those changes – weights or holdings – will supersede the details provided in the Investment Plan of municipalities.*

Methodology: The recommended RBC GAM's fund allocation should seek to replicate the market and risk factor exposures of the ONE Investment funds.

- Keep the asset mix for the Outcome Framework unchanged (this is not a portfolio modeling exercise)
- Fixed Income: Seek to maintain risk metrics constant (duration, credit rating)
- Equities: Keep same benchmarks, but improve diversification of style

## Inputs:

- Outcome Framework
- Performance benchmarks for ONE Investment funds
- RBC GAM Fund positioning and risk exposures
- Asset classes and funds corresponding to the approved list of 34 pooled funds



# ONE Canadian Government Bond Fund

	Performance Benchmark					
	100%	60%	40%	40%	60%	100%
	<b>ONE Canadian Government Bond Fund</b>	FTSE Canada All Government Short Bond Index	FTSE Canada 91 Day T-Bill Index	PH&N Canadian Money Market Fund	PH&N Short Term Bond & Mortgage Fund	PH&N Blend
<b>Duration (yrs)</b>	1.57	2.62	0	0	2.65	1.59
<b>Yield (%)</b>	4.20	3.90	4.66	4.96	4.39	4.62
<b>Credit Rating</b>	AAA	AAA	AAA	AAA	AA	AA+
<b>Asset Mix</b>						
<b>Cash</b>	40%	0%	100%	100%	3%	42%
<b>Government</b>	60%	100%	0%	0%	46%	28%
<b>Provincial</b>	0%	0%	0%	0%	0%	0%
<b>Corporate</b>	0%	0%	0%	0%	45%	27%
<b>Other</b>	0%	0%	0%	0%	7%	4%

Data as of June 30, 2024 unless otherwise indicated



# ONE Canadian Corporate Bond Fund

	Performance Benchmark							
	100%	48%	40%	10%	2%	50%	50%	100%
	<b>ONE Canadian Corporate Bond Fund</b>	FTSE Canada All Government Bond Index	FTSE Canada Short Term Corporate A Index	FTSE Canada Universe Corporate AAA/AA Index	FTSE Canada 91 Day T-Bill Index	<b>PH&amp;N Canadian Bond Fund</b>	<b>PH&amp;N Short Term Bond &amp; Mortgage Fund</b>	PH&N Blend
<b>Duration (yrs)</b>	5.02	7.68	2.65	2.74	0	7.06	2.65	4.86
<b>Yield (%)</b>	4.31	3.94	4.69	4.47	4.66	4.43	4.39	4.41
<b>Credit Rating</b>	AA	AAA	A	AA+	AAA	AA	AA	AA
<b>Asset Mix</b>								
<b>Cash</b>	2%	0%	0%	0%	100%	3%	3%	3%
<b>Government</b>	48%	100%	0%	0%	0%	24%	46%	35%
<b>Provincial</b>	0%	0%	0%	0%	0%	33%	0%	16%
<b>Corporate</b>	50%	0%	100%	100%	0%	37%	45%	41%
<b>Other</b>	0%	0%	0%	0%	0%	0%	7%	5%

Data as of June 30, 2024 unless otherwise indicated



# ONE Global Bond Fund

	100%	Performance Benchmark 100%	80%	20%	100%
	ONE Global Bond Fund	Bloomberg Multiverse Index	RBC Global Bond Fund	BlueBay Total Return Credit Fund	PH&N Blend
<b>Duration (yrs)</b>	6.44	6.44	6.88	2.73	6.05
<b>Yield (%)</b>	4.12	4.12	4.39	6.4	4.79
<b>Credit Rating</b>	AA+	AA+	AA	BB+	A+
<b>Asset Mix*</b>					
<b>Global Sovereigns**</b>	62%	62%	77%	0%	61%
<b>Global IG Credit</b>	17%	17%	11%	1%	9%
<b>Global HY Credit</b>	3%	3%	0%	35%	7%
<b>Securitized Credit</b>	3%	3%	0%	16%	3%
<b>Emerging Markets</b>	16%	16%	10%	30%	14%
<b>Others</b>	0%	0%	2%	18%	5%

\*Benchmark Asset Mix as of March 31, 2023

\*\*Includes Agency MBS

Data as of June 30, 2024 unless otherwise indicated



# Outcome Framework Fulfillment (ONE v. RBC GAM)

ONE Fund Allocations	Stable Return Outcome			Contingency Outcome			Asset Management Outcome		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<b>Equity</b>	<b>26</b>	<b>30</b>	<b>34</b>	<b>55</b>	<b>60</b>	<b>65</b>	<b>88</b>	<b>90</b>	<b>92</b>
ONE Canadian Equity Fund		9			18			27	
ONE Global Equity Fund		21			42			63	
<b>Fixed Income</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>8</b>	<b>10</b>	<b>12</b>
ONE Canadian Government Bond Fund		19			6			1.5	
ONE Canadian Corporate Bond Fund		9			6			1.5	
ONE Global Bond Fund		42			28			7	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

RBC GAM Fund Allocations	Stable Return Outcome			Contingency Outcome			Asset Management Outcome		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<b>Equity</b>	<b>26</b>	<b>30</b>	<b>34</b>	<b>55</b>	<b>60</b>	<b>65</b>	<b>88</b>	<b>90</b>	<b>92</b>
PH&N Canadian Equity Value Fund		3			6			9	
PH&N Canadian Equity Fund		3			6			9	
RBC QUBE Canadian Equity Fund		3			6			9	
RBC Global Equity Focus Fund		10.5			21			31.5	
RBC QUBE Global Equity Fund		10.5			21			31.5	
<b>Fixed Income</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>8</b>	<b>10</b>	<b>12</b>
PH&N Canadian Money Market Fund		7.6			2.4			0.6	
PH&N Short Term Bond & Mortgage Fund		11.4			3.6			0.9	
PH&N Short Term Bond & Mortgage Fund		4.5			3			0.75	
PH&N Canadian Bond Fund		4.5			3			0.75	
RBC Global Bond Fund		34			22.4			5.6	
BlueBay Total Return Credit Fund		8.4			5.6			1.4	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

# Outcome Framework Fulfillment (ONE v. RBC GAM)

## ONE Fund Allocations

	Target Date 3-5 Years			Target Date 5-10 Years			Target Date 10+ Years		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<b>Equity</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>71</b>	<b>75</b>	<b>79</b>
ONE Canadian Equity Fund		3			15			22.5	
ONE Global Equity Fund		7			35			52.5	
<b>Fixed Income</b>	<b>88</b>	<b>90</b>	<b>92</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>21</b>	<b>25</b>	<b>29</b>
ONE Canadian Government Bond Fund		30.5			7.5			3.75	
ONE Canadian Corporate Bond Fund		10.5			7.5			3.75	
ONE Global Bond Fund		49			35			17.5	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

## RBC GAM Fund Allocations

	Target Date 3-5 Years			Target Date 5-10 Years			Target Date 10+ Years		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<b>Equity</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>71</b>	<b>75</b>	<b>79</b>
PH&N Canadian Equity Value Fund		1			5			7.5	
PH&N Canadian Equity Fund		1			5			7.5	
RBC QUBE Canadian Equity Fund		1			5			7.5	
RBC Global Equity Focus Fund		3.5			17.5			26.25	
RBC QUBE Global Equity Fund		3.5			17.5			26.25	
<b>Fixed Income</b>	<b>88</b>	<b>90</b>	<b>92</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>21</b>	<b>25</b>	<b>29</b>
PH&N Canadian Money Market Fund		12.5			3			1.5	
PH&N Short Term Bond & Mortgage Fund		18.3			4.5			2.25	
PH&N Short Term Bond & Mortgage Fund		5.25			3.75			1.875	
PH&N Canadian Bond Fund		5.25			3.75			1.875	
RBC Global Bond Fund		39.2			28			14	
BlueBay Total Return Credit Fund		9.8			7			3.5	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

# AUM Mapping

## ONE Fund Allocations

	AUM
<b>Equity</b>	
ONE Canadian Equity Fund	\$ 97,106,394
ONE Global Equity Fund	\$ 218,326,525
<b>Fixed Income</b>	
ONE Canadian Government Bond Fund	\$ 103,827,220
ONE Canadian Corporate Bond Fund	\$ 48,310,685
ONE Global Bond Fund	\$ 229,047,438
<b>Total</b>	<b>\$ 696,618,261</b>

## RBC GAM Fund Allocations\*

	AUM
<b>Equity</b>	
PH&N Canadian Equity Value Fund	\$ 32,045,110
PH&N Canadian Equity Fund	\$ 32,045,110
RBC QUBE Canadian Equity Fund	\$ 32,045,110
RBC Global Equity Focus Fund	\$ 109,163,263
RBC QUBE Global Equity Fund	\$ 109,163,263
<b>Fixed Income</b>	
PH&N Canadian Money Market Fund	\$ 41,530,888
PH&N Short Term Bond & Mortgage Fund	\$ 62,296,332
PH&N Short Term Bond & Mortgage Fund	\$ 24,155,343
PH&N Canadian Bond Fund	\$ 24,155,343
RBC Global Bond Fund	\$ 183,237,950
BlueBay Total Return Credit Fund	\$ 45,809,488
<b>Total</b>	<b>\$ 696,618,261</b>

\* The funds recommended here have the capacity and liquidity required to execute an asset transfer of this magnitude.

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Attachment 2

**Investment Management Report for  
Durham Region**

For Period Ending March 31, 2024

Sample

Sample

## Table of Contents

<b>Portfolio 1</b>	
Executive Summary	1
<b>Portfolio 2</b>	
Executive Summary	2
<b>Portfolio 3</b>	
Executive Summary	3
Commentaries	4
Macroeconomic and Capital Markets Commentary and Outlook	4
ESG Spotlight	8
Transactions	15
Statement of Account	24

Sample

# Executive Summary - Portfolio 1

## Summary of Assets

Summary of Assets for Portfolio 1 as of March 31, 2024		
	Market Value (\$) March 31, 2024	Market Value (%)
BlueBay Global Monthly Income Bond Fund	2,302,525	3.9
PH&N Core Plus Bond Fund	9,087,195	15.4
PH&N High Yield Mortgage Fund	264,239	0.4
PH&N Mortgage Pension Trust - OL	5,217,848	8.9
PH&N Short Core Plus Bond Fund	1,722,232	2.9
PH&N Canadian Equity Fund	5,883,746	10.0
RBC QUBE Low Volatility Canadian Equity Fund	8,826,438	15.0
RBC Global Equity Focus Fund (CAD)	25,605,599	43.5
<b>Total Portfolio</b>	<b>58,909,822</b>	<b>100.0</b>

All fund units are Series O unless otherwise stated in the name of the fund.

## Account Performance

Performance for Portfolio 1 as of March 31, 2024 (%)									
	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	<b>7.08</b>	<b>7.08</b>	<b>12.64</b>	<b>4.40</b>	<b>5.12</b>	-	-	-	<b>5.07</b>

\* Performance inception date for The Toronto Symphony Foundation is December 02, 2020.

Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

## Executive Summary - Portfolio 2

### Summary of Assets

#### Summary of Assets for Portfolio 2 as of March 31, 2024

	Market Value (\$) March 31, 2024	Market Value (%)
PH&N Canadian Money Market Fund	10,301,005	100.0
<b>Total Portfolio</b>	<b>10,301,005</b>	<b>100.0</b>

All fund units are Series O unless otherwise stated in the name of the fund.

### Account Performance

#### Performance for Portfolio 2 as of March 31, 2024 (%)

	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	<b>1.31</b>	<b>1.31</b>	<b>5.09</b>	<b>4.10</b>	<b>2.82</b>	-	-	-	<b>2.57</b>

\* Performance inception date for The Toronto Symphony Foundation (Cash) is December 03, 2020.  
Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

Sample

## Executive Summary - Portfolio 3

### Summary of Assets

Summary of Assets for Portfolio 3 as of March 31, 2024		
	Market Value (\$) March 31, 2024	Market Value (%)
PH&N Canadian Money Market Fund	60,881	0.0
BlueBay Total Return Credit Fund (Canada)	67,852,722	13.9
PH&N High Yield Mortgage Fund	5,974,533	1.2
PH&N Short Core Plus Bond Fund	74,626,083	15.3
PH&N Canadian Equity Fund	50,004,697	10.3
RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund	25,833,413	5.3
RBC Vision Fossil Fuel Free Emerging Markets Equity Fund	47,913,027	9.8
RBC QUBE Low Volatility Global Equity Fund (CAD)	54,770,270	11.2
RBC Vision Fossil Fuel Free Global Equity Fund LP	123,453,186	25.3
RBC Canadian Core Real Estate Fund	21,383,323	4.4
RBC Global Infrastructure Fund LP	15,211,697	3.1
<b>Total Portfolio</b>	<b>487,083,832</b>	<b>100.0</b>

All fund units are Series O unless otherwise stated in the name of the fund.

### Account Performance

Performance for Portfolio 3 as of March 31, 2024 (%)									
	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	<b>5.82</b>	<b>5.82</b>	<b>11.33</b>	<b>5.37</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.96</b>

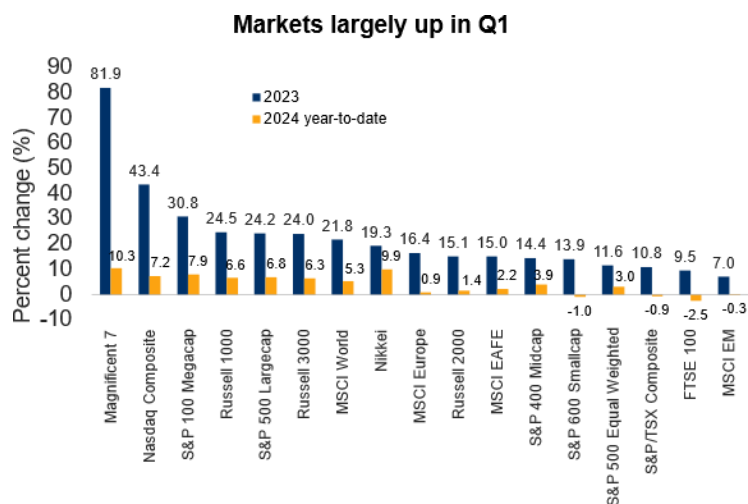
\* Performance inception date for MFA OF BC DMAC FUND is January 20, 2022.

Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

## Macroeconomic and Capital Markets Commentary and Outlook

The following commentary summarizes meaningful trends and events that we’ve observed over the past quarter.

**Global equity markets** witnessed a powerful rally in the first quarter, with many major indices reaching record highs. The rally in stocks, which began in late-October 2023, was initially led by a handful of U.S. mega-cap technology stocks but ultimately broadened to include more areas. Nevertheless, Info Tech remained the best-performing sector over the period. The sector’s performance is congruent with the increased probability of an economic soft landing. Going forward, the likelihood of recession, the trajectory of inflation, and the extent of rate cuts will be key factors influencing future performance.



Note: As of February 29, 2024. Magnificent 7 includes Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta and Tesla. Source: Bloomberg, RBC GAM

In terms of **economic activity**, the likelihood of a soft landing – that is, the economy continuing to grow in the face of adversity – continues to mount. Contrary to market expectations at the end of 2023, economic data has remained resilient and a number of historically

compelling recession signals have begun to reverse. With a soft landing now probable, our base case growth forecasts have increased. Instead of a recession in the first half of 2024, we now expect modest growth. That said, there are a variety of risks to our base case outlook for the global economy.

### Recession signals significant but declining

Signal	Predicting U.S. recession?
2yr-10yr curve inverts	Yes
3m-10yr curve inverts	Yes
Fed short-term curve inverts	Yes
Inflation spike	Yes
Monetary tightening cycle	Likely
RBC GAM recession model	Likely
Google "recession" news trend	Maybe
Duncan leading indicator falls	Maybe
Unemployment increase	Maybe
Jobless claims jump	No
Volume of global trade falls	No
Lending standards tighten	No
Oil price spike	No

Note: As at 04/05/2024. Analysis for U.S. economy. Source: RBC GAM. For illustrative purposes only. There is no assurance that any of the trends depicted or described herein will continue.

The Ukraine-Russia conflict

continues, with Russia managing incremental gains and international support for Ukraine wearing, which could impact the European economy and global energy prices; the Middle East remains in turmoil; U.S.-China relations continue to be frosty; and uncertainty prevails around the U.S. election in November.

Amidst this global turbulence, the U.S. economy has continued to perform admirably, in part due to lower interest rate sensitivity and in part because of particularly strong consumer spending and fiscal support.

That said, these growth drivers may become less helpful over the coming year, with some households already beginning to struggle under the weight of higher interest rates. Also, the IMF and the OECD both project a fiscal drag for the U.S. in 2024, although U.S. election year considerations could induce additional fiscal support.

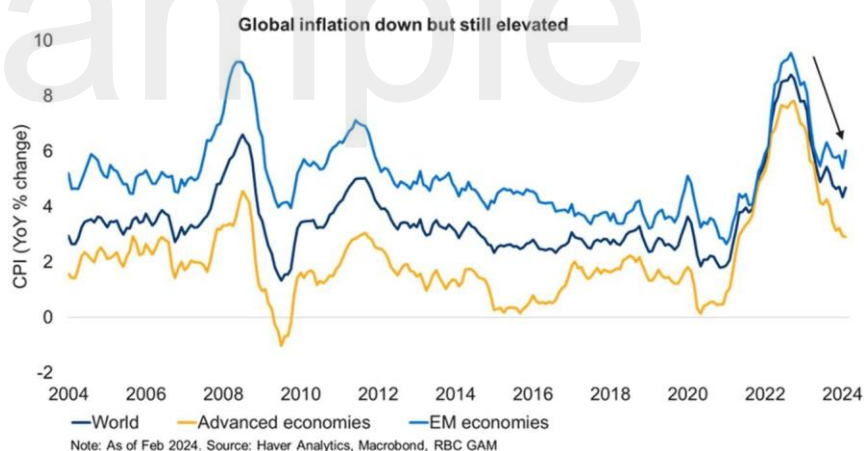
Thus far, the Canadian economy has underperformed the U.S. while managing to outperform the U.K. and the eurozone slightly. Genuine economic weakness is visible both in several quarters of stagnant GDP and in weak business expectations, and home prices are likely to remain roughly flat over the next few years as fixed-rate mortgages continue to roll into higher rates. The underlying drivers of rapid immigration have probably peaked, especially now that the government is reducing the number of temporary visas, with the result that population growth should be rapid but slowing in 2024 and then merely robust thereafter. This expansion of the population base has added to Canada's overall economic growth rate via increased demand, but with adverse consequences that include diminished productivity (GDP per capita) and more problematic housing shortages.

We assign a 35% probability of recession over the next year in the U.S. A variety of classic recession signals continue to point in that direction, though they constitute a shrinking fraction of the total. The prognosis for other developed markets has also improved but remains less promising than for the U.S., with a recession probability in the realm of 50% over the coming year.

**Inflation** has fallen significantly from its multi-decade peak in the middle of 2022, as three of the four main contributors to ultra-high inflation have subsided. The commodity shock has faded, supply chains have resolved their pandemic-era problems, and central banks have removed their extraordinary stimulus. The one inflation driver that has not yet fully reversed is fiscal policy: some governments – the U.S. prominently among them –

are still running large deficits that do not aid the goal of lower inflation. The improvement in the rate of inflation has slowed and become much choppier over the past few quarters. In the U.S., some of this relates to the economy's resilience – a complication that will persist if the soft-landing scenario continues to play out. The journey for U.S. inflation from the present range of 2.75%–3.50% down to the 2.00% target will be more difficult: slower, bumpier, and ultimately less certain. Known lagged effects, especially in areas such as services and shelter, remain and are likely to impede this path of recovery.

**Central bank** rate hikes appear to have come to an end last year, with a small but growing number of central banks now beginning the process of removing that restraint. So far, rates have fallen exclusively in emerging markets – countries where inflation, exchange rates, and capital flows tend to be more volatile.





But the trend is worth watching, as it was emerging market central banks that led the way upward during the period of monetary tightening. The U.S. Federal Reserve has communicated its intention to decrease rates more forcefully than many of its peers, though if U.S. economic data remains robust, rate cuts may take longer to arrive and be more incremental in their magnitude than the market imagines. We budget for up to five rate cuts of 25 basis points (bps) in the U.S. over the next year. Of course, if a recession arrives, central banks are capable of moving much more aggressively, with several hundred percentage points of easing possible.

**Global equity markets** recorded strong returns in many geographies over the three-month period, with several indexes soaring to all-time highs. The performance was driven by declining inflation, decreased chances of recession, and increasing optimism around rate cuts.

The MSCI World Net Index posted strong positive performance during the first quarter, finishing the period with a return of 11.74%, as leading economic indicators of global growth began turning up after a year of consolidation. Optimism over the economy and interest rate cuts combined with excitement about the business opportunity in artificial intelligence drove the broader market gains. However, after all of the "Magnificent Seven" tech and growth stocks posted huge gains in 2023, this most recent period has seen them diverge. Nvidia and Meta were among the winners in the first quarter, while Apple and Tesla tumbled. In fact, the "Magnificent Seven" accounted for only ~40% of the S&P 500 Index's first quarter performance, compared with a share of more than 60% last year.<sup>1</sup>

Equity Indices Performance Comparison as of March 31, 2024 (%)

	3 Mo	1 Yr
S&P/TSX Composite Index (C\$)	6.62%	13.96%
S&P 500 Index (C\$)	13.02%	30.17%
MSCI World Net Index (C\$)	11.74%	25.10%
MSCI EAFE Net Index (C\$)	8.56%	15.31%
MSCI Emerging Markets Net Index (C\$)	5.06%	8.14%

Source: RBC GAM

The **Canadian equity market** ended the quarter in positive territory, with the S&P/TSX Composite Index returning 6.62% but underperforming the U.S. market. The stock market's performance was supported by resilient economic data and expectations that corporate earnings growth will regain momentum. The Industrials sector led the S&P/TSX Composite Index to start this year, as economic resilience improved the growth outlook. Energy and Health Care were among the other top contributors, while the Utilities and Communications Services sectors underperformed. Going forward, equity returns will depend on the path of interest rates, any economic downturn that materializes, and its impact on earnings growth.

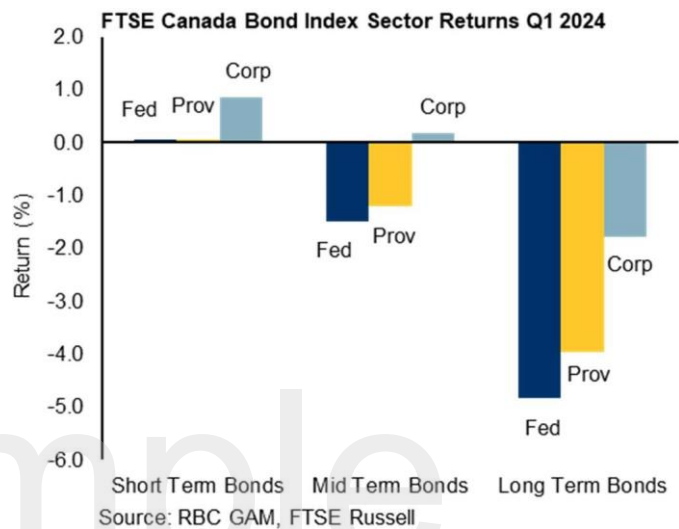
In **emerging markets (EM)**, the MSCI Emerging Markets Net Index posted positive returns during the quarter but underperformed developed markets. Outside China, emerging market equities largely performed well, with Taiwan and India posting strong returns. Within China, the intensifying threat of deflation, weak GDP growth, and subdued lending have hurt the country's property sales. Other risks in China are both demographic and debt related, with the working-age population steadily declining since

<sup>1</sup> RBC GAM, S&P.

peaking in 2012, and non-performing loans soaring into the trillions of renminbi. Meanwhile, many Western investors are opting to leave China, with foreign direct investment falling for the first time since 1998 amid overcapacity in most sectors and a Sino-U.S. trade war. The importance of countries beyond China to both the world economy and the index is becoming clearer. Recent gains from oil producers in the Middle East and exporters in Southeast Asia will be bolstered by Vietnam and other Latin countries. We feel, therefore, that there are enough supportive factors for emerging market stocks to maintain performance as China’s influence on the index recedes.

**Global fixed income markets** were mixed in the latest quarter. In terms of the **Canadian fixed income market**, the yield of the FTSE Canada

Universe Bond Index ended the first quarter at 4.2%, an increase of 0.3% over the period. Yields continued to exhibit heightened volatility over the quarter, oscillating within a 52 bps range, with 18 days where yields on the FTSE Canada Universe Bond Index changed by more than 5 bps.<sup>2</sup> The upward trend in bond yields and negative returns over the quarter are largely a reflection of the expectation for near-term policy rates cuts being pushed back into the second half of the year. The Bank of Canada (BoC) held its policy rate unchanged at 5% at its January and March meetings,



citing concerns about risks to the outlook for inflation, particularly the persistence in underlying inflation.

Canadian headline inflation fell from 2.9% in January to 2.8% in February – below expectations for the second consecutive month. For the first time since early 2021, inflation was within the BoC’s target range of 1–3% for two months in a row, providing further evidence that higher rates are having their intended impact. This also supports the market’s expectations for rate cuts that are likely to begin in the summer.

Looking forward, the bond market is pricing in a meaningful decline in short-term yields over the next 12 months, while long-term yields are expected to fall relatively less. Heading into the year, markets were pricing in a significant amount of policy rate cuts for 2024, with the first anticipated as early as March. While that enthusiasm has since diminished, most major central banks deem some degree of cutting appropriate over the short term, but it will be highly dependent on economic data evolving in line with their projections.

Detailed commentary on the specific strategy or strategies employed in your portfolio is provided in the following pages.

<sup>2</sup> RBC GAM, FTSE Russell.

## BC Global Asset Management ESG Spotlight: 2024 Proxy Season Preview

At RBC Global Asset Management (RBC GAM), we believe that proxy voting is an important part of our stewardship process, as it provides a way for us to convey our views to the boards and management of our investee companies. We take an active and thoughtful approach to our proxy voting activities, and we exercise the voting rights of the portfolios we manage in the best interests of our clients, with a view to enhancing the long-term value of the securities held.

Each year, our RBC GAM Responsible Investment (RI) team monitors ongoing developments in corporate governance and, with input from our investment teams, updates the RBC GAM Proxy Voting Guidelines (the “Guidelines”) to reflect current trends and what we believe to be best practices. Each year, many issuers hold their annual shareholder meetings between April and June, a period known as “proxy voting season.” These meetings provide shareholders with the opportunity to vote on a range of issues including the election of directors, executive compensation, and shareholder proposals focused on environmental, social, and governance (ESG) issues, among other items.

In this article, we will outline relevant updates we made to the [RBC GAM Proxy Voting Guidelines](#) for 2024, as well as major themes and trends we are seeing in the market.

### Notable updates

#### ***Nature-related risks***

In March 2022, the Network for Greening the Financial System (NGFS), a collaboration of over 100 central banks and supervisors, released a statement acknowledging that nature-related risks could have significant macroeconomic implications, and that failure to account for, mitigate, and adapt to these implications may pose a material financial risk.<sup>1</sup> Additionally, research from the World Economic Forum found that over half of the world’s GDP is either moderately or highly dependent on nature and its services.<sup>2</sup> The potential systemic impacts of nature-related factors are also increasingly recognized. While not a legally binding agreement, the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF) by 188 countries in December 2022 was an important development as it set out goals, targets, and expectations regarding national commitments that aim to halt and reverse nature loss.<sup>3</sup>

Despite the global economy’s dependence on nature, efforts to quantify related risks and opportunities have been constrained by a lack of consistent and reliable data and methodologies. Recent progress has been made, with the release of the Taskforce on Nature-related Financial Disclosures’ (TNFD) final recommendations in September 2023.<sup>4</sup> The TNFD provides a voluntary framework for issuers and

1 Statement on nature-related financial risks, NGFS, March 2022. <https://www.ngfs.net/en/communique-de-presse/ngfs-acknowledges-nature-related-risks-could-have-significant-macroeconomic-and-financial>

2 New Nature Economy Report II: The Future of Nature and Business, World Economic Forum, July 2020. <https://www.weforum.org/publications/new-nature-economy-report-ii-the-future-of-nature-and-business/>

3 COP15: Nations adopt four goals, 23 targets for 2030 in landmark UN Biodiversity Agreement, Convention on Biological Diversity, December 2022. <https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022>

4 Recommendations of the TNFD. <https://tnfd.global/recommendations-of-the-tnfd/>

financial institutions, and sector-specific guidance for the disclosure of nature-related dependencies, impacts, risks, and opportunities.<sup>5</sup>

### **2024 Guideline updates**

This year, we added a new guideline on our approach to voting on shareholder proposals regarding nature-related risks. Following the success of COP15 (Conference of the Parties, the main decision-making body of the United Nations Convention on Climate Change) in 2022 and the launch of the TNFD recommendations, we believe greater focus may be applied on the nature-related risks faced by companies.

We believe investors may benefit from having more information on the governance of material nature-related risks. However, we recognize this is an emerging area with evolving standards. We will evaluate nature-related shareholder proposals on a case-by-case basis.

### **Auditor tenure**

The audit plays an important role in the corporate governance process. Not only does it seek to verify the financial performance of a company, but it also aims to identify deficiencies in the internal control mechanisms of the company. We believe the audit committee has a responsibility to select and appoint an auditor in the best interests of shareholders, and we support the role of the external auditor being put to tender on a regular basis. Generally, we believe external auditor tenure exceeding 20 years is disproportionate compared to market norms.

### **2024 Guideline updates**

In 2023, we engaged with investee companies and a Canadian industry organization on external auditor tenure.<sup>6</sup> These engagements were initiated to discuss our approach to voting on the issue and in 2024 we updated our Guidelines to clarify this approach. We will not vote against the ratification of an auditor if the issuer is following regional requirements for audit tenure and the rotation of the lead audit partner. We support the role of external auditors being put to tender on a regular basis, which means the same auditor can be appointed but only after a competitive review.

Because of the average external auditor tenure observed in the market, our Guidelines also communicate that excess tenure may be a consideration in our assessment of corporate governance risks, if deemed material.

### **Dual-class stock & unequal voting rights**

A company with dual-class shares gives multiple votes per share to a certain class of shares, resulting in unequal voting rights between classes of shares. This violates the principle of one share, one vote. Issuers with multiple voting shares give minority shareholders the ability to make decisions that may not be in the interests of all shareholders, or may not be supported by the majority of shareholders.

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<sup>5</sup> Additional Guidance for Financial Institutions, TNFD, September 19, 2023. <https://tnfd.global/tnfd-publications/>

<sup>6</sup> In certain instances involving quantitative investment, passive and certain third-party sub-advised strategies, there is no direct engagement with issuers by RBC GAM.

We believe there are exceptions where it may be in shareholders' best interests to continue operating under this unequal voting rights structure. For instance, there may be cases where we believe a founder or group of founders should continue to have control of the company to keep creating shareholder value. We also recognize that when investing in an issuer with unequal voting rights, this is a known factor to the investor, which can be incorporated into the investment analysis. But we believe these limited cases should generally be supported only if there are additional shareholder protections such as a sunset clause or a regular binding vote.

Last year, we updated our voting guideline to state that we may vote against members of governance committees for issuers that have historically used an unequal voting rights structure and do not have adequate safeguards in place for minority shareholders. We defined adequate safeguards to include, at minimum, (1) a regular binding vote for holders of subordinate voting shares on whether the capital structure should be maintained, or (2) the existence of a sunset clause to eliminate the unequal voting rights structure.

### **2024 Guideline updates**

In 2023, we reviewed several sunset clauses through the application of our updated voting guideline. The sunset clauses we reviewed were nuanced, affected by both the characteristics of the clause itself (e.g., time-based clause, dilution-based clause, etc.) and the governance of the issuer (e.g., independence, insider ownership, etc.). Further, although the existence of a sunset clause appeared to be a positive governance trait on the surface, we determined some were not structured in shareholders' best interests.

In 2024, to reflect this nuance, we updated our Guidelines to state that we will evaluate the adequacy of sunset clauses on a case-by-case basis. We will consider the length and structure of each sunset clause, in addition to the overall corporate governance of the issuer when assessing its adequacy.

## **Trends**

### **Technology risks**

In October 2022, the White House Office of Science and Technology Policy developed a Blueprint for an AI Bill of Rights, which was intended to guide the design, use, and development of artificial intelligence (AI).<sup>7</sup> In July 2023, the Biden administration secured voluntary commitments from Amazon, Anthropic, Google, Inflection, Meta, Microsoft, and OpenAI in an attempt to mitigate risks posed by AI.<sup>8</sup> Such risks are also being increasingly recognized by shareholders. For example, at Microsoft's last annual meeting in December 2023, 21% of shareholders supported a resolution requesting increased transparency around risks posed by misinformation generated and disseminated through AI.<sup>9</sup> More recently, at Apple's

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<sup>7</sup> Blueprint for an AI Bill of Rights | OSTP | The White House. <https://www.whitehouse.gov/ostp/ai-bill-of-rights/>

<sup>8</sup> White House secures voluntary pledges from Microsoft, Google on AI, CNBC, July 21, 2023.

<https://www.cnbc.com/2023/07/21/white-house-secures-voluntary-pledges-from-microsoft-google-on-ai.html>

<sup>9</sup> Large Apple Shareholders Seek AI disclosures, Financial Times. <https://www.ft.com/content/387c446c-55e0-4f54-a4b4-80bf9d5bc2f3>

February 28 meeting this year, a similar proposal received 37.5% support.<sup>10</sup> Moving forward, we expect to continue to see increased shareholder attention paid to both risks and opportunities related to AI.

### **Shareholder proposal trends and support**

In 2021, the Securities and Exchange Commission (SEC) communicated changes to the application of its rules around no-action letters,<sup>11</sup> and as a result, U.S.-listed companies have seen considerable growth in the number of shareholder proposals (SHPs) focused on environmental and social (E&S) issues. According to Institutional Shareholder Services (ISS), the number of E&S-related SHPs submitted at U.S. companies was at least 625 last year, representing a 39% increase from 2020. Globally, 2023 saw a 2% year-over-year increase in SHPs submitted, the highest since 2016.<sup>12</sup>

Simultaneously, support for these SHPs has been on the decline. Average support for SHPs during the 2023 proxy season dropped by 10%.<sup>13</sup> Breaking this down further, support for SHPs focused on environmental issues dropped from 33% in 2022 to 21% in 2023, while social SHPs experienced a 5% drop year-over-year.<sup>14</sup> Overall, just 3% of all SHPs submitted in the 2023 proxy season received majority support, in comparison to 9% in 2022.<sup>15</sup>

In addition, ExxonMobil is suing two proponents that filed a SHP for the company's 2024 annual meeting. The SHP requested that the company set stronger climate targets with respect to Scope 3 emissions. Following the legal action taken by the company in Texas federal court, the proposal was withdrawn. However, ExxonMobil is continuing to pursue litigation. The move may put in motion a more combative dynamic this proxy season, and we expect both investors and companies will be watching the case closely.

### **First quarter engagements**

#### **Governance and ESG risks in fixed income**

- The **RBC Alternative Investments team** engaged with a high yield bond issuer that supplies fuel and petroleum products and operates a network of convenience stores. The company has been embroiled in disagreements with its largest shareholder and a separate activist investor. As a result, two board members appointed by the largest shareholder recently stepped down from their positions. Through the team's engagement with senior management, the team determined the two nominees were not well equipped to deal with important public company matters, such as governance, regulatory issues, compliance, and ESG. Additionally, the nominees were growth focused and not

<sup>10</sup> Institutional Shareholder Services (ISS)

<sup>11</sup> SEC's New Approach to No-Action Requests for Shareholder ESG Proposals, Harvard, Dec 4, 2021.

<https://corpgov.law.harvard.edu/2021/12/04/secs-new-approach-to-no-action-requests-for-shareholder-esg-proposals/>

<sup>12</sup> Shareholder Proposal Developments During the 2023 Proxy Season, Harvard, August 3, 2023,

<https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

<sup>13</sup> Are There Too Many ESG Shareholder Proposals?, Morningstar, Sept 13, 2023, <https://www.morningstar.com/sustainable-investing/are-there-too-many-esg-shareholder-proposals>

<sup>14</sup> Shareholder Proposal Developments During the 2023 Proxy Season, Harvard, August 3, 2023,

<https://corpgov.law.harvard.edu/2023/08/03/shareholder-proposal-developments-during-the-2023-proxy-season/>

<sup>15</sup> A Look Back at the 2022 Proxy Season, Harvard, October 22, 2023, <https://corpgov.law.harvard.edu/2022/10/23/a-look-back-at-the-2022-proxy-season/>

concerned about the company's elevated debt levels, which had increased above established leverage targets because of acquisitions.

The team came away from the engagement with a few important takeaways. Firstly, there was increased risk that the activist investor might put forward a slate of directors at the next annual shareholder meeting, potentially leading to changes to the board and management. Secondly, the largest shareholder, controlling nearly 20% of the company, appeared comfortable with higher leverage than the company's financial policies, which the investment team believed could be unfavorable to the credit in the event of leadership change. Combined with operating issues, air pollution at the company's refinery, terminal value concerns, and the investment team's views on changing fuel demands over time, the team decided to reduce its exposure the issuer's longer-term bonds in applicable strategies.

### **Environment**

- The **RBC Asian Equity team**<sup>16</sup> met with an Australian metals and mining company. Due to a 2015 tailings dam failure, the issuer was flagged by third-party ESG research providers for a potential United Nations Global Compact (UNGC) violation. The investment team discussed both the business side implications (e.g., potential fines and further costs to remedy the situation) of the flag and the firm's progress on resolving the controversy. Management provided views on structural industry trends, such as production and pricing behaviour shifts from clients, and major new developments in Africa, among other regions, that gave the team a better sense of future ESG-related risks in the sector. After a detailed firsthand update from management that helped the team determine the issuer's commitment to the issue, the investment team had a follow-up meeting with the issuer's head of ESG.

The follow-up meeting was primarily focused on how the issuer works with third-party ESG research providers. The discussion included the specific issues two research providers still considered unresolved, and how the issuer has been working with each provider individually. Overall, the dialogue helped the investment team gauge management's commitment and approach on the matter and what it has been doing both on the ground and to improve the firm's ESG momentum with research providers. The investment team set up a call with one of the research providers to discuss potential discrepancies and continues to monitor the situation.

- The **RBC U.S. Value & Core Equity team**<sup>17</sup> had a discussion with the CFO of a U.S. refrigeration company about the practical implications of the statutory requirement, effective January 1, 2024, that 40% of all annual hydrofluorocarbon (HFC) production in the U.S. must be from recycled HFCs, rather than virgin production. This is an increase from a 10% requirement prior to the beginning of the year. HFCs are greenhouse gases, which are used primarily in refrigeration and air-conditioning equipment, and greater use of recycled HFCs reduces greenhouse emissions compared to virgin production. The company is the U.S. market leader in recycled HFC production. The team discussed the Environmental Protection Agency's (EPA) increasingly stringent reporting standards to assure

<sup>16</sup> Employees of RBC Global Asset Management (Asia) Limited.

<sup>17</sup> Employees of RBC Global Asset Management (U.S.) Inc.

compliance, which many of the company's smaller, less sophisticated competitors may not be able to meet. Ultimately, the team believes the company may serve to benefit from this regulation.

### ***ESG disclosures and board diversity***

- The **RBC Emerging Markets Equity team**<sup>18</sup> engaged with a Chinese technology company on several focus engagement areas. Firstly, in terms of corporate culture, the company described its culture as people-orientated and inclusive. On board diversity, it appointed its first woman independent executive director in 2019 and its second in 2022. Currently 25% of board members are women and it plans to increase this to 30% by 2030. The team also asked about carbon emissions disclosure. The company is the first among its Chinese internet peers to disclose Scope 3 emissions, have set a carbon-neutral target by 2030 across Scope 1, 2, and 3 emissions, and have obtained Science-based Target Initiative verification. Overall, the team was satisfied with the company and will continue to monitor progress.

### ***Access to and affordability of health care***

- The **PH&N Canadian Equity team** met with a Canadian health care company to discuss access to and affordability of healthcare. The Canadian federal government plans to implement a national dental care program that will extend public health care benefits to include dentistry. This could benefit Canadians not currently covered by dental insurance or without the means to pay out of pocket. However, this program could be a threat to the company's business if Canadians who were previously covered by private insurance are now eligible for public coverage, under the assumption that the government will offer lower service rates. Management noted two mitigating factors. First, the program could introduce new customers into the dental service market who were previously not receiving dental services (at lower, but still profitable, rates). Second, many of the Canadians covered by the new plan will be coming from rural markets where the company does not operate, limiting the impact. The team agreed with management that these mitigating factors could limit risk, but still believe the risks to the business are meaningful enough to warrant continued monitoring.

### ***Energy transition***

- The **RBC Global Equity team**<sup>18</sup> met several members of the management team of a European energy company. The team discussed material ESG factors including the company's transition strategy. The team's main concern was whether the company remains on track to meet its target of 50% CAPEX going towards renewables by 2025, given the current offshore wind crisis. Offshore wind has experienced its first real crisis fuelled in part by higher interest rates. The company is increasingly looking at its renewable strategy through a geographic lens. For instance, the company believes that while onshore renewable projects have better return prospects in Europe over the short term, offshore wind will be profitable and meaningful for Europe over the long term, and this requires commitment and investment in projects now. In addition, the company continues to engage and work with turbine manufacturers to build a more standardized turbine market, as the market has yet to reach a production phase.

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<sup>18</sup> Employees of RBC Global Asset Management (UK) Limited.



Overall, management highlighted it remains on track for its short- and medium-term targets. As the company gears up to publish its updated transition strategy next year, the team plans to engage with management to ensure the plan meets its standards, particularly given the recent volatility in the renewables market.

- The **RBC European Equity team** met with a Spanish utilities company to discuss the energy transition. The CEO explained how the company is playing a key role in enabling Spain's transition to renewables through the development of the Spanish electricity transmission grid. The Spanish government is making its emissions reduction targets and renewable energy targets more aggressive. The company also sees potential to help the rest of Europe decarbonize through interconnector projects; for example, through a project that will enable the exchange of electricity between Spain and France. The company is investigating further interconnector projects, which would come online in the 2030-34 timeframe. Overall, the team was happy with the progress the company has made to help decarbonize Spain, and was impressed with their ambitions to contribute further across Europe moving forward.
- The **PH&N Fixed Income team** formally reached out to a Canadian energy company to discuss its positioning for the energy transition and capital allocation to renewable energy. As part of this engagement, the team expressed support for a recent strategic asset realignment. The team also encouraged the company to consider further diversifying its operations through a greater capital allocation to clean energy infrastructure. On the back of this, the team spoke directly with management to provide more details on the rationale behind some of their suggestions. The team felt this was a productive discussion as it allowed for the company to directly address the team's concerns and provide a long-term view on the issuer's strategy to address transition-related risks. Management reported that the team's feedback would be included as part of their board meeting. The team will continue its engagement efforts with the company and will monitor its progress over time.
- The **RBC European Fixed Income team** participated in an investors' meeting with the Group Treasurer and Head of Investor Relations of a French utilities company to get an update on 2023 financial performance and strategy, as well as progress on the company's ESG initiatives. The company presented notable reductions in carbon intensity and Scope 1 emissions in 2023, strengthened its reduction targets through 2035, and provided an update on the operational performance of its nuclear fleet. Some of the company's other decarbonization highlights included growth in its electric vehicle charging station network and solar installations. Overall, the engagement improved the team's understanding of the company's ESG strategy and priorities, as well as its operational performance and financing plans.

# Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 1
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
<b>PH&amp;N Core Plus Bond Fund - O</b>						
	Opening Balance		8.9751		981,714.134	8,810,982.52
Jan-04-24	Purchase <i>Purchase</i>	229.79	8.8887	25.852	981,739.986	
Jan-23-24	Redemption <i>Redemption</i>	-422.72	8.7687	-48.208	981,691.778	
Feb-16-24	Purchase <i>Purchase</i>	1,567.45	8.7595	178.943	981,870.721	
Feb-20-24	Purchase <i>Purchase</i>	371,193.90	8.8033	42,165.313	1,024,036.034	
Feb-22-24	Redemption <i>Redemption</i>	-408.69	8.7934	-46.477	1,023,989.557	
Mar-01-24	Purchase <i>Purchase</i>	221.18	8.8655	24.948	1,024,014.505	
Mar-21-24	Redemption <i>Redemption</i>	-406.53	8.8323	-46.028	1,023,968.477	
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	88,573.27	8.7989	10,066.403	1,034,034.880	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-10,451.99	8.7989	-1,187.875	1,032,847.005	
	Closing Balance		8.7982		1,032,847.005	9,087,194.52
<b>PH&amp;N Mortgage Pension Trust - OL</b>						
	Opening Balance		10.0679		515,517.808	5,190,181.74
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	59,490.76	10.0244	5,934.596	521,452.404	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-6,014.03	10.0244	-599.939	520,852.465	

# Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 1
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
	Closing Balance		10.0179		520,852.465	5,217,847.91
<b>BlueBay Global Monthly Income Bond Fund - O</b>						
	Opening Balance		9.1976		247,093.571	2,272,667.83
Jan-04-24	Purchase <i>Purchase</i>	58.93	9.1002	6.476	247,100.047	
Jan-23-24	Redemption <i>Redemption</i>	-110.61	9.1189	-12.130	247,087.917	
Jan-31-24	Income Distribution <i>Payment Type : Reinvested</i>	13,589.84	9.1123	1,491.373	248,579.290	
Feb-16-24	Purchase <i>Purchase</i>	411.80	9.1081	45.213	248,624.503	
Feb-22-24	Redemption <i>Redemption</i>	-102.93	9.1310	-11.273	248,613.230	
Feb-29-24	Income Distribution <i>Payment Type : Reinvested</i>	10,590.92	9.1176	1,161.591	249,774.821	
Mar-01-24	Purchase <i>Purchase</i>	55.68	9.1444	6.089	249,780.910	
Mar-21-24	Redemption <i>Redemption</i>	-103.01	9.2195	-11.173	249,769.737	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-2,650.79	9.2332	-287.093	249,482.644	
Mar-28-24	Income Distribution <i>Payment Type : Reinvested</i>	8,731.89	9.1942	949.717	250,432.361	
	Closing Balance		9.1942		250,432.361	2,302,525.21
<b>PH&amp;N Short Core Plus Bond Fund - O</b>						
	Opening Balance		9.2981		145,883.322	1,356,437.72

# Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 1
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Jan-04-24	Purchase <i>Purchase</i>	35.41	9.2643	3.822	145,887.144	
Jan-23-24	Redemption <i>Redemption</i>	-66.02	9.2525	-7.135	145,880.009	
Feb-16-24	Purchase <i>Purchase</i>	245.76	9.2488	26.572	145,906.581	
Feb-20-24	Purchase <i>Purchase</i>	359,395.96	9.2777	38,737.614	184,644.195	
Feb-22-24	Redemption <i>Redemption</i>	-77.85	9.2752	-8.393	184,635.802	
Mar-01-24	Purchase <i>Purchase</i>	41.98	9.3148	4.507	184,640.309	
Mar-21-24	Redemption <i>Redemption</i>	-77.20	9.3277	-8.276	184,632.033	
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	15,250.61	9.2607	1,646.810	186,278.843	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-1,984.57	9.2607	-214.300	186,064.543	
	Closing Balance		9.2561		186,064.543	1,722,232.02
<b>PH&amp;N High Yield Mortgage Fund - O</b>						
	Opening Balance		10.2922		25,240.769	259,783.04
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	4,396.94	10.2933	427.165	25,667.934	
	Closing Balance		10.2945		25,667.934	264,238.55
<b>RBC QUBE Low Volatility Canadian Equity Fund - O</b>						
	Opening Balance		16.2514		505,986.176	8,222,983.74

## Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 1
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Jan-04-24	Purchase <i>Purchase</i>	214.54	16.2198	13.227	505,999.403	
Jan-23-24	Redemption <i>Redemption</i>	-408.92	16.5880	-24.652	505,974.751	
Feb-16-24	Purchase <i>Purchase</i>	1,559.01	16.9619	91.912	506,066.663	
Feb-22-24	Redemption <i>Redemption</i>	-390.40	17.1346	-22.784	506,043.879	
Mar-01-24	Purchase <i>Purchase</i>	211.84	17.2274	12.297	506,056.176	
Mar-21-24	Redemption <i>Redemption</i>	-396.01	17.4111	-22.745	506,033.431	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-10,072.58	17.4682	-576.624	505,456.807	
	Closing Balance		17.4623		505,456.807	8,826,438.40
<b>PH&amp;N Canadian Equity Fund - O</b>						
	Opening Balance		112.2765		49,194.693	5,523,407.95
Jan-04-24	Purchase <i>Purchase</i>	143.84	111.9036	1.285	49,195.978	
Jan-23-24	Redemption <i>Redemption</i>	-271.71	113.2236	-2.400	49,193.578	
Feb-16-24	Purchase <i>Purchase</i>	1,028.08	115.0967	8.932	49,202.510	
Feb-22-24	Redemption <i>Redemption</i>	-256.28	115.3306	-2.222	49,200.288	
Mar-01-24	Purchase <i>Purchase</i>	138.75	116.3272	1.193	49,201.481	

# Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 1
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Mar-21-24	Redemption <i>Redemption</i>	-262.89	119.0873	-2.208	49,199.273	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-6,705.54	119.3672	-56.176	49,143.097	
	Closing Balance		119.7268		49,143.097	5,883,745.75
<b>RBC Global Equity Focus Fund (CAD) - O</b>						
	Opening Balance		23.9081		980,179.706	23,434,234.43
Jan-04-24	Purchase <i>Purchase</i>	609.89	23.7166	25.716	980,205.422	
Jan-23-24	Redemption <i>Redemption</i>	-1,183.42	24.6688	-47.972	980,157.450	
Feb-16-24	Purchase <i>Purchase</i>	4,568.20	25.5849	178.551	980,336.001	
Feb-20-24	Redemption <i>Redemption</i>	-730,589.86	25.5581	-28,585.453	951,750.548	
Feb-22-24	Redemption <i>Redemption</i>	-1,108.60	26.0913	-42.489	951,708.059	
Mar-01-24	Purchase <i>Purchase</i>	610.57	26.4390	23.094	951,731.153	
Mar-21-24	Redemption <i>Redemption</i>	-1,144.31	26.9995	-42.383	951,688.770	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-29,730.19	26.9999	-1,101.122	950,587.648	
	Closing Balance		26.9366		950,587.648	25,605,599.24

All transaction values are reported in Canadian dollars.

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## Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 2
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
<b>PH&amp;N Canadian Money Market Fund - O</b>						
	Opening Balance		10.0000		1,279,311.707	12,793,117.07
Jan-31-24	Interest Distribution <i>Payment Type : Reinvested</i>	61,590.93	10.0000	6,159.093	1,285,470.800	
Feb-28-24	Redemption <i>Redemption</i>	-2,639,673.00	10.0000	-263,967.300	1,021,503.500	
Feb-29-24	Interest Distribution <i>Payment Type : Reinvested</i>	53,698.43	10.0000	5,369.843	1,026,873.343	
Mar-27-24	Redemption <i>Management Fee - Cheque to Alternate Payee</i>	-8,887.68	10.0000	-888.768	1,025,984.575	
Mar-28-24	Interest Distribution <i>Payment Type : Reinvested</i>	41,159.41	10.0000	4,115.941	1,030,100.516	
	Closing Balance		10.0000		1,030,100.516	10,301,005.16

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# Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 3
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
<b>PH&amp;N Canadian Money Market Fund - O</b>						
	Opening Balance		10.0000		6,009.475	60,094.75
Jan-31-24	Interest Distribution <i>Payment Type : Reinvested</i>	289.32	10.0000	28.932	6,038.407	
Feb-29-24	Interest Distribution <i>Payment Type : Reinvested</i>	254.03	10.0000	25.403	6,063.810	
Mar-28-24	Interest Distribution <i>Payment Type : Reinvested</i>	243.06	10.0000	24.306	6,088.116	
	Closing Balance		10.0000		6,088.116	60,881.16
<b>PH&amp;N Short Core Plus Bond Fund - O</b>						
	Opening Balance		9.2981		7,383,177.385	68,649,521.64
Jan-11-24	Redemption <i>Redemption</i>	-384,478.80	9.2835	-41,415.285	7,341,762.100	
Feb-01-24	Purchase <i>Purchase</i>	2,400,000.00	9.3079	257,845.486	7,599,607.586	
Feb-23-24	Purchase <i>Purchase</i>	653,600.00	9.2888	70,364.310	7,669,971.896	
Mar-22-24	Purchase <i>Purchase</i>	3,000,000.00	9.3423	321,120.067	7,991,091.963	
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	660,064.20	9.2607	71,275.843	8,062,367.806	
	Closing Balance		9.2561		8,062,367.806	74,626,082.65
<b>BlueBay Total Return Credit Fund (Canada) - O</b>						
	Opening Balance		8.8006		7,425,786.279	65,351,374.73
Feb-23-24	Purchase <i>Purchase</i>	606,000.00	8.8119	68,770.640	7,494,556.919	



# Transactions

January 1, 2024 to March 31, 2024

**Portfolio Manager** MARTIN LECLAIR  
**Contact Number** (416) 342-2095

**Account Name** Portfolio 3  
**Account Number**  
**Custodian / Nominee**  
**Custodian Account**

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Mar-22-24	Purchase <i>Purchase</i>	1,000,000.00	8.9236	112,062.396	7,606,619.315	
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	807,062.31	8.8208	91,495.364	7,698,114.679	
	Closing Balance		8.8142		7,698,114.679	67,852,722.40
	<b>PH&amp;N High Yield Mortgage Fund - O</b>					
	Opening Balance		10.2922		570,703.247	5,873,791.96
Mar-27-24	Income Distribution <i>Payment Type : Reinvested</i>	99,416.51	10.2933	9,658.371	580,361.618	
	Closing Balance		10.2945		580,361.618	5,974,532.68
	<b>PH&amp;N Canadian Equity Fund - O</b>					
	Opening Balance		112.2765		413,836.813	46,464,148.93
Feb-23-24	Purchase <i>Purchase</i>	442,400.00	115.8158	3,819.859	417,656.672	
	Closing Balance		119.7268		417,656.672	50,004,696.84
	<b>RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund - O</b>					
	Opening Balance		13.3247		1,806,909.929	24,076,532.73
Feb-23-24	Purchase <i>Purchase</i>	232,800.00	13.9957	16,633.680	1,823,543.609	
	Closing Balance		14.1666		1,823,543.609	25,833,412.89
	<b>RBC Vision Fossil Fuel Free Emerging Markets Equity Fund - O</b>					
	Opening Balance		9.5808		4,784,444.337	45,838,804.30
Feb-23-24	Purchase <i>Purchase</i>	435,600.00	9.8156	44,378.337	4,828,822.674	
	Closing Balance		9.9223		4,828,822.674	47,913,027.22
	<b>RBC Vision Fossil Fuel Free Global Equity Fund LP - O</b>					

# Transactions

January 1, 2024 to March 31, 2024

<b>Portfolio Manager</b>	MARTIN LECLAIR	<b>Account Name</b>	Portfolio 3
<b>Contact Number</b>	(416) 342-2095	<b>Account Number</b>	
		<b>Custodian / Nominee</b>	
		<b>Custodian Account</b>	

## Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
	Opening Balance		10.2580		11,055,618.610	113,408,535.70
Feb-01-24	Redemption	-2,000,000.00	10.7676	-185,742.412	10,869,876.198	
	<i>Redemption</i>					
Feb-23-24	Purchase	1,136,800.00	11.3177	100,444.437	10,970,320.635	
	<i>Purchase</i>					
Mar-22-24	Redemption	-4,000,000.00	11.7145	-341,457.168	10,628,863.467	
	<i>Redemption</i>					
	Closing Balance		11.6149		10,628,863.467	123,453,186.28
<b>RBC QUBE Low Volatility Global Equity Fund (CAD) - O</b>						
	Opening Balance		21.3475		2,393,571.740	51,096,772.72
Feb-01-24	Redemption	-400,000.00	22.2060	-18,013.150	2,375,558.590	
	<i>Redemption</i>					
Feb-23-24	Purchase	492,800.00	22.4338	21,966.854	2,397,525.444	
	<i>Purchase</i>					
	Closing Balance		22.8445		2,397,525.444	54,770,270.01
<b>RBC Canadian Core Real Estate Fund - O</b>						
	Opening Balance		10.7597		1,985,168.364	21,359,816.05
Jan-31-24	Income Distribution	188,590.99	10.6043	17,784.388	2,002,952.752	
	<i>Payment Type : Reinvested</i>					
	Closing Balance		10.6759		2,002,952.752	21,383,323.29
<b>RBC Global Infrastructure Fund LP - O</b>						
	Opening Balance		10.1627		1,441,812.346	14,652,706.33
	Closing Balance		10.5504		1,441,812.346	15,211,696.98

All transaction values are reported in Canadian dollars.

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# Statement of Account

January 1, 2024 to March 31, 2024

**Portfolio Manager** MARTIN LECLAIR  
**Contact Number** (416) 342-2095

**Account Name** Portfolio 1  
**Account Number**  
**Custodian / Nominee**  
**Custodian Account**

## Portfolio Summary by Fund

as at March 31, 2024

<b>Fund</b>	<b>Unit Balance</b>	<b>Unit Price (\$)</b>	<b>Market Value (\$)</b>	<b>Market Value (%)**</b>
PH&N Core Plus Bond Fund - O	1,032,847.005	8.7982	9,087,194.52	15.4
PH&N Mortgage Pension Trust - OL	520,852.465	10.0179	5,217,847.91	8.9
BlueBay Global Monthly Income Bond Fund - O	250,432.361	9.1942	2,302,525.21	3.9
PH&N Short Core Plus Bond Fund - O	186,064.543	9.2561	1,722,232.02	2.9
PH&N High Yield Mortgage Fund - O	25,667.934	10.2945	264,238.55	0.4
RBC QUBE Low Volatility Canadian Equity Fund - O	505,456.807	17.4623	8,826,438.40	15.0
PH&N Canadian Equity Fund - O	49,143.097	119.7268	5,883,745.75	10.0
RBC Global Equity Focus Fund (CAD) - O	950,587.648	26.9366	25,605,599.24	43.5
<b>Total</b>			<b>58,909,821.60</b>	<b>100.0</b>

All figures are reported in Canadian dollars.

\*\*Total may not add due to rounding.

Your funds are registered in the name of your custodian, as identified under Custodian/Nominee at the top of this statement.

RBC Global Asset Management Inc. (RBC GAM Inc.) is not registered with a self-regulatory organization and as such, does not participate in an investor protection, compensation or contingency trust fund, meaning that your account with RBC GAM Inc. and investments therein are not covered by any such fund.

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# Statement of Account

January 1, 2024 to March 31, 2024

**Portfolio Manager** MARTIN LECLAIR  
**Contact Number** (416) 342-2095

**Account Name** Portfolio 2  
**Account Number**  
**Custodian / Nominee**  
**Custodian Account**

## Portfolio Summary by Fund

as at March 31, 2024

<b>Fund</b>	<b>Unit Balance</b>	<b>Unit Price (\$)</b>	<b>Market Value (\$)</b>	<b>Market Value (%)**</b>
PH&N Canadian Money Market Fund - O	1,030,100.516	10.0000	10,301,005.16	100.0
<b>Total</b>			<b>10,301,005.16</b>	<b>100.0</b>

All figures are reported in Canadian dollars.

\*\*Total may not add due to rounding.

Your funds are registered in the name of your custodian, as identified under Custodian/Nominee at the top of this statement.

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# Statement of Account

January 1, 2024 to March 31, 2024

**Portfolio Manager** MARTIN LECLAIR  
**Contact Number** (416) 342-2095

**Account Name** Portfolio 3  
**Account Number**  
**Custodian / Nominee**  
**Custodian Account**

## Portfolio Summary by Fund

as at March 31, 2024

Fund	Unit Balance	Unit Price (\$)	Market Value (\$)	Market Value (%)**
PH&N Canadian Money Market Fund - O	6,088.116	10.0000	60,881.16	0.0
PH&N Short Core Plus Bond Fund - O	8,062,367.806	9.2561	74,626,082.65	15.3
BlueBay Total Return Credit Fund (Canada) - O	7,698,114.679	8.8142	67,852,722.40	13.9
PH&N High Yield Mortgage Fund - O	580,361.618	10.2945	5,974,532.68	1.2
PH&N Canadian Equity Fund - O	417,656.672	119.7268	50,004,696.84	10.3
RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund - O	1,823,543.609	14.1666	25,833,412.89	5.3
RBC Vision Fossil Fuel Free Emerging Markets Equity Fund - O	4,828,822.674	9.9223	47,913,027.22	9.8
RBC Vision Fossil Fuel Free Global Equity Fund LP - O	10,628,863.467	11.6149	123,453,186.28	25.3
RBC QUBE Low Volatility Global Equity Fund (CAD) - O	2,397,525.444	22.8445	54,770,270.01	11.2
RBC Canadian Core Real Estate Fund - O	2,002,952.752	10.6759	21,383,323.29	4.4
RBC Global Infrastructure Fund LP - O	1,441,812.346	10.5504	15,211,696.98	3.1
<b>Total</b>			<b>487,083,832.40</b>	<b>100.0</b>

All figures are reported in Canadian dollars.

\*\*Total may not add due to rounding.

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# REPORT

To: ONE Joint Investment Board  
From: Jennifer Hess, Manager of Investment Services, MFOA  
Date: September 4, 2024  
Re: Template Review – Investment Plan, Investment Policy Statement and Municipal Client Questionnaire  
Report: ONE JIB 2024-039

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the Investment Plan template included as Attachment 1 of this report, and authorize staff to adjust the template to accommodate individual municipal circumstances, if needed;
2. Approve the Investment Policy Statement template included as Attachment 3 of this report;
3. Approve the Municipal Client Questionnaire template included as Attachment 4 of this report.

## 2. SUMMARY

The launch of ONE Investment's Outsourced Chief Investment Officer (OCIO) Offering in 2024 has resulted in a review of current business practices, including the templates used for the Prudent Investment Program. This report seeks approval of the updated Investment Plan template, the Investment Policy Statement template and the Municipal Client Questionnaire. These have been updated to reflect the OCIO Offering, a change to the concept of Money Not Required Immediately (MNRI), and the creation of Restricted Special Assets which are not considered to be MNRI under the management and control of ONE JIB.

## 3. BACKGROUND

**The 2024 template review primarily focused on changes because of the new OCIO Offering and changes to “in-kind” investments**

ONE JIB last approved changes to the Investment Policy Statement in 2022, while changes to the Investment Plan and Municipal Client Questionnaire were approved in 2023 in anticipation of the OCIO Offering launching in 2024. The 2024 review focused on:

- Required changes because of the OCIO Offering, including but not limited to terminology changes, and the addition of Alternative Asset Classes, which is a new

investment class that municipalities may opt into in their Investment Policy Statement.

- Changes to MNRI including the inclusion of Restricted Special Assets (new), which would remove the management of “in-kind” investments from the management of ONE JIB since the Board does not have control of these investments as of the Prudent Effective Date.

**The review of the Investment Plan (IP), Investment Policy Statement (IPS) and Municipal Client Questionnaire (MCQ) was a collaborative process involving ONE Investment Staff, PH&N Institutional and WeirFoulds LLP**

With the launch of the OCIO Offering, the Investment Plan template, the IPS template and the MCQ template required updating to reflect a) new OCIO Offering terminology and the change in business (away from Program Managers), and b) the revised concept of MNRI and new concept of Restricted Special Assets, both of which are discussed later in the report. ONE Investment staff led the review of the documents, with input and review by PH&N staff. WeirFoulds LLP provided a legal review of the Investment Policy Statement and the supplementary analysis on MNRI and Restricted Special Assets.

#### 4. ANALYSIS

**The proposed OCIO Investment Plan template is like Durham Region’s Investment Plan previously approved by ONE JIB**

Durham’s Region’s Investment Plan, as the first OCIO Offering municipality was very different from the standard ONE JIB Investment Plan template approved in 2022. The Durham Investment Plan prepared by PH&N Institutional meets all legislative requirements and was well received by the ONE JIB. As more OCIO Offering Investment Plans come forward, recognizing the differences between municipalities and the complexities in their MNRI, the structure of the Investment Plan content (including the tables and graphs) may change. If this occurs, all pertinent and legislatively required information will still be included. The proposed Investment Plan template has been included as **Attachment 1** of this report.

**WeirFoulds LLP has reviewed the concept of Money Not Required Immediately (MNRI) and has introduced the term Restricted Special Assets (considered to not be MNRI)**

Section 418.1 of the *Municipal Act, 2001, S.O. 2001, c.25* (the Act) and *Ontario Regulation 438/97* relate to prudent investment. The legislation requires that a municipality’s “money not required immediately” be transferred to an external investment board but does not define MNRI. It is up to each municipality to determine MNRI. To date, Ontario municipalities have used time as the sole delineating factor; however, they don’t need to. For example, MNRI could be defined based on when the money is needed (time), the purpose of the money, or the source of the money, or something else entirely.

Prior to adopting Section 418.1 and choosing to go prudent investor, municipalities invest solely under Legal List (Section 418 of the Act). As a result, existing investments such as, Local Distribution Company (LDC) shares or other Municipal Service Corporations (MSC)

investments, Guaranteed Investment Certificates (GICs), Bonds, Principal Protected Notes (PPNs) could be part of their investment portfolio prior to the prudent effective date. For various reasons, a municipality may prefer not to liquidate these investments. Historically these were referred to as “*in-kind*” investments. A new term for ONE called “*Restricted Special Assets*” has been introduced – these are municipal assets (investments) where ONE JIB is not able to exercise control after the prudent effective date. The types of Restricted Special Assets will be listed in Schedule A of the Municipal Investment Policy Statement and will not be considered MNRI; thereby eliminating the responsibility of in-kind investments for ONE Investment and ONE JIB.

The information provided by WeirFoulds LLP has been included in **Attachment 2** of this report.

**The proposed Investment Policy Statement (IPS) template has been updated to reflect changes due to the new OCIO Offering, including the addition of Alternative Asset Classes and Restricted Special Assets**

The ONE Investment IPS template is a guidance tool for municipalities; the IPS is a municipal document, which municipalities can change to meet their unique municipal needs. ONE Investment staff typically review a draft of the IPS prior to it going before Council to ensure that it doesn’t include anything contrary to the legislative requirements or ONE JIB’s ability to manage and control the investment of MNRI.

Through a collaborative effort ONE Investment staff, PH&N Institutional and WeirFoulds LLP have updated the IPS to reflect the changes required as a result of the launch of the OCIO Offering (including Alternative Asset Classes), the change to the concept of MNRI, and the addition of Restricted Special Assets.

WeirFoulds LLP has reviewed the IPS template to ensure it remains compliant with legislation and has updated terms as applicable. The IPS template has been included as **Attachment 3**, and a summary of material changes is shown in **Attachment 4**.

Participating Municipalities will update their IPS approved by Council during the 2025 annual review cycle.

**The Municipal Client Questionnaire (MCQ) has been updated to reflect OCIO Offering changes and the change to MNRI as a result of Restricted Special Assets (not MNRI)**

The MCQ is ONE Investment’s “Know Your Client” Form that participating municipalities provide in advance of ONE updating the Investment Plan, along with a copy of their IPS and municipal MNRI cash flow projections. The MCQ template in **Attachment 5** is a draft fillable form, although content will not change, minor formatting changes may be required.

ONE Investment staff in collaboration with PH&N Institutional reviewed and updated the MCQ template. It includes information that both ONE Investment and PH&N Institutional deem to be relevant to understand the Participating Municipality’s circumstances including

their MNRI and investment horizon. Additionally, information pertaining to Local Distribution Company Shares (LDC) and other “in-kind” securities has been removed because they will be classified as Restricted Special Assets and not considered to be MNRI.

## **5. CONCLUSION**

The 2024 annual review of the Investment Plan template, the Investment Policy Statement and the Municipal Client Questionnaire has resulted in changes to all documents to reflect the OCIO Offering, a change to the concept of MNRI, and the introduction of Restricted Special Assets, which are not considered to be MNRI under the management and control of ONEJIB. It is anticipated that once that all existing Participating Municipalities are transitioned over to the OCIO Offering, going forward it would simply be known as the Prudent Investment Program.

## **ATTACHMENTS**

- Attachment 1: Investment Plan (IP) Template
- Attachment 2: Supplementary MNRI Information – WeirFoulds LLP
- Attachment 3: Investment Policy Statement (IPS) Template
- Attachment 4: Summary of Material IPS Template Changes
- Attachment 5: Municipal Client Questionnaire (MCQ)

Drafted by: Jennifer Hess, CPA CMA, Manager Investment Services  
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs



Attachment 1

INVESTMENT PLAN FOR

**MUNICIPALITY**

EFFECTIVE **DATE**



# CONTENTS

- 1. DEFINITIONS ..... 1
- 2. PURPOSE ..... 2
- 3. RESPONSIBILITY FOR PLAN ..... 3
- 4. INVESTMENT GOALS AND OBJECTIVES ..... 4
- 5. INVESTMENT PORTFOLIO..... 5
- 6. APPLICABLE ONE JIB POLICIES ..... 9
- 7. ELIGIBLE FUNDS..... 10
- 8. REBALANCING ..... 12
- 9. ASSET CLASS PERFORMANCE BENCHMARKS ..... 13
- 10. IMPLEMENTATION ..... 14

# 1

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## DEFINITIONS

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

# 2

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## PURPOSE

As required under the prudent investor regime authorized by the Municipal Act, 2001 (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (Plan) establishes how ONE JIB will invest the Municipality Money Not Required Immediately (MNRI) as defined in section X.X of Municipality's Investment Policy Statement (IPS).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Municipality.



# 3

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## RESPONSIBILITY FOR PLAN

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports, and regular reviews to monitor compliance with the Act, the Regulation and Municipality's IPS.

ONE Investment has engaged PH&N Institutional to provide OCIO services. PH&N Institutional will be involved in the implementation of the Investment Plan, ongoing monitoring and reporting of investments and will provide ancillary services to support the OCIO Offering. PH&N Institutional is the business division of RBC Global Asset Management responsible for managing assets for Canadian institutional clients.

RBC GAM's investment professionals are committed to providing each client with investment solutions that are appropriately tailored to address the client's own investment situation. This means, on the one hand, understanding macroeconomic trends and strategies and, on the other, understanding the diverse and evolving investment needs among clients.

# 4

## INVESTMENT GOALS AND OBJECTIVES

Municipality's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Municipality's current goals, objectives, circumstances, and risk tolerance, and helps direct how investment allocations will be determined. The allocation of Municipality's MNRI in this Plan is consistent with the details as disclosed in Municipality's IPS and MCQ. Section X.X of Municipality's IPS provides specific detail that characterize the objectives for MNRI as detailed in table 1 below:

Sample Table 1: The investment objectives for MNRI. [to be modified as necessary based on information in the IPS]

MNRI Description	Objective & Risk Tolerance	Investment Horizon
	•	
	•	
	•	

The MNRI invested with ONE JIB will be broadly diversified by asset class, market, sector, issuer, credit quality, and term to maturity to help reduce the volatility of investment returns. Returns impact revenues and have a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. The MNRI shall be invested with the objective of obtaining a progressively higher rate of return for longer term investment horizons, commensurate with stated risk tolerances.

# 5

## INVESTMENT PORTFOLIO

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of MNRI must be communicated to ONE JIB formally as outlined in the ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

### 5.1 Account Structure

MNRI Investment Horizon	Risk Tolerance	Final Allocation (\$ millions)*
<b>Total</b>		

\* Notes if needed

### 5.2 Portfolio Constraints

MNRI Investment Horizon	Constraints

**Other considerations:**

- Municipality's other considerations based on the IPS etc.

*5.3 Allocations*

MNRI Horizon			
Asset Classes	Minimum	Target Weight	Maximum
<b>Total</b>		<b>100%</b>	

MNRI Horizon			
Asset Classes	Minimum	Target Weight	Maximum





# 6

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## APPLICABLE ONE JIB POLICIES

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website. [To be kept current with any ONE JIB approved policy updates]

- ONE JIB Responsible Investing Policy
- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

## 7

## ELIGIBLE FUNDS

The eligible funds are listed under Schedule “A” of the Investment Management Agreement between RBC Global Asset Management Inc. and ONE Investment.

In asset classes where more than one fund is eligible for investment, the OCIO will be responsible to determine which fund(s) to include in the client portfolio after due consideration for (1) the individual characteristics of the fund, (2) prevailing market conditions impacting the fund’s liquidity and capacity, and (3) its alignment with the municipality’s investment objectives and philosophy.

The Manager shall manage the RBC GAM Fund(s) according to the pooled fund investment mandate including the investment guidelines contained therein developed by the Manager in respect of each RBC GAM Fund (each, an “Investment Mandate”).

<b>Asset Classes</b>	<b>Eligible Fund Names (Schedule “A” of IMA)</b>
<b>Fixed Income</b>	
Money Market	PH&N Canadian Money Market Fund
Short-Term Bonds	PH&N Short Term Bond & Mortgage Fund RBC Vision Fossil Fuel Free Short Term Bond Fund
Universe Bonds	PH&N Bond Fund PH&N Enhanced Total Return Bond Fund RBC Vision Bond Fund RBC Vision Fossil Fuel Free Bond Fund
Corporate Bonds	PH&N Corporate Bond Trust*
Private Placement Corporate Debt	PH&N Private Placement Corporate Debt Fund*
Commercial Mortgages	RBC Commercial Mortgage Fund*
High Yield Bonds	RBC High Yield Bond Fund PH&N High Yield Bond Fund
Global Multi-Asset Credit	BlueBay Total Return Credit Fund
Global Bonds	RBC Global Bond Fund
Emerging Markets Bonds	RBC Emerging Markets Bond Fund



Equities	
Canadian Equities	PH&N Canadian Equity Value Fund PH&N Canadian Equity Fund RBC Vision Canadian Equity Fund RBC QUBE Canadian Equity Fund
Canadian Low Volatility Equities	RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund RBC QUBE Low Volatility Canadian Equity Fund
U.S. Equities	PH&N US Equity Fund RBC QUBE US Equity Fund
U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Fund
International Equities	RBC International Equity Fund PH&N Overseas Equity Fund
Global Equities	RBC Global Equity Focus Fund RBC Global Equity Leaders Fund RBC Vision Global Equity Fund RBC Vision Fossil Fuel Free Global Equity Fund RBC QUBE Global Equity Fund
Global Low Volatility Equities	RBC QUBE Low Volatility Global Equity Fund
Real Estate	RBC Canadian Core Real Estate Fund*
Infrastructure	RBC Global Infrastructure Fund*

*\*Denotes a non-prospectus qualified fund*

# 8

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## REBALANCING

The OCIO is authorized to execute trades, as appropriate, to maintain compliance with the Investment Plan.

Rebalancing shall occur in accordance with the Participating Municipality's Investment Policy Statement and Investment Plan.

Rebalancing plans and exact timing should account for upcoming material changes that may impact the Investment Plans, such as updates to the Investment Policy Statement or the Municipal Client Questionnaire.

As appropriate, the size and frequency of trading activities shall be minimized to help reduce the administration and costs of trading.

## 9

## ASSET CLASS PERFORMANCE BENCHMARKS

Asset Classes	Representative Data Series
Short-Term Bonds	FTSE Canada Short Term Overall Bond Index
Universe Bonds	FTSE Canada Universe Bond Index
Corporate Bonds	FTSE Canada All Corporate Bond Index
Private Placement Corporate Debt	<i>See Note<sup>1</sup></i>
Commercial Mortgages	FTSE Canada Short Term Overall Bond Index
High Yield Bonds	ICE BofA US High Yield Bond Index (CAD-hedged)
Global Multi-Asset Credit	Custom Index <sup>2</sup>
Canadian Equities	S&P/TSX Capped Composite Index
Canadian Low Volatility Equities	<i>See Note<sup>3</sup></i>
U.S. Equities	S&P 500 Index C\$
U.S. Low Volatility Equities	<i>See Note<sup>3</sup></i>
International Equities	MSCI EAFE Net Index C\$

<sup>1</sup> The fund is not managed against a broad market index. The FTSE Canada All Corporate Bond Index and FTSE Canada Long Term Corporate Bond Index will be provided for comparative purposes.

<sup>2</sup> 9 7.5% ICE BofA 3 Month US T-Bills (CAD-H), 35% ICE BofA Global High Yield Index (CAD-H), 11.25% J.P. Morgan Emerging Market Bond Index (CAD-H), 11.25% J.P. Morgan Corporate Emerging Markets Bond Index (CAD-H), 7.5% J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (CAD-H), 7.5% Credit Suisse Leveraged Loan Index (CAD-H) and 20% Thomson Reuters Convertible Global Focus Index (CAD-H)

<sup>3</sup> The objective of the RBC QUBE Low Volatility Equity Funds is to deliver superior risk-adjusted returns. Relevant data series such as the broad market index performance, volatility of returns and Sharpe ratio (return per unit of risk) will be provided.

# 10

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## IMPLEMENTATION

### 10.1 Custodian

All marketable investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment’s Custodian.

### 10.2 Transition Plan

Timeline	Expected Transfer to JIB/ONE
	-
	-
Additional Note	-

During the transition to the OCIO Offering, the Chair and Vice-Chair of ONE JIB have discretionary power to approve temporary investments, recommended by the Sub-Investment Manager, that may not be expressly described in the Investment Plan or the Investment Policy Statement, but are in the opinion of the Chair and Vice-Chair, in the best interests of the Municipality and are entirely consistent with their fiduciary obligations to the Municipality.

### *10.3 Accommodating Cashflow needs*

Income from investments will be automatically reinvested as per the ONE Distribution Policy PI and cashflow needs of Municipality are expected to be financed with the sale of units of the investment pools. Payment of OCIO Fees and Governance fees will also be financed with the sale of investment pool units.

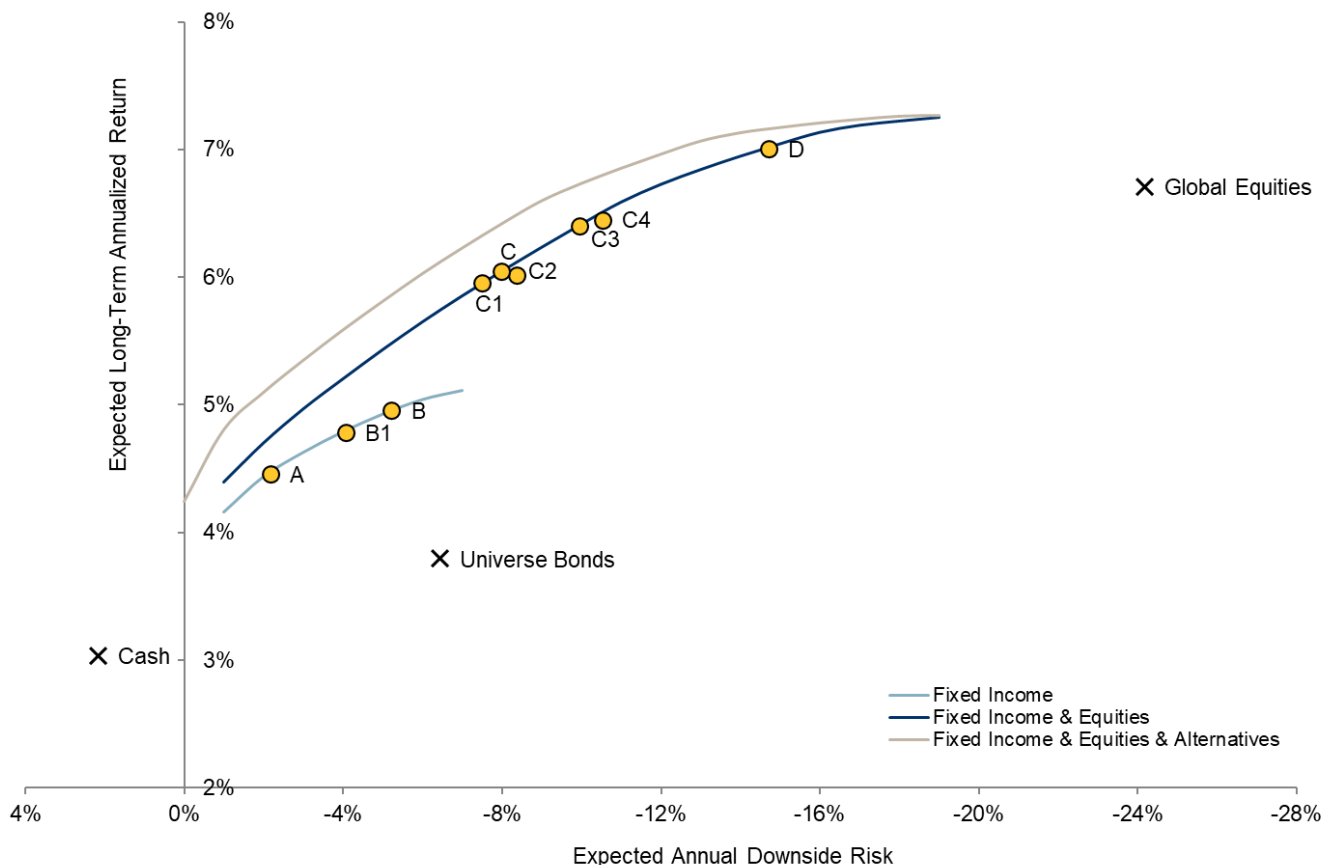
# APPENDIX

**Portfolio Modelling [To be updated as required]**

An efficient frontier analysis is used to determine the trade-off between a portfolio's long-term expected return and short-term downside risk.

The following constraints were imposed in the optimization:

- Minimum allocation to core fixed income and money market securities of 20%
- Maximum 25% allocation to any one of money market securities, universe corporate bonds and global sovereign bonds
- Maximum 15% allocation to any one of high yield bonds, emerging market debt, multi-asset global credit
- Maximum 5% allocation to any one of private placement corporate debt and commercial mortgages when 100% fixed income
- Maximum 10% allocation to any one of private placement corporate debt and commercial mortgages when including equities and alternatives
- Maximum 50% allocation to domestic equities (as a % of total equities)
- Maximum 60% allocation to U.S. equities (as a % of total foreign equities)
- Maximum 50% allocation to low volatility equities (as a % of traditional equity counterpart)
- Maximum 5% allocation to any one of real estate and infrastructure



**Portfolio A:**

- 100% fixed income portfolio with a majority exposure (75%) to money market and short-term investment grade government and corporate bonds
- Very low risk, low interest rate duration and a high degree of liquidity
- Small allocation to private placement corporate debt, commercial mortgages and multi-asset global credit (25%) enhances return profile without materially impacting risk
- Suitable for a short investment horizon and a very conservative risk tolerance

**Portfolio B:**

- 100% fixed income portfolio with a greater exposure to credit spread duration and illiquidity premiums (55% of total portfolio)
- Slightly more risk and less liquidity than Portfolio A, but with a higher long-term return potential (5.0% vs. 4.5%)
- Also suitable for a short investment horizon and a relatively conservative risk tolerance, but more complex in terms of asset allocation
- Portfolio B1 reduces the allocation to high yield in favour of short-term bonds and money market

**Portfolio C:**

- 68% fixed income portfolio with a more substantial allocation to private placement corporate debt, commercial mortgages and global multi-asset credit in order to move up the risk/return spectrum
- 32% exposure to traditional and low volatility equities to create more return potential (6.0% expected return)
- Suitable for a medium investment horizon and a moderate risk tolerance
- Portfolio C1 reduces the equity allocation to 30%; Portfolio C2 allocates to Universe duration bonds
- Portfolio C3 increases the equity allocation to 40%; Portfolio C4 allocates to Universe duration bonds

**Portfolio D:**

- Majority (70%) equity portfolio targeting higher growth potential (7.0% expected return)
- Suitable for a long investment horizon and the ability to tolerate larger short-term drawdowns



## Selected Portfolios

MNRI Investment Horizon	Risk Tolerance	Modelled Portfolio

The OCIO has confirmed that recommendations provided in this Investment Plan consider the details in Municipality's IPS, KYC documentation (MCQ) and are reflective of meeting notes and all other guidance provided by municipal staff. We believe the allocations in this investment plan are appropriate based on these considerations.

[Below To be updated as required]

Modeled Expectations <sup>1</sup>	B1	C1	C2
Long-Term Return	4.8%	6.0%	6.0%
Annual Downside Risk <sup>2</sup>	-4.1%	-7.5%	-8.4%
Annual Volatility	3.3%	5.1%	5.5%
Sharpe Ratio	0.53	0.57	0.54
<b>Fixed Income</b>	<b>100%</b>	<b>70%</b>	<b>70%</b>
Canadian Money Market	0%	0%	0%
Short-Term Bonds and Mortgages	50%	35%	17.5%
Universe Bond Strategy	0%	0%	0%
Enhanced Universe Bond Strategy	0%	0%	17.5%
Corporate Bonds	20%	0%	0%
Private Placement Corporate Debt	5%	10%	10%
Commercial Mortgages	5%	10%	10%
Global Sovereign Bonds	0%	0%	0%
High Yield Bonds	5%	0%	0%
Emerging Market Debt	0%	0%	0%
Global Multi-Asset Credit	15%	15%	15%
<b>Equities</b>	<b>0%</b>	<b>30%</b>	<b>30%</b>
Canadian Equities	0%	7.5%	7.5%
Canadian Low Volatility Equities	0%	7.5%	7.5%
U.S. Equities	0%	5%	5%
U.S. Low Volatility Equities	0%	5%	5%
International Equities	0%	5%	5%
<b>Alternatives</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Canadian Core Real Estate	0%	0%	0%
Global Infrastructure	0%	0%	0%

<sup>1</sup> Refer to appendix for modeling assumptions and disclosures.

<sup>2</sup> CVaR95 which represents the expected loss during the worst 5% of return outcomes.

Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized.

## Capital Market Expectations

Asset Classes	Representative Data Series	Expected Long-Term Return	Expected Annual Volatility	Expected Annual Downside Risk
Cash	FTSE Canada 30 Day TBill Index	3.0%	0.4%	2.2%
Universe Bonds	FTSE Canada Universe Bond Index	3.8%	4.7%	-6.4%
Canadian Money Market	PH&N Canadian Money Market Strategy	3.2%	0.9%	1.4%
Short-Term Bonds and Mortgages	Custom Index <sup>1</sup>	3.8%	2.4%	-1.3%
Universe Bond Strategy	Custom Index <sup>2</sup>	4.0%	4.7%	-6.7%
Enhanced Universe Bond Strategy	Custom Index <sup>3</sup>	4.2%	4.8%	-6.9%
Corporate Bonds	Custom Index <sup>4</sup>	4.5%	4.2%	-5.6%
Private Placement Corporate Debt	Custom Index <sup>5</sup>	5.4%	5.1%	-7.5%
Commercial Mortgages*	Custom Index <sup>6</sup>	6.7%	3.4%	-7.1%
Global Sovereign Bonds	Custom Index <sup>7</sup>	3.5%	4.0%	-4.9%
High Yield Bonds	ICE BofA US High Yield Master II (CAD-Hedged)	5.7%	9.8%	-16.7%
Emerging Market Debt	Custom Index <sup>8</sup>	5.6%	10.7%	-14.7%
Global Multi-Asset Credit	Custom Index <sup>9</sup>	6.7%	8.4%	-16.4%
Canadian Equities	S&P/TSX Composite Index	8.3%	16.9%	-26.1%
Canadian Low Volatility Equities	RBC QUBE Low Volatility Canadian Equity Strategy	7.4%	11.7%	-15.1%
U.S. Equities	S&P 500 Index (CAD)	6.0%	14.8%	-23.4%
U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Strategy (CAD)	5.4%	12.8%	-15.8%
International Equities	MSCI EAFE Index (CAD)	8.0%	16.4%	-28.7%
Global Equities	MSCI World Index (CAD)	6.7%	14.4%	-24.2%
Canadian Core Real Estate*	RBC Canadian Core Real Estate Strategy	6.3%	9.6%	-13.1%
Global Infrastructure*	EDHEC Infra 300 Index (Local)	6.7%	11.5%	-16.4%

Capital market assumptions represent the views of PH&N Institutional for the purposes of illustrating and understanding the potential risk-reward trade-off of different portfolio decisions and are established by considering a variety of qualitative and quantitative sources of information including: different forecasting models; internal and external research; existing and implied future conditions as priced by capital markets; and internal views of our fund managers. Expected long term annualized returns are for a 10 year forecast time horizon. Volatilities, downside risk and correlations are estimated from historical data and adjusted as required to reflect future market conditions. Investors should be aware of the limitations using forward-looking assumptions in that there is absolutely no guarantee that future performance will occur according to any ex-ante

\* Expected long-term return net of fees.

<sup>1</sup> 49% FTSE Canada Short Term Government Bond Index, 45% FTSE Canada Short Term Corporate Bond Index and 6% PH&N Mortgage Strategy.

<sup>2</sup> 20% FTSE Canada Federal Bond Index, 35% FTSE Canada Provincial Bond Index and 45% FTSE Canada All Corporate Bond Index.

<sup>3</sup> 12.5% FTSE Canada Federal Bond Index, 32.5% FTSE Canada Provincial Bond Index, 45% FTSE Canada All Corporate Bond Index, 7.5% PH&N Mortgage Strategy and 2.5% ICE BofA US High Yield Master II (CAD-H).

<sup>4</sup> 25% FTSE Canada Corporate AA+ Bond Index, 25% FTSE Canada Corporate A Bond Index and 50% FTSE Canada Corporate BBB Bond Index.

<sup>5</sup> 96% FTSE Canada Mid Term Federal and 4% FTSE Canada Long Term Federal Bond Index + 50% FTSE Canada Short Term Corporate Bond Index (spread) and 50% FTSE Canada Mid Term Corporate Bond Index (spread).

<sup>6</sup> 41% PH&N Mortgage Strategy and 59% PH&N High Yield Mortgage Strategy.

<sup>7</sup> 90% ICE BofA Global Government Index (CAD-H), 3% ICE BofA US High Yield Master II (CAD-H), 2.5% J.P. Morgan Emerging Market Bond Index (CAD-H), 2.5% J.P. Morgan Corporate Emerging Markets Bond Index (CAD-H) and 2% RBC Emerging Markets Foreign Exchange Strategy.

<sup>8</sup> 24% J.P. Morgan Emerging Market Bond Index (CAD-H), 18% J.P. Morgan Corporate Emerging Markets Bond Index (CAD-H) and 58% J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (CAD-H) (weights according to the market capitalization of each individual index as at December 31, 2023).

<sup>9</sup> 7.5% ICE BofA 3 Month US T-Bills (CAD-H), 35% ICE BofA Global High Yield Index (CAD-H), 11.25% J.P. Morgan Emerging Market Bond Index (CAD-H), 11.25% J.P. Morgan Corporate Emerging Markets Bond Index (CAD-H), 7.5% J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (CAD-H), 7.5% Credit Suisse Leveraged Loan Index (CAD-H) and 20% Thomson Reuters Convertible Global Focus Index (CAD-H).

**Correlations**

	Cash	Universe Bonds	Canadian Money Market	Short-Term Bonds and Mortgages	Universe Bond Strategy	Enhanced Universe Bond Strategy	Corporate Bonds	Private Placement Corporate Debt	Commercial Mortgages	Global Sovereign Bonds	High Yield Bonds	Emerging Market Debt	Global Multi-Asset Credit	Canadian Equities	Canadian Low Volatility Equities	U.S. Equities	U.S. Low Volatility Equities	International Equities	Global Equities	Canadian Core Real Estate	Global Infrastructure	
Cash	1																					
Universe Bonds	0.1	1																				
Canadian Money Market	1.0	0.1	1																			
Short-Term Bonds and Mortgages	0.2	0.9	0.2	1																		
Universe Bond Strategy	0.1	1.0	0.1	0.9	1																	
Enhanced Universe Bond Strategy	0.1	1.0	0.1	0.9	1.0	1																
Corporate Bonds	0.1	0.9	0.1	0.8	1.0	1.0	1															
Private Placement Corporate Debt	0.1	1.0	0.1	0.9	1.0	1.0	1.0	1														
Commercial Mortgages	0.2	0.7	0.1	0.7	0.7	0.7	0.7	0.7	1													
Global Sovereign Bonds	0.1	0.9	0.1	0.8	0.8	0.8	0.7	0.8	0.6	1												
High Yield Bonds	-0.1	0.3	-0.1	0.2	0.3	0.4	0.5	0.4	0.2	0.2	1											
Emerging Market Debt	0.0	0.4	0.1	0.3	0.4	0.5	0.5	0.4	0.3	0.4	0.7	1										
Global Multi-Asset Credit	0.0	0.3	0.0	0.3	0.4	0.5	0.5	0.4	0.2	0.3	0.9	0.9	1									
Canadian Equities	-0.1	0.1	-0.1	0.0	0.2	0.2	0.3	0.2	0.1	0.0	0.7	0.6	0.8	1								
Canadian Low Volatility Equities	-0.1	0.3	-0.1	0.1	0.3	0.4	0.4	0.3	0.2	0.2	0.6	0.5	0.6	0.8	1							
U.S. Equities	-0.1	0.2	-0.1	0.1	0.2	0.2	0.3	0.2	0.1	0.0	0.5	0.3	0.5	0.6	0.6	1						
U.S. Low Volatility Equities	-0.1	0.3	-0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.1	0.2	0.4	0.5	0.8	1					
International Equities	-0.1	0.2	-0.1	0.2	0.3	0.3	0.3	0.3	0.2	0.1	0.6	0.5	0.6	0.7	0.5	0.8	0.5	1				
Global Equities	-0.1	0.2	-0.1	0.1	0.2	0.3	0.3	0.2	0.1	0.1	0.5	0.4	0.6	0.7	0.6	1.0	0.7	0.9	1			
Canadian Core Real Estate	0.1	-0.2	0.1	-0.2	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	1		
Global Infrastructure	0.0	0.4	0.0	0.3	0.4	0.4	0.3	0.4	0.3	0.5	0.0	0.2	0.1	0.0	0.3	0.0	0.3	0.1	0.0	0.3	1	

Capital market assumptions represent the views of PH&N Institutional for the purposes of illustrating and understanding the potential risk-reward trade-off of different portfolio decisions and are established by considering a variety of qualitative and quantitative sources of information including: different forecasting models; internal and external research; existing and implied future conditions as priced by capital markets; and internal views of our fund managers. Expected long term annualized returns are for a 10 year forecast time horizon. Volatilities, downside risk and correlations are estimated from historical data and adjusted as required to reflect future market conditions. Investors should be aware of the limitations using forward-looking assumptions in that there is absolutely no guarantee that future performance will occur according to any ex-ante expectation.

## Attachment 2

### MONEY NOT REQUIRED IMMEDIATELY (“MNRI”)

A municipality that invests under section 418.1 of the *Municipal Act, 2001* (“**Act**”) through ONE JIB is required to transfer control and management of its money that it does not require immediately to ONE JIB so long as it determines its MNRI in accordance with the rules, conditions and procedures set out in O. Reg. 438/97 (“**Regulation**”) on the Prudent Effective Date. That date is agreed upon by the municipality and ONE Investment, as the agent of ONE JIB, pursuant to a Prudent Effective Date Agreement.

Section 418.1 of the Act only refers to money. It does not expressly address how a municipality must treat investments that it has already made and holds prior to the Prudent Effective Date. That question is addressed by the Regulation that requires a municipality to give control and management of its “investments” as well as its money to its investment board or joint investment board. “Investments” over which a municipality must give control and management to ONE JIB include securities acquired with MNRI by the municipality at the time of acquisition provided that any proceeds from the investments themselves are not required immediately on the Prudent Effective Date.

It follows from this that, subject to the comments below regarding Restricted Special Assets, money and investments of a municipality that are determined by the municipality as not required immediately constitute MNRI.

### How Does Council determine its MNRI?

#### Money/Cash

There is no definition of MNRI in the Act or the Regulation. It is up to a municipal council to determine its MNRI. The Act does state that MNRI includes money in a reserve fund (in addition to money in a sinking and retirement fund). However, the determination of MNRI is primarily based on the time horizon within which the money is required to meet the municipality’s financial obligations. However, other factors such as the source of the money and the purpose for which monies have been collected or set aside and are to be used or any combination of those factors can be considered by a municipal council in determining its MNRI.

In determining its MNRI a municipality can:

1. determine, based on its experience, a reasonable timeframe within which the municipality will in fact need money to meet its financial obligations regardless of what fund or source it comes from (to date Participating Municipalities have been using 18 to 24 months as a benchmark);
2. determine whether the money that *is required immediately* i.e., within the 18-to-24-month timeframe, should be taken from any particular source or fund; and
3. transfer the balance of the Participating Municipality’s money to ONE JIB as MNRI.

#### Investments (In-Kind Securities)

A municipality may have debt and/or equity securities invested under section 418 of the Act (i.e. the Legal List) before the Prudent Effective Date that it considers to be MNRI and that it wishes to transfer to ONE JIB *in specie* through ONE Investment instead of liquidating such securities and then remitting the cash proceeds for investment in accordance with its IPS (and its Investment Plan). In the case of debt securities, as they mature the proceeds would be invested by ONE Investment in accordance with the Participating Municipality’s IPS (and its Investment Plan). In the case of equities, they would be liquidated on or before a date to be agreed upon by the

Participating Municipality and ONE JIB through ONE Investment pursuant to a Transition Plan<sup>1</sup>. The proceeds would be treated in the same way as debt security proceeds.

### **Restricted Special Assets (that are not MNRI)**

Some municipalities hold securities issued by corporations incorporated under section 142 of the *Electricity Act, 1998*, often referred to as **LDCs**. During the first four years of ONE JIB's operations such securities were characterized as MNRI on the basis that transfer and control of such securities would be conveyed to ONE JIB as MNRI on the condition that ONE JIB would not sell, transfer, assign or pledge such securities and would abide by the Participating Municipality's directions in respect of such securities. This practice was based on several considerations including: (i) when ONE JIB was established this manner of dealing with LDC securities was the practice of the City of Toronto; and (ii) LDC securities constitute prescribed eligible securities for MNRI under Part 1 of the Regulation (Legal List securities-see paragraph 9 of section 2 of the Regulation).

The purpose of the prudent investment regime is to give an additional financial tool to municipalities to generate revenues by investing in any security provided that they follow the rules, conditions and procedures in the Act and the Regulation. LDC securities were not originally invested in by municipalities with their MNRI. Instead, municipalities were mandated to transfer their electricity assets to LDCs in consideration for which the transferring municipalities received LDC securities. It is apparent that municipalities did not acquire LDC securities in order to maximize the return on the investment of their money that they did not require immediately. Rather those securities were acquired for the broader purpose of retaining control of the provision of an essential service to the public.

The historical practice of the Participating Municipalities including LDC securities in their MNRI but prohibiting ONE JIB from dealing in any way with those securities resulted in an anomaly because ONE JIB, as a fiduciary who is obligated to maximize returns on MNRI, has been precluded from doing so in respect of LDC securities.

There is no practical reason why ONE JIB should purport to accept control and management of securities over which it has no actual control and management and therefore no rationale for including LDC securities in a Participating Municipality's MNRI or for transferring such securities to ONE JIB.

A similar analysis applies to Participating Municipalities including their own debentures ("**Own Debt**") in their MNRI if in the related IPSs ONE JIB is precluded from dealing with such debentures in a manner that enables ONE JIB to maximize returns on them. In such circumstances this Own Debt should not be categorized as MNRI, since logically it is not.

Contemporaneously with the introduction of the OCIO Offering, ONE JIB is re-examining its existing practices to maximize efficiencies. Eliminating LDC and Own Debt securities from the MNRI of Participating Municipalities would increase the efficiency of the OCIO Offering because ONE JIB would have no obligations such as reporting in respect of such securities. Consequently, ONE JIB has refined its views in respect of LDC and Own Debt securities. ONE JIB has concluded that LDC and Own Debt securities should not be included as MNRI by Participating Municipalities based on the reasons set out above.

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<sup>1</sup> "Transition Plan" means a written agreement between a Participating Municipality and ONE Investment on behalf of ONE JIB that is entered into when a Participating Municipality's MNRI is transferred to the OCIO Offering, then subject to concurrence from the municipal treasurer, it is expected that In-Kind Securities will be assessed by the OCIO Offering Sub-Investment Manager and dealt with in a manner consistent with the overall management of that Participating Municipality's portfolio which may include disposition to enable the Sub-Investment Manager to include proceeds from an In-Kind Security as part of its asset management approach to pursue more attractive opportunities.

New Participating Municipalities will be advised that their councils should consider not characterizing their LDC and Own Debt securities as MNRI and the same advice will be provided to existing Participating Municipalities with LDC and Own Debt securities designated as MNRI in their IPSs at the time of their next IPS review. To the extent that Participating Municipalities wish to include LDC and Own Debt securities in their IPSs, they can be described as restricted special assets that do not constitute MNRI.

**INVESTMENT POLICY STATEMENT**

**FOR**

**[MUNICIPALITY NAME]** (the “Municipality”)

**[DATE]**

**TABLE OF CONTENTS**

1. DEFINITIONS ..... 1

2. PURPOSE AND LEGISLATIVE FRAMEWORK ..... 5

    2.1 Purpose of Policy ..... 5

    2.2 Governing Legislation..... 6

    2.3 Prudent Investor Standard..... 7

3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY ..... 7

    3.1 Determination of MNRI and MRI ..... 7

    3.2 Overview of Portfolios..... 8

4. ROLES AND RESPONSIBILITIES ..... 8

    4.1 Role of ONE JIB..... 8

    4.2 Role of Municipal Staff..... 9

    4.3 Ethics and Conflicts of Interest..... 9

5. INVESTMENT ..... 10

    5.1 MRI..... 10

        5.1.1 MRI: Investment Objectives ..... 10

        5.1.2 MRI: Eligible Investments ..... 11

    5.2 MNRI..... 11

        5.2.1 MNRI: Investment Objectives ..... 11

        5.2.2 MNRI: Eligible Investments ..... 12

        5.2.3 MNRI: Sinking Funds..... 12

        5.2.4 Local Distribution Corporation (LDC) and Municipal Services Corporation (MSC) Securities..... 13

        5.2.5 Restricted Special Assets ..... 13

    5.3 Third-Party Trust Funds and Designated Funds ..... 14

    5.4 Investment Management..... 14

        5.4.1 Investment Management of MRI ..... 14

        5.4.2 Investment Management of MNRI ..... 14

    5.5 Transition to Prudent Investor Regime / OCIO Offering..... 14

    5.6 Investment Constraints..... 15

        5.6.1 Environmental, Social and Governance (ESG) Investing..... 15

        5.6.2 Securities Lending..... 15

        5.6.3 Derivatives ..... 16

        5.6.4 Use of Leverage ..... 16

        5.6.5 Pooled Funds..... 16



5.6.6 Currency Hedging..... 16

5.6.7 Alternative Asset Classes..... 16

5.6.8 Prohibited Investments..... 17

5.7 Performance Monitoring, Rebalancing and Management..... 17

5.7.1 MRI..... 17

5.7.2 MNRI..... 17

6. ADMINISTRATIVE POLICIES ..... 17

6.1 Flow of Money and Annual Municipal Budget ..... 17

6.1.1 Transfer to ONE JIB as Part of Annual Review Process ..... 17

6.1.2 Transfer to Municipality as Part of Annual Review Process ..... 17

6.2 Flow of Money Otherwise than through the Budget Process..... 17

6.2.1 Surplus Funds..... 17

6.2.2 Contingencies..... 18

6.3 Valuation of Investments ..... 18

6.4 Voting Rights ..... 18

6.5 Internal Controls ..... 18

6.6 Custodians..... 18

6.7 Reporting..... 19

6.7.1 MRI..... 19

6.7.2 MNRI..... 19

7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE ..... 19

7.1 Revocation / Amendment of Previous Investment Policy ..... 19

7.2 Modifications to the IPS ..... 20

7.3 Effective Date ..... 20

Schedule A Restricted Special Assets..... 21

Schedule B Third-Party Trust Funds and Designated Funds..... 22

Appendix 1: ONE JIB Agreement ..... 23

Appendix 2: Investment Policy for MRI..... 23

[Municipality Name]

## Investment Policy Statement

### 1. DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

**Act:** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

**Agent:** means any administrator, Custodian, payment servicer, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment, and the Sub-Investment Manager.

**Alternative Assets:** means investments outside traditional investments such as equities, fixed income, and cash which may include, hedge funds, private equity, natural resources, real estate and infrastructure. Alternative investments are typically less liquid than traditional investments, are appropriate only for allocations with a long investment horizon.

**Asset Class:** means a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

**Asset Mix (or Asset Allocation):** means the proportion of each Asset Class in a portfolio.

**Authorizing By-law:** means a by-law of the Municipality that authorizes it to invest its money and investments that it does not require immediately in the OCIO offering of ONE JIB pursuant to section 418.1 of the Act, to approve various documents, the entering into of agreements including a Prudent Effective Date Agreement and the delegation of certain powers and duties to ONE JIB/ONE Investment.

**Benchmark:** means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

**CHUMS Financing Corporation (CHUMS):** means a subsidiary of Municipal Finance Officers' Association of Ontario (MFOA) which, in conjunction with LAS, established ONE Investment.

**CFA Institute:** refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

**Custodian:** means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold securities for their clients in multiple jurisdictions around the

world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Designated Funds** means source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Designated Funds are listed in Schedule B of this IPS.

**Diversification:** means a risk management technique that mixes a variety of investment types within a portfolio to help mitigate portfolio risk. A diversified portfolio holds different kinds of investments to improve the risk adjusted returns.

**Derivative:** means a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

**Environmental, Social and Governance (ESG) Investing:** means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to a more comprehensive analysis of a company.

**External Portfolio Managers:** means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

**Internal Controls:** means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

**Investment Plan:** means the investment plan applicable to the MNRI and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

**Investment Policy Statement (IPS):** means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for MNRI under the Regulation, and for MRI, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

**JIB:** is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

**Legal List Securities:** means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

**Leverage:** means an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

**Liquidity:** means the ability to turn an investment into cash relatively quickly, without a substantial loss in value. For example, a savings account is more liquid than real estate.

**Local Authority Services (LAS):** means an entity which, in conjunction with MFOA/CHUMS, established ONE Investment.

**Local Distribution Corporation or LDC:** means a corporation incorporated under Section 142 of the *Electricity Act, 1998*.

**Market Value:** means the price at which a security is trading and could presumably be sold. Also known as Fair Value it represents the current value of the investment.

**Maturity:** means the date upon which the principal or stated value of an investment becomes due.

**Money not Required Immediately (MNRI):** means the money that is not required immediately by the Municipality that will be under the control and management of ONE JIB and as defined in this IPS that will be invested in accordance with the Prudent Investor Standard.

**Money Required Immediately (MRI):** means the money that is required immediately by the Municipality that remains under the control and management of the Municipality and, that can be invested in accordance with the Legal List Securities or other applicable legislation.

**Municipal Services Corporation (MSC):** means a corporation established under section 203 of the Act in accordance with the applicable regulation (Ontario Regulation 599/06).

**Municipality:** means [insert full name of the Municipality].

**OCIO Offering:** means the comprehensive investment program made available through ONE Investment as agent for ONE JIB, where a qualified investment manager is engaged to advise a Participating Municipality with regard to the investment of the Participating Municipality's MNRI and to invest and manage such MNRI in accordance with the terms and conditions set out in the ONE JIB Agreement.

**ONE Investment:** means the not-for-profit corporation established by CHUMS and LAS which provides certain management, administrative and other services to ONE JIB as its agent.

**ONE JIB:** means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

**ONE JIB Agreement:** means the agreement effective as of the Prudent Effective Date, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's MNRI.

**Participating Municipality:** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

**Pooled Fund:** means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

**Portfolio:** means any collection of funds that are grouped together and available to support the infrastructure needs of the Municipality.

**Proxy Voting:** means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

**Prudent Effective Date:** means the mutually agreed-upon date by the Municipality and ONE Investment on which the prudent investor regime applies to the Municipality. The Prudent Effective Date shall be on or after ONE JIB approves the Municipality as a participating municipality.

**Prudent Effective Date Agreement:** means an agreement entered into by the Municipality and ONE Investment that sets out the day on which the prudent investor regime starts to apply to the Municipality

**Prudent Investor Standard:** means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard applies the standard of prudence to the entire portfolio in respect of the Municipality's MNRI rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

**Rebalancing:** means the process of realigning the weightings of a portfolio of assets. Rebalancing involves periodically buying or selling securities in a portfolio to maintain an original or desired level of asset allocation or risk.

**Regulation:** means Ontario Regulation 438/97.

**Restricted Special Assets:** means investments specified by this IPS and held by the Municipality as of the Prudent Effective Date, where ONE JIB is not able to exercise control. Restricted Special Assets are listed in **Schedule A** of this IPS and are not considered to be MNRI.

**Risk:** means the uncertainty of future investment returns or chance of loss of capital.

**Risk Tolerance:** means the financial ability and willingness to absorb a loss in return for greater potential for gains.

**Safekeeping:** means the holding of assets (e.g., securities) by a financial institution.

**Securities Lending:** means lending a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional incremental returns on the total portfolio.

**Sinking Fund:** means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

**Sinking Fund Required Contributions (Annual Sinking Fund Requirement):** means the amount of money to be set aside each year for deposit into a sinking fund or a retirement fund, as applicable, for each sinking fund debenture issue in accordance with the Municipality's debenture by-laws.

**Sinking Fund Required Earnings:** means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund debentures.

**Sinking Fund Excess Earnings:** means the investment earnings in excess of the required earnings.

**Sub-Investment Manager:** means an asset management firm or investment consultant, acting as a sub-investment manager for ONE JIB that provides investment advice and professional services and is involved in the implementation and operational aspects of the OCIO Offering, and that has full responsibility for the investment and management of a Participating Municipality's MNRI through ONE Investment, based on an IPS approved by the Council of the municipality.

**Third-Party Trust Funds** means money over which the Municipality exercises both management and policy control but whose assets are not owned by the Municipality. These funds are governed by a variety of agreements and, in some cases, by legislation. Some funds may have externally mandated investment policies, and some may have investment policies that are determined by the Municipality. Third-Party Trust Funds are listed in Schedule B of this IPS.

**Trust Fund:** means a fund which consists of assets that have been conveyed or assigned to a trustee to be administered as directed by agreement or statute. As a result, a trustee holds title to the assets for the purpose of providing benefits, and being accountable, to a beneficiary. The Municipality is the trustee of funds that are to be used for specific purposes by the Municipality or any related parties.

## 2. PURPOSE AND LEGISLATIVE FRAMEWORK

### 2.1 Purpose of Policy

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the **Treasurer** in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law (**by-law name/number**) pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary, or Third-Party Trust Funds. The Municipality's Third-Party Trust Funds are listed in **Schedule B** of this IPS.

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "Designated Funds", are listed in **Schedule B** of this IPS. The Designated Funds and the Restricted Special Assets, listed in **Schedule A** of this IPS, are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest.

ONE JIB is not responsible for the investment activities or performance of Third-Party Trust Funds, Designated Funds or Restricted Special Assets.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to Restricted Special Assets, Third-Party Trust Funds and Designated Funds;
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the **Treasurer**, and any agent, sub-investment manager, or advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

## 2.2 Governing Legislation

Investments of MRI will only be made in Legal List Securities in accordance with this IPS and Section 418 of the Act. Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;

- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

Money and investments that the Municipality holds as Restricted Special Assets, Third-Party Trust Funds or has an interest in as Designated Funds will be subject to applicable legislation and any related agreements or instruments.

### 2.3 Prudent Investor Standard

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to Council and the liquidation or sale of investments is carried out in accordance with this IPS.

## 3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY

### 3.1 Determination of MNRI and MRI

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations;
- the purpose for which the monies have been collected or set aside and are to be used;
- the source of the money; or
- any combination of the foregoing

*Please refer to the ONE Investment handout prepared by Weirfoulds LLP for additional information on how a municipality can define MNRI.*

*Option Suggestion*



The Municipality has defined MNRI as money from the municipality's own reserves, reserve funds, sinking funds and current ONE Investment investments that will not be required to meet financial obligations that become due more than XX years from the date of receipt of such money. The purpose of the money is to fund the municipality's future capital, operational, and contingency needs.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than Restricted Special Assets, Third-Party Trust Funds and any Designated Funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the **Treasurer** in accordance with the provisions of **Section 6.2**.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

### 3.2 Overview of Portfolios

The Municipality's portfolios represent funds available to support Municipal needs. A high-level description of each of these portfolios and their objectives is provided in **Section 5** below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

## 4. ROLES AND RESPONSIBILITIES

### 4.1 Role of ONE JIB

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (**Appendix 1**).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging Custodians, administrators and other investment professionals (i.e. Agents);
- Allocating the money and investments under its control and management in compliance with this IPS;
- Monitoring the performance of the OCIO Offering and Agents; and,

- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

#### 4.2 Role of Municipal Staff

This IPS is approved and adopted by Council with input from the **Treasurer**, and from ONE JIB with respect to MNRI. MRI of the Municipality, in addition to any Third-Party Trust Funds, Designated Funds and Restricted Special Assets referenced in Section 2.1, remain under the control and management of the **Treasurer**.

Consistent with this IPS, the **Treasurer** is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any Third-Party Trust Funds, Designated Funds and Restricted Special Assets referenced in Section 2.1 by, or under the direction of, the **Treasurer**;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the **Treasurer** to regulate the activities of **subordinate officials**.

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any Third-Party Trust Funds, Designated Funds and Restricted Special Assets referenced in Section 2.1, the **Treasurer** may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of Third-Party Trust Funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

#### 4.3 Ethics and Conflicts of Interest

Individuals who are responsible for the Municipality's MRI Investment Portfolio shall comply with the Municipality's Conflict of Interest guidelines and any relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct).

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Act. This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

## 5. INVESTMENT

### 5.1 MRI

The Municipality's MRI is described in this IPS consists of money that is needed to meet the short-term financial obligations of the Municipality and are controlled and managed by the **Treasurer**.

#### **5.1.1 MRI: Investment Objectives**

The main focus of the investment of MRI is cash management, and the interest income generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

Capital preservation is the paramount objective for MRI investments, and these investments need to be highly liquid. Consequently, only high quality investments that are also Legal List Securities will be held in this portfolio. The Municipality may invest in fully liquid money market securities and deposit accounts. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital and to further manage risk through diversification by issuer and credit quality.

The investment objectives for MRI, ranked in priority, are as follows:

#### a) Security of Principal

The primary objective for MRI is to ensure the security of principal. To minimize the risk of loss, investments shall be subject to minimum credit ratings and shall be diversified by maturity, type of investment and issuer. Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed. Maturity dates should be structured so that investment cash inflows occur when needed.

#### b) Liquidity Requirements

Liquidity is measured by the ease with which securities can be converted to cash to meet forecasted spending. The investments that are eligible under the Regulation possess different features and thus market prices will vary depending on market conditions, as well as the particular features of the type of investment.

To ensure adequate liquidity, the Municipality's investments shall be diversified by holding securities of various terms to maturity and by various types of investments and issuers and to the extent possible, the term of such investments shall match the forecasted requirements for such monies to meet expenditures.

#### c) Rate of Return

The Municipality's money shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the liquidity needs of each investment portfolio.

The composition of each portfolio, including its term to maturity and type of investments, shall be adjusted within the guidelines of this IPS to take advantage of market opportunities. Such changes shall be made with the periodic interest rate outlook and target portfolio structure approved by the Treasurer.

### **5.1.2 MRI: Eligible Investments**

MRI may be invested in high quality, investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this IPS, as deemed eligible by the Regulation or as authorized by subsequent provincial regulations. Investments will be limited to securities issues maintaining a minimum credit rating by an appropriate credit rating agency.

Eligible investments include, but are not limited to, the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account; and
- ONE Investment Canadian Government Bond Portfolio

Investment in the foregoing is subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

*[Municipality may further elaborate on investment parameters related to MRI]*

*[Optional: The Municipality's existing investment policy, which is referred to in Part I of the Regulation as a statement of investment policies and goals, is attached as Appendix 2 and will apply to its MRI. Necessary modifications will apply and in the event of a conflict between this IPS and the attached investment policy in respect of the MRI, the provisions of the attached investment policy will prevail.]*

## **5.2 MNRI**

The Municipality's MNRI is described in Section 3.1. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the MNRI and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

### **5.2.1 MNRI: Investment Objectives**

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;

- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

Investment of MNRI is managed by ONE JIB in a way that balances investment objectives, expected returns, and risk to develop asset allocations that achieve the Municipality's financial objectives within stated risk tolerances.

*[Option below is provided as a sample, the municipality can define the overall investment objective and risk tolerance however it chooses to, if the municipality has two (or more) distinct MNRI allocations, it is possible to have different investment objectives / risk tolerances i.e. General Reserves and Legacy Fund]*

*[Option Suggestion]*

The overall MNRI portfolio investment horizon shall be in line with the nature of the Municipality's forecasts and underlying liabilities. The risk tolerance to capital losses is to be minimized while weighing the benefits of higher expected returns over a longer investment horizon.

Investment of MNRI is to be managed by ONE JIB in a way that balances the investment objectives with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of investment returns. Returns have an impact on revenues, as well as a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. To the extent possible, the MNRI's investment horizons are aligned with the Municipality's obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

### **5.2.2 MNRI: Eligible Investments**

Eligible investments for MNRI include any Pooled Fund or other collective investment vehicle or institutional investment management product approved or selected by ONE Investment for the Prudent Investment Program (OCIO Offering), provided always that the products and the selection of products comply in all material respects with the IPS.

Additionally, nothing in this IPS prevents MNRI from being held in cash, short term money market instruments, including treasuries or overnight deposits.

### **5.2.3 MNRI: Sinking Funds**

*[Option A]*

Not Applicable to this Municipality

*[Option B]*

Sinking Funds are currently not applicable to the Municipality; however, should any sinking funds be established in the future, they are to be classified as MNRI and will be managed separately by ONE JIB.

**[Option C]**

Sinking Funds established by the Municipality to retire sinking fund debentures as they become due are MNRI and will be managed separately by ONE JIB. Sinking Funds shall not be combined with other funds, and all investments, bank accounts, reporting and audits will be separate and distinct from other investments made with MNRI. Sinking Fund investments will be tracked separately and will require separate custodial accounts for each separate issuance of sinking fund debentures for additional transparency. In the case of the reopening of a particular sinking fund debenture issuance the same separate custodial account shall be used for the original sinking fund debenture issue and for all subsequent reopenings of the original sinking fund debentures.

Annual contributions will be based on the required return to retire outstanding sinking fund debentures at maturity. For effective asset-liability matching, the expected return, net of fees, of the relevant Sinking Fund should, at a minimum, keep pace with the required repayment of the principal of the underlying debt to avoid the need for additional contributions. The funded status (Market value of Assets – Market value of Liabilities) will be reviewed annually by the Treasurer of the Municipality and the Municipality’s auditor. Annual deficits experienced in each respective Sinking Fund must be funded within 12 months by the Municipality.

The investment objective of the Sinking Fund Portfolio shall be the preservation of capital, to minimize volatility and the possibility of annual deficits.

ONE JIB and the Municipality must adhere to Section 409 of the Act and Section 4 of the Regulation when managing investments for the Sinking Fund Portfolio.

**5.2.4 Local Distribution Corporation (LDC) and Municipal Services Corporation (MSC) Securities**

**[Option A]**

Not Applicable to this Municipality

**[Option B]**

The direct investment in LDC/MSC shares and/or promissory notes, as listed in **Schedule A**, shall be considered to be Restricted Special Assets and shall not be held by ONE JIB as MNRI.

**5.2.5 Restricted Special Assets**

With the exception of the Municipality’s investments held in the ONE Investment Legal List Portfolios specified below, all existing assets, listed in **Schedule A** of this IPS and held by the Municipality on the Prudent Effective Date, shall be considered to be Restricted Special Assets, and shall *not* be held by ONE JIB as MNRI. The Treasurer may choose to

liquidate these investments and determine that the proceeds are MNRI, to be invested as per this IPS and the approved ONE JIB Investment Plan.

For certainty, Restricted Special Assets are not MNRI of the Municipality, and such assets are not under the control or management of ONE JIB.

The ONE Investment Legal List Portfolio Investments, held by the Municipality, shall be considered to be MNRI and transferred to ONE JIB to be invested as MNRI, unless deemed by the Municipality to be MRI.

### **5.3 Third-Party Trust Funds and Designated Funds**

In addition to the Municipality's own money, the Municipality is from time to time entrusted with Third-Party Trust Funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to Third-Party Trust Funds, the latter shall prevail.

The Municipality's Third-Party Trust Funds, the Designated Funds are listed in **Schedule B**.

For certainty, the Third-Party Trust Funds and the Designated Funds are not MNRI of the Municipality, and such assets are not under the control or management of ONE JIB.

### **5.4 Investment Management**

#### ***5.4.1 Investment Management of MRI***

The investment of MRI shall be controlled and managed by the **Treasurer**.

#### ***5.4.2 Investment Management of MNRI***

The investment of MNRI shall be controlled and managed by ONE JIB in accordance with this IPS and the ONE JIB Agreement.

The selected Sub-Investment Manager shall enter into an agreement with ONE Investment related to the OCIO Offering, that complies with this IPS and Part II of the Regulation and will provide compliance and performance reports to ONE JIB and One Investment. ONE JIB shall make any investment management changes deemed in the best interest of the Municipality.

### **5.5 Transition to Prudent Investor Regime / OCIO Offering**

Until the Prudent Effective Date, the Municipality will continue to control and manage its MRI, MNRI and investments in Legal List Securities. Some Legal List investments were made with MRI and some with MNRI.

During the transition to the OCIO Offering the Chair and Vice-Chair of ONE JIB have discretionary power to approve temporary investments recommended by the Sub-

Investment Manager that may not be expressly described in this IPS but are, in the opinion of the Chair and Vice-Chair, in the best interests of the Municipality and are entirely consistent with their fiduciary obligations to the Municipality.

All MNRI that is not Third-Party Trust Funds, Designated Funds or Restricted Special Assets shall be provided to ONE JIB on the Prudent Effective Date.

## 5.6 Investment Constraints

### 5.6.1 *Environmental, Social and Governance (ESG) Investing*

The Municipality supports ESG investing for MRI and MNRI. The Municipality believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

*[Explain here how MRI will be managed accordingly. Example:]*

For the investment of MRI, the Municipality has chosen to monitor the developments of ESG factors and will reconsider its approach to ESG investing for the MRI Investment Portfolio as and when appropriate to do so.

For the investment of MNRI, ONE JIB is required to explore and consider how the OCIO is implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

### 5.6.2 *Securities Lending*

#### *Option A – MRI*

For the investment of MRI, Securities Lending is not permitted.

#### *Option B – MRI*

For investments made with MRI, the Municipality may engage in the practice of securities lending as provided in Section 418 of the Act to enhance returns on the custodial portfolio by lending certain securities to approved borrowers for a fee.

#### *Option C – MRI*

For the investment of MRI Securities Lending is permitted as outlined in the approved policy (Appendix 2).

#### *Recommended Wording - MNRI*

For the investment of MNRI, the Municipality may invest in pooled funds, and other investment funds that are managed by the Sub-Investment Manager who may engage in Securities Lending if the policies of the OCIO permit such an action.



### **5.6.3 Derivatives**

Derivatives shall not be used for the investment of MRI.

For the investment of MNRI, futures and forwards contracts, options and other derivative instruments may only be used to (a) create an asset mix position that does not leverage the portfolio, (b) replicate the performance of a capital market index, or (c) reduce risk as part of a hedging strategy

### **5.6.4 Use of Leverage**

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverages should not be exercised for speculative purposes but may be used as a hedging tool.

### **5.6.5 Pooled Funds**

Investments in open-ended pooled funds, closed-ended pooled funds, limited partnerships and other specialist corporate structures (e.g. LLCs), are permitted provided that the assets of such funds are permissible investments under this IPS or provided that any non-permitted investments are disclosed by the Sub-Investment Manager. Within pooled funds, the External Portfolio Manager's policies will take precedence over this IPS.

### **5.6.6 Currency Hedging**

The MRI Investment Portfolio will not utilize currency hedging.

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the MNRI Investment Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

### **5.6.7 Alternative Asset Classes**

The applicable legislation does not prevent the direct / indirect placement of the MNRI in Alternative Assets Classes; this IPS **permits / restricts** investments in alternative investments for the purpose of management of MNRI under ONE JIB.

Alternative Asset Classes, such as infrastructure or real estate, may have uncorrelated return characteristics with traditional Asset Classes that may improve diversification within the portfolio, which may lead to better risk adjusted returns. Typically, these investments may not be fully liquid, and are only appropriate for inclusion in portfolios with long investment horizons.

### 5.6.8 *Prohibited Investments*

*List here investments that in no event may be made; consult with ONE Investment before including Prohibited Investments to ensure ONE JIB can accommodate*

## 5.7 Performance Monitoring, Rebalancing and Management

### 5.7.1 *MRI*

The performance benchmarks may vary from time to time, as decided by the Treasurer, subject to the investment constraints listed in the IPS.

*[Explain here how the investment of MRI will be monitored and rebalanced – at the direction of the Treasurer -- or refer to the investment policy attached as Appendix 2.]*

### 5.7.2 *MNRI*

For the investment of MNRI, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the Investment Plan.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.7 below that shows the Municipality's holdings, confirms compliance with this IPS, and reports on the Sub-Investment Manager's performance.

## 6. ADMINISTRATIVE POLICIES

### 6.1 Flow of Money and Annual Municipal Budget

#### 6.1.1 *Transfer to ONE JIB as Part of Annual Review Process*

On an annual basis, as part of the Municipality's Annual Review process, the Municipality shall identify the amount, if any, of MNRI that it holds. Any MNRI not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

#### 6.1.2 *Transfer to Municipality as Part of Annual Review Process*

On an annual basis, ONE JIB shall be notified by the **Treasurer** as to the amount, if any, required by the Municipality from the MNRI then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be MRI and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the **Treasurer**.

### 6.2 Flow of Money Otherwise than through the Budget Process

#### 6.2.1 *Surplus Funds*

The MRI captures revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the Treasurer at any such time during the year shall be transferred to ONE JIB to be under its management and control as MNRI. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

### **6.2.2 Contingencies**

The **Treasurer** is authorized to direct ONE JIB to return any amounts determined by the **Treasurer** to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed **25%** of the MNRI under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted MNRI). In determining the Budgeted MNRI for purposes of calculating the **25%** limit, any MNRI to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to Section 6.1.1 above shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded. ONE Investment should be made aware of material transactions in advance to ensure the orderly sale of securities to fund withdrawals.

### **6.3 Valuation of Investments**

Investments shall be valued according to the values provided by the Sub-Investment Manager. For the investment of MNRI, values of unitized vehicles shall be valued according to the unit values published by the Sub-Investment Manager. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the Sub-Investment Manager to ONE Investment no less frequently than quarterly.

### **6.4 Voting Rights**

The Sub-Investment Manager shall assume the responsibility of exercising voting rights in respect of the Municipality's MNRI and will report its voting policies to ONE JIB annually. The Municipality may access these policies at any time.

### **6.5 Internal Controls**

The **Treasurer** shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the **Treasurer**. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

### **6.6 Custodians**

All municipal investments and assets of the investment portfolios may be held by a Custodian and any of the Custodian's sub-custodians or nominees. For MNRI, the

Custodian shall be acceptable to ONE Investment. For MRI the Custodian shall be acceptable to ONE Investment, if ONE Investment is administering the investment of the Municipality's MRI; otherwise the Custodian shall be acceptable to the Municipality.

## 6.7 Reporting

### 6.7.1 MRI

For the investment of MRI, the **Treasurer** shall report at least annually to Council, the report to be in a form and contain such content as Council may request. *[Subject to any reporting obligations contained in the Municipality's existing investment policy attached as Appendix 2]* The report to Council shall include investment performance during the period covered and any other information required under the Regulation and that the **Treasurer** may consider to be pertinent.

### 6.7.2 MNRI

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of MNRI at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the **Treasurer** as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the **Treasurer**.

All MNRI or MRI invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.

## 7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE

### 7.1 Revocation / Amendment of Previous Investment Policy

*[Add provisions rescinding, revoking or amending, as applicable, any previous investment policy or statement of investment policies and goals of the Municipality that apply to the Municipality's MNRI.]*

This IPS amends, and restates as so amended, the existing Investment Policy Statement approved by Council on XXX XX, 20XX.

**7.2 Modifications to the IPS**

At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the **Treasurer** with respect to the investment of MRI and from ONE JIB with respect to the investment of MNRI.

Following the Council’s review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual IPS review will consider:

- the adequacy of funding for capital works;
- the Municipality’s ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

**7.3 Effective Date**

This IPS is adopted by Council of the Municipality effective **[Date]**. The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

\_\_\_\_\_  
Signed by:

\_\_\_\_\_  
[Title: Treasurer]

\_\_\_\_\_  
Date

## Schedule A

### Restricted Special Assets

#### **Debt Securities**

[For example, bonds, third party debentures, GIC's, promissory notes]

#### **Own Debt Securities**

[debentures issued and purchased by the Participating Municipality]

#### **LDC and other MSC Securities**

[LDC or MSC shares and debt securities]

#### **Other**

[Other investments held as of the prudent effective date, that are not under the management and control of ONE JIB]

## Schedule B

### Third-Party Trust Funds and Designated Funds

#### Third-Party Trust Funds

[For example, care and maintenance trust funds under the *Funeral, Burial and Cremation Services Act, 2002* which are to be invested pursuant to the *Trustee Act*.]

#### Designated Funds

[Listed here for information and tracking purposes only. The Municipality has no authority or responsibility with respect to investment of designated funds. For example, social housing capital reserves of a local housing corporation which are to be invested in the Housing Services Corporation's pooled capital reserve funds managed by Encasa.]

**Appendix 1: ONE JIB Agreement**

**Appendix 2: Investment Policy for MRI**



## Summary of Material IPS Template Changes

### Overall

- References to “portfolio manager” has been changes to Sub-Investment Manager, to reflect the change to the OCIO. Other language has been added / changed which relates to the OCIO Offering.
- The term “Long-Term Money” has been changed to “MNRI”, and the term “Short-Term Money” has been changed to “MRI”. The municipal definition of MNRI does not need to be time-based.

### Section 1- Definitions

- Definitions Added
  - Alternative Assets
  - CHUMS
  - Designated Funds
  - Diversification
  - Liquidity
  - Local Authority Services (LAS)
  - Market Value
  - Maturity
  - Municipal Services Corporation (MSC)
  - OCIO Offering
  - ONE Investment
  - Prudent Effective Date Agreement
  - Rebalancing
  - Restricted Special Assets
  - Safekeeping
  - Sub-Investment Manager
  - Third-Party Trust Funds
  - Trust Fund
- Definitions Removed, these terms are not used in the IPS document.
  - Credit Risk
  - Interest Rate Risk
  - Modern Portfolio Theory
  - Outcome
  - ONE JIB’s Outcome Framework

### Section 2 – Purpose and Legislative Framework

- Modified, restricted Special Assets are listed in Schedule A, and Third-Party Trust Funds and Designated Funds are listed in Schedule B; ONE JIB is not responsible for the investment activities or performance of Third-Party Trust Funds, Designated Funds or Restricted Special Assets.

### Section 3 – Money Required Immediately and Money Not Required Immediately

- It is up to the municipality to define MNRI, however a suggested definition is provided.

### Section 4- Roles and Responsibilities

- Changes reflect new terms and Restricted Special Assets

### Section 5 – Investment

- Overall terminology (as referenced above) has been changed
- Section 5.2.1, the MNRI: Investment Objectives is at the discretion of the municipality to define; revised suggested wording has been provided
- Section 5.2.3, optional wording has been provided for MNRI: Sinking Funds
- Section 5.2.4, optional wording has been provided for Local Distribution Corporation (LDC) and Municipal Services Corporation (MSC) Securities
- Section 5.2.5, new section on Restricted Special Assets, which states the assets listed in Schedule A of the IPS, and held by the municipality as of the prudent effective date shall not be held by ONE JIB as MNRI.
- Section 5.5 wording relating to in-kind investments has been removed in the Transition to Prudent Investor Regime section. Additionally, wording has been added: during the transition, the Chair and Vice-Chair of ONE JIB have discretionary power to approve temporary investments recommended by the Sub-Investment Manager that may not be expressly described in this IPS but are, in the opinion of the Chair and Vice-Chair, in the best interests of the Municipality and are entirely consistent with their fiduciary obligations to the Municipality.
- Section 5.6.2, optional wording has been provided for MRI
- Section 5.6.3, wording has been updated for the OCIO in the Derivatives section
- Section 5.6.4, wording has been updated for the OCIO in the Use of Leverage section
- Section 5.6.5, wording has been updated for the OCIO in the Pooled Funds section
- Section 5.6.7. a new section on Alternative Asset Classes has been added, going forward a municipality will need to opt into this type of investment. Opting in, does not automatically mean it will be part of the Investment Plan. Based on the Municipality's investment horizon and risk tolerance, ONE JIB would have the option to approve or exclude this type of investment.

### Section 6 – Administrative Policies

- Changes reflect new terms

The MCQ needs to be updated and reviewed annually in conjunction with your review of your Investment Policy Statement.

Additionally, update the MCQ within 90 days if you experience any significant changes, including:

- a. A significant change in your municipality’s financial circumstances, or
- b. A significant change in the amount of your municipality’s “money that it does not require immediately”

For changes between annual reviews, provide written notice of changes by using the mid-year MCQ update form on the last page of this document.

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**Section 1 – Client Information**

Name of Municipality: \_\_\_\_\_

Address: \_\_\_\_\_

*Treasurer Information*

Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Extension: \_\_\_\_\_

Email: \_\_\_\_\_

*Primary Day to Day Contact Information\**

*Check if same information as Treasurer above*

Name: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Extension: \_\_\_\_\_

Email: \_\_\_\_\_

\*Primary day-to-day contact should have a comprehensive understanding of your Municipality’s financial position and investment needs.

**Section 2 - Investment Knowledge and Experience**

2.1 Which statement best describes the Municipal staff (person most responsible for managing investments)'s level of investment knowledge and experience with financial markets and products? check one

- Very limited knowledge
- Basic knowledge and minimal experience
- Good knowledge and some experience
- Strong knowledge and experience
- Advanced knowledge and extensive experience

2.2 If Municipal staff have strong or advanced knowledge, please describe where this knowledge was acquired (e.g., education, designations experience).

2.3 Please indicate if your municipality has used / held any of the following investment types within the past five years. *check all that apply*

- Canadian money market securities
- Locked-in Investments (e.g., GICs, PPNs etc.)
- Local Distribution Corporation Securities (LDC securities)
- Securities held in third party trusts (i.e., cemetery trust, legacy fund etc.)
- Fixed income (government and/or corporate bonds)
- Equities
- Other – Please Describe



## Municipal Client Questionnaire (MCQ)

### Section 3 – Investment Objectives and Liquidity Needs

This section of the MCQ asks about your Municipality’s **Money that it Does Not Require Immediately** (MNRI), the purpose or investment objective and the expected investment horizon or when funds may be required to meet forecasted municipal obligations.

3.1 What is the Municipal *funding objective(s), investment horizon(s) and purpose(s)* for the MNRI?

Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)	Total MNRI (\$)	Investment Horizon < 5 Years (\$)	Investment Horizon 5-10 Years (\$)	Investment Horizon >10 Years (\$)
<b>Total MNRI</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Additional details have been included as an attachment to this MCQ (optional).

3.2 What *assumptions or factors* does your municipality include in the cash flow projections? For example, but not limited to, inflation assumptions on capital projects, assumptions on future tax-based reserve contributions, forecasted development charge revenue etc.

3.3 Based on *current* municipal forecasts, do you anticipate drawing down MNRI or increasing MNRI in the upcoming years?

Description	Next Year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					
Net Change to MNRI	0	0	0	0	0

3.4 Does the municipal forecasts used (above) reflect

- Drawdowns of current reserve balances to address MRI requirements, or
- Drawdowns of current reserve balances inclusive of projected future budgetary contributions to address MRI requirements

3.5 Does your municipality forecast beyond 5 years, if yes, what is the level of accuracy?

3.6 Does your municipal forecast include any large (or unusual) capital expenditures, which are outside of normal operations?

- YES  NO

3.7 Do you anticipate any *potential* change in *liquidity needs* in the future (within 2 years, within 5 years or beyond 5 years) which may impact the investment time horizon (i.e. large capital infrastructure project with timing TBD, grant funding pending etc.)? If yes, please elaborate.



## Municipal Client Questionnaire (MCQ)

3.8 How does your Municipality manage unanticipated requests for funding? Can you characterize the probability that your municipality may need to draw down MNRI to fund unexpected budget shortfalls?

3.9 Are there any *other unique circumstances* to your municipality that may impact your cash flow MNRI forecast, return objectives and risk tolerance that the Investment Plan should consider?



## Municipal Client Questionnaire (MCQ)

### Section 4 – Municipal MNRI Information

This section summarizes the current MNRI under the management and control of the ONE JIB and the projected increase / decrease as a result of the annual review. *The total value should equal the total MNRI shown in Question 3.1.*

Description	As of Date (DD/MMM/YY)	Value*
Invested in ONE JIB as of <i>Date</i> (A)		
Additional contributions or withdrawal of MNRI and <i>Date</i> fund to be remitted / paid (B)		
<b>Total MNRI under the management and control of ONE JIB (A + B)</b>		0

- Additional details have been included as an attachment to this MCQ (optional).

### Section 5 – Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Name and Signature of Treasurer

\_\_\_\_\_  
Second Signature (if required)





## Municipal Client Questionnaire (MCQ)

### Appendix 1 – Midyear MCQ Updates Form

Please provide details below that explain the nature of your requested change. This should describe: the money involved, the timing of transactions required, and any other context to support the change request. This will allow ONE JIB to understand how this update may change the cashflow characteristics or investment horizons of MNRI relative to your current MCQ and Investment Plan.

### Acknowledgement

I confirm that information provided to ONE Investment in this form is complete and accurate to the best of my knowledge as at the date below.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Name and Signature of Treasurer

Second Signature (if required)



# REPORT

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: September 4, 2024  
Re: 2025 Pre-Budget Consultation  
Report: ONE JIB 2024-048

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## 1. RECOMMENDATIONS

It is recommended that the Board

1. Approve the following 2025 pre-budget recommendations:
  - a. Support the continuing rollout of the OCIO Offering, including custom solutions for large participating municipalities and the transitioning of current participating municipalities to the OCIO Offering
  - b. Nurture and grow the pipeline of municipalities looking to become prudent investors.
  - c. Provide strong staff support from ONE Investment, including development of a comprehensive data strategy to inform staff analysis for board reports and future strategic plans.
  - d. Support a strong governance framework and practices by ONE JIB.
2. Forward the recommendations to the ONE Investment Board for its consideration.

## 2. SUMMARY

ONE Investment is ONE JIB's agent. This includes responsibility for resourcing ONE JIB's activities. ONE Investment is seeking to determine ONE JIB's plans for 2025 so that appropriate resources can be allocated in the 2025 budget.

## 3. BACKGROUND

### **ONE Investment staff are consulting with ONE JIB in advance of the 2025 budget discussions**

One of the results from the ONE JIB governance survey conducted by Haddad & Associates recently is that ONE JIB, while not responsible for appropriately resourcing ONE Investment or for determining its own budget, would like input into ONE Investment's budgetary priorities before the upcoming year's budget is developed and approved.

## **ONE Investment and ONE JIB have a shared strategic plan**

While each Board has its own priorities and focus, there are shared strategic objectives – any work planned in a year must demonstrate how it will support one of the strategic objectives.

The Strategic Plan includes four goals:

*Assets Under Management (AUM) Growth* - develop our data and analytics capabilities.

*Participating Municipalities* - grow our people and capabilities.

*Engagement and Conversions* – grow our brand, awareness, and education

*Profiles of Municipalities* – drive investment maturity.

## **4. ANALYSIS**

### **Growing assets under management**

2024 marked a significant shift for both ONE Investment and ONE JIB with Durham Region becoming a prudent investor. This has required a shift in the business model used by ONE Investment which will support not only Durham Region, but all existing and future municipal investors. There is more work to be done though to streamline ONE Investment processes as outlined in a separate report on the transition to the OCIO Offering Business Model. This will include looking at how to streamline ONE JIB's workload as much as practical. It is recognized that large agenda packages are difficult for ONE Investment to put together, and for ONE JIB members to process. Focus in 2025 should include looking at ways to streamline the ONE JIB agenda packages as much as possible.

### **Continue to grow the number of municipalities that want to become prudent investors**

The pipeline for potential investors continues to evolve, but continuing to nurture and grow this pipeline is important. ONE JIB members actively participating in municipal conferences is a key aspect of this work. This allows the members to hear from municipalities directly. Attendance at conferences throughout 2025 should continue to be a priority for ONE JIB members.

### **Starting work on developing a data strategy should be considered a priority for 2025**

The Strategic Plan's goals are predicated on understanding what data is already available to inform how to grow participation in both the Legal List Offering (a responsibility of the ONE Investment Board) and the Prudent Investment Offering (a shared responsibility of the ONE Investment Board and ONE JIB). To achieve three of the four goals in the Strategic Plan, work needs to be started on data strategies in 2025. ONE JIB encourages ONE Investment to consider in 2025 working on identifying data already available and working towards development of a data strategy.

## **Invest in ongoing good governance**

ONE JIB is committed to the highest level of governance possible. This means that ongoing education and training of ONE JIB members should be considered in the budget. This may include quarterly training for one hour on a specific topic.

ONE JIB relies on resources approved by the ONE Investment Board

ONE JIB's request for the 2025 budget is for sufficient resources to:

- Support the continuing rollout of the OCIO Offering, including custom solutions for large participating municipalities and the transitioning of current participating municipalities to the OCIO
- Nurture and grow the pipeline of municipalities looking to become prudent investors.
- Provide strong staff support from ONE Investment, including development of a comprehensive data strategy to inform staff analysis for board reports and future strategic plans.
- Support a strong governance framework and practices by ONE JIB.

## **5. CONCLUSION**

ONE Investment is evolving its budget setting practices including consultations with ONE JIB before setting the budget. This year marks the first year of doing this pre-budget consultation.

Drafted by: Judy Dezell, Co-President/CEO

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO



# REPORT

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: September 4, 2024  
Re: ONE JIB Member Survey by Haddad & Associates  
Report: ONE JIB 2024-047

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report from Haddad & Associates Inc. on ONE JIB governance.

## 2. SUMMARY

ONE JIB members met individually with a consultant to go over questions related to ONE JIB governance, strategic direction and anything else members wanted to discuss.

Overall, ONE JIB members are proud of the work they have accomplished together and have identified a few areas for continuous improvement around governance and member education and training.

## 3. BACKGROUND

### **ONE JIB is committed to good board governance**

Every year since 2020, ONE JIB has taken time to conduct board governance self-evaluation surveys. The feedback from the surveys has sparked some changes in how ONE JIB operates and how ONE Investment supports ONE JIB. The next board governance self-evaluation is scheduled for Q3 2024.

Periodically, a deeper dive into the subject is helpful to gain a better understanding of the thoughts of individual members of ONE JIB that may not be captured on the annual survey.

### **Time for reflection before more growth**

ONE JIB was created during a pandemic that prevented in-person meetings for the first two years of its existence. Further, it operates in a public environment with municipal rules and procedures that were unfamiliar to some ONE JIB members. It is also experiencing growth much more quickly than anticipated. Now four years old, with its membership having expanded in size, it was felt that this was a good time to survey members more deeply on subjects like ONE JIB's strategy, cohesion, and future opportunities.

## **ONE Investment retained a governance expert to survey ONE JIB members**

ONE Investment retained Haddad & Associates Consulting to conduct the one-on-one member surveys. The surveys were conducted in spring 2024 one-on-one and virtually at a mutually convenient time for the member and the consultant. The full report can be found in Attachment 1.

## **4. ANALYSIS**

### **Corporate governance is foundational to ONE JIB's success**

For the most part, the one-on-one surveys with ONE JIB members were positive in tone and focused on successes ONE JIB has had in its short four-year existence. There is collective pride in being a part of the board and the fundamentals that have been put in place to thrive. There are areas for improvement that can be worked on which reflect ONE JIB's commitment to continuous improvement as a high functioning governance-based board.

### **ONE JIB would like to provide input into ONE Investment's annual budget process**

ONE JIB members recognize that ONE Investment is its agent responsible for resourcing appropriately for ONE JIB to function effectively. It would however, like to have an opportunity before the upcoming year's budget is set to provide input into the planning being done. Under a separate report, ONE JIB is being asked to provide recommendations to ONE Investment of items to consider for the 2025 budget.

### **Continuous education opportunities**

As a high functioning governance-based board, ONE JIB members are looking for ongoing educational opportunities. ONE JIB members want to better understand the relationship between the ONE Investment Board and ONE JIB. Members are also looking for ongoing opportunities to learn more generally and specifically about the municipal sector. ONE Investment will continue to look for educational opportunities. This would include possibly scheduling quarterly educational sessions on topics relevant to ONE JIB's mandate.

### **ONE JIB is looking for the right information at the right level of detail to make informed decisions**

ONE JIB members have flagged that with its success of growing assets under management, the volume of its work is increasing significantly. Agenda packages are often well over 500 pages. As ONE Investment's business model evolves to the OCIO Offering, ONE JIB is also looking to manage its fiduciary responsibility and capacity to appropriately serve each of the Participating Municipalities. The use of "talking headers" in staff reports is designed to help ONE JIB members attain a high-level overview of each issue without having to read large volumes of material. The use of these will continue but ONE

Investment will also consult with ONE JIB on how to reduce the volume generated in agenda packages as part of the ongoing OCIO Business Model transition planning.

## **5. CONCLUSION**

Conducting a deeper conversation periodically about the governance of ONE JIB is a good way to maintain an effective, strategic focused board.

## **ATTACHMENTS**

Attachment 1: Haddad & Associates – ONE JIB Survey Results Report

Drafted by: Judy Dezell, Co-President/CEO, ONE Investment

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO

**Attachment 1**



**ONE JIB**

*Board Member Survey  
July 2024*







**ONE JIB**  
**Board Member Survey**  
**Report to co-CEOs**  
**July 31, 2024**

ONE JIB is committed to investing time into maintaining a strong governance structure. Since inception, it conducts an annual governance self-evaluation. Overall, there seems to be strong support for ONE JIB’s governance structure, however, having one-on-one conversations about the governance framework with existing Board members provides ONE JIB with a deeper dive into the operations and valuable insights from the board’s perspective.

ONE JIB enjoys a very engaged Board Chair. Having someone independent of ONE JIB conducting interviews with board members provides a third-party perspective and would be most beneficial to support initiatives moving forward. The interview process will seek frank, anonymous feedback on the governance functioning of ONE JIB, the relationship with ONE Investment and its support in assisting ONE JIB making informed decisions as they advance their business interests.

Following consultations with the co-CEOs, interview questions (9) were developed. Interviews were scheduled with ONE JIB board members (30-minute interviews – with 9 members). A summary of the interview responses and comments are summarized in this report on an anonymous basis to ensure honest, open and candid responses. Interviews were conducted with 8 of 9 board members participating for an 89% response rate.

Regular engagement surveys demonstrate an organization’s commitment to continuous improvement and transparency, fostering trust among board members and contributing to good governance. This survey should compliment the Board’s annual Self Assessment.

**1. Does the current Strategic Plan provide a clear set of relevant and realistic goals and strategic direction to ONE JIB?**

- Generally, very good
- Not a standard board relationship
- Service provider vs business operations
- Oversight of investments
- Clearly stated objectives, refreshed in 2022
- Frequent updates on progress using heat maps (colour coded)
- Many positives
- Clear understanding of client base
- Governance focus
- Should be more pro-active on product roll-out
- supportive of plan
- leverages prudent investor concept
- worthwhile goals
- strategic plan was approved by both boards
- applicable to each entity, somewhat confusing, '*complicated*'
- similar to municipal strategic planning process
- facilitator was used
- longstanding members certainly understand
- OCIO model serves well, heading in the right direction
- Strategic plan feeds into business model
- Attracting new municipal clients is working well
- Self-evaluation survey used
- Suggested priorities & rank goals
- Plan was provided to board

Consensus supports the current Strategic Plan provides relevant and realistic goals to ONE JIB. The relationship between ONE Investment and ONE JIB was often referred to as unique and not a traditional model. However, the mandate in attracting and serving municipal clients has been successful and development continues to grow. The Strategic Plan should continue to be the guiding light for an organization as it clearly articulates the priorities of the board and should be adhered to by corporate leadership in the budget development and in the operations of the business units.

**a) Were board members adequately involved in the process of developing the strategic plan?**

- Slow start

- Sub-committee involvement provided awareness at different times
- Not problematic; board meeting gets everyone on the same page
- Good communications by both CEOs
- Goals were presented to board vs developed by board
- Met with consultant, minimal details discussed
- Management team sometimes unclear on alignment of goals
- Yes: ‘nose in, fingers out’
- Yes, impressed with skill set of board
- Reaction & comment to plan in 2 meetings
- Process was consultant & staff driven
- Valuable tool
- Engaged, experienced, varied perspectives
- Somewhat, group input & at board
- Could have been more engaging
- Sufficient time provided for feedback from board members
- Good process for this board
- Active and open communication during process

Mixed views on process, particularly on goals/objectives being provided for comment versus developed through board input and consensus. Importance and value of board’s broad perspectives was noted. Best practices suggest that board engagement is critical during the strategic planning process to ensure buy-in and consensus achieved in setting the priorities of the board’s term.

**b) Do you feel the board regularly monitors and evaluates progress towards strategic goals?**

- Yes, regular updates, quarterly dashboards (hi-level)
- process oriented
- Progress reports provided
- Heavy municipal reference & influence
- Sometimes slow paced
- Cyclical
- Changes occurring in municipal sector
- Focus s/b more granular on strategic plan priorities
- Helpful to separate in dashboard – strategic plan & board activities
- Scorecard -moving toward more robust format
- Moving the needle on objectives
- Yes, standing agenda topic
- Dashboard monitoring

- Dramatic shift recently – use of KPIs
- Performance of fund to board
- Comments welcome & encouraged
- Important measurement of board’s success
- Annual review of goals, targets
- Use of scorecards (coloured)
- Achievements highlighted
- Details of variances & action required/recommended

Monitoring appears to be a standing reporting agenda item, utilizing scorecard and dashboard concept. Recent introduction of KPIs noted with expectations of higher value reports. Variance reports note issues and recommended actions for board consideration. Maintaining sight of the board’s strategic priorities will ensure the organization remains focused on the objectives identified as high value importance.

**2. Do you feel the board has adequate opportunity for input into the financial planning process?**

- Not their role, beyond purview of ONE JIB
- Receive good information
- Aspects of benchmarking vary public vs private investment
- Receive & critique budget – no input into design
- Unique structure with Investment Board
- Non-operating mandate
- Good growth & trajectory
- One Investment vs ONE JIB (not involved in transactions)
- CHUMS & LAS process transactions
- Adequate info to support decisions
- Unique set-up
- Limited oversight as set-up
- Structure currently works well – minimal decisions on financial planning
- Not much – governance focus
- Responsibility at upper level
- Perhaps @ ONE Investment Board – should we?
- Blurred understanding
- Fund vs Operations
- No – Investment board level

Requires clarification among board members

There is some degree of misunderstanding with regard to financial planning process responsibilities attributable to ONE JIB. Once again, the unique structure was noted. One response questioned whether ONE JIB should have more input. Several members stated it

was not the mandate of ONE JIB, which has a governance focus compared to that of the Investment Board with a more operational focus. Role clarification will provide benefit to all members.

**3. Is the performance measurement system helpful to board members and does it use contemporary methods (e.g. performance scorecard, dashboards, etc.)**

- Asset/Fund Managers model
- Good reports on investments
- Additional information provided on request
- Some tools used are good; others need further development
- Need to become more data centric
- Analytics advancements have been significant in the marketplace; need to take advantage of these tools
- Speed of uptake concerning
- New products being added
- Practical approach to benchmarking
- Missing transaction impact from Legal List to Prudent Investor
- Timely reports
- Balance between private markets vs municipal world
- Concern re Prudent Investor role
- CIO – Bay Street fund managers & municipal competitiveness
- Challenges continuously increasing
- Thoughtful values among willing members
- Good use of dashboards
- Investment performance report – comprehensive, useful, detailed & informative
- Hired Fund Managers (5) report
- Outsourced OCIO model
- Contemporary methods used, however room to enhance
- Thorough, informative reports
- Metrics & KPI's serve purpose
- Work in progress, slowly being implemented
- Municipal reporting could be stronger
- Good updates from Fund Managers
- Targets met? Yes/No – why?
- Tools being used in staff reports – visuals, graphics
- Yes – scorecard
- No - dashboard

Performance measurement and related reporting seem to be quite adequately addressed. Use of measurement tools for reporting have begun to be introduced, with references to room for improvement and perhaps an accelerated use of these tools. Municipal reporting needs identified as distinct from fund performance reporting; enhancing municipal reporting opportunities is encouraged. Also, a clear understanding of the Prudent Investor is essential for all board members to effectively contribute to the conversation and policy setting.

**4. When there are significant financial and/or quality performance variances, does ONE JIB management provide the board with acceptable explanations and action plans for dealing with those variances?**

- Yes, sub-committees see details
- Exception reporting provided
- Results/actions recommended
- Process improvements developing
- Infrequent variances
- Fantastic job on reports & supporting details (700 page agendas)
- Executive summaries provided
- Caring team
- Operational execution – pragmatic, aware, effective
- Impressed with operational implementation
- Excellent reporting - explanations, discussion, decision
- Compliance Officer & Investment Officer collaborate well, diligent oversight
- Yes, rationale why & plan to recover/remedy
- Yes – timely issues noted for action & follow-up
- No major issues following pandemic (2022)
- Rationale provided when metrics not met
- Well communicated – Keith is knowledgeable, explains well
- Staff always well prepared for response to questions

Variance reporting provided in a timely manner, along with recommendations for action. Reports are detailed, concise and comprehensive. This area of ONE JIB seems to be very well recognized by board members and functioning at a high level. Kudos are noted to staff members providing the board reports as being well informed and knowledgeable as subject matter experts.

**5. Is there an effective process for establishing and measuring the CEOs annual objectives?**

- Not ONE JIB responsibility (Investment Board)
- Process follows Strategic Plan
- Supports establishing definitive objectives – concrete & measurable
- ONE JIB doesn't see CEO objectives
- Flows thru Investment Board
- Report directly to Investment Board
- Not really involved in performance evaluation
- Feels CEOs are doing effective job
- More at ONE Investment board level
- No input from ONE JIB
- CPO process questioned – filled externally
- Yes – co-CEOs effective
- 'Smart' objectives
- Timelines with regular updates provided
- OCIO – supporting growth

The consensus among ONE JIB members is that the CEOs objectives are established and the responsibility of the ONE Investment board. While monitoring their engagement and noting adherence to strategic priorities, general satisfaction with their performance and representations to the ONE JIB board, it was noted that the co-CEOs performance evaluation rests with the ONE Investment board. This does not preclude the opportunity for ONE JIB board members to contribute to the evaluation process.

**6. Does the organization have a clear communications strategy to share its performance and plans to key stakeholders and investors in an effective and transparent manner?**

- Yes, 2 municipal Treasurers on the board
- Feedback is positive from Fund Managers
- Supplemental reports provided periodically
- Strong communications in sharing information
- Positive feedback from municipalities
- Yes – much time invested here
- Outreach & communication within sector
- Education on sector impacts
- Transparency stronger than private sector
- Performance reporting is excellent

- Municipal clients get same report as board
- Strategy to grow members & investment \$
- Challenging outreach
- Performance awareness – education not sales
- Evolving, naturally developing
- Creating greater trust within sector
- Member growth & interest
- Significant growth in Assets under Management
- Board communications good
- Weakness – outsource CIO (could have been better)
- Doesn't have a good sense re investors & shareholders
- Very good reporting to municipalities
- New investor efforts attractive
- Better understanding needed of 'Prudent Investor'
- Yes – quarterly meetings
- Comprehensive agenda (500-700 pages)
- Investment Manager reports
- Portfolio reports
- Newsletter to board & municipalities
- Proactive engagement

There appears to be strong agreement among board members that the ONE JIB communication strategy is effectively meeting the needs of stakeholders and investors. Use of contemporary reporting methods, frequency of reports, KPIs and metrics measurement along with scorecards and dashboards is acknowledged. Continuous improvement in the use of these reporting tools is encouraged and is expected to result in better servicing stakeholder and investor needs.

**7. In your estimation, does the ONE JIB board of directors perform well, including the committees and team members, in collaboration with management?**

- Yes, good working relationship
- Good collaboration
- Timely responses
- Very formal
- Board optimizes expertise of member's background
- Well respected
- Term renewals reflect quality collaboration & respectful relationships
- Professionalism top notch
- Excellent communications & collaboration
- Positive atmosphere



- Efficiently run meetings
- Fortunate to have experienced Chair & Vice Chair
- Skills inventory is high among board members
- Term limits – proactive members
- Balance among board members & skills sets
- Very effective board, highly skilled
- Collegial & respectful board environment
- Drive for success to municipalities
- Very good attendance at meetings
- Well prepared
- Long agendas (500+ pages)
- Good staff reports & voluminous performance reports
- Engaged, respectful, prepared members
- Effective working committees, developing diverse products to meet demand
- Adapting well to formal communications
- Process heavy (sometimes frustrating)
- New initiatives should be discussed more (perhaps an education session)
- Greater interaction
- Excellent relationship
- Amazing staff – knowledgeable
- No conflicts
- Positive environment
- Complimentary backgrounds among members
- Shared expertise
- Collaborative team
- Open communication
- Fabulous to work with

These responses reflect a very high level of satisfaction among ONE JIB members in their make-up and conduct as a high-performing board. Comments support a respectful environment and balance among members from municipal and financial investment services backgrounds. Several references to agenda length; perhaps this should be explored with a view toward reducing volume of detail needed to support board recommendations for consideration and decisions.

**8. Does the Management Team keep you informed about everything that impacts the organization to ensure you are able to function effectively as a board member?**

- Agent model relationship
- No reason to believe information being withheld
- Sufficient information provided to support good decision making
- Timely updates provided
- Accommodating board requests
- Transparent
- Not blindsided
- Quarterly municipal updates
- Proud of board reps
- Engaging
- Positive experience
- Co-CEOs very effective, complement each other
- CIO strengths effective
- No issues, no surprises
- Good quality reports, agenda, timely updates
- Urgent matters addressed in timely manner
- Very good, concise staff reports
- Municipal update (standing agenda items) – links to Prudent Investor, Strategic Plan

Widely met expectations are referenced by board members on the level of satisfaction from the Management Team providing informative information, updates and reports on the investment activities of ONE JIB. A sense of pride on being a board member among esteemed colleagues.

Corporate governance is at the heart of the successful operation of an organization. It not only improves the overall performance, but also promotes a higher degree of trust among the investors and stakeholders.

**9. Is there anything that has not been asked in this interview that would be of interest to better understand the board of directors or the organization?**

- Good relationship with CEOs
- Questions are freely posed & responded to
- Recognizes strong working relationships
- Enjoyable experience
- Good mix of backgrounds among members
- Learning opportunity from each other

- Well rounded board representation
- Keep doing what we do
- Appreciation of role
- Flexible & understanding
- Collaborative approach
- Board functions very well
- Assets under Management will increase significantly this year – strategic plan objective
- Impressed overall with board functions
- Legal rep at every meeting...Necessary?
- Positive experience
- Opportunity to learn
- Opportunity to hear from municipalities
- Responsive to inquiries
- Board (municipal treasurer’s) remuneration should be similar to other members
- Good effort was made on behalf of treasurers
- Consider ICD training – good courses

Generally positive ad hoc comments provided by ONE JIB board members. Reflects high degree of satisfaction and pride by members. Acknowledges professionalism and integrity of leadership and support staff.

Among general comments and observations noted:

- Board member process re motions & amendments is too informal
- Should adhere closer to ‘Roberts Rules’
- Could strengthen ‘*the record*’ if challenged
- Dynamic board with broad perspectives
- Chair revises recommendations & shares with board members in advance
- CIO report writing concerns

## Conclusion

In measuring a board’s effectiveness, a review of the board's agendas is a good way to assess its effectiveness. If the same items are repeatedly appearing on the agenda with no resolution, it may be an indication that the board lacks the necessary expertise to deal with the issue. Boards should explore the frequency of information exchanges with leadership.

The effectiveness of the board Chair is another indication of overall board effectiveness. A good facilitator prioritizes agenda items, manages meetings well, encourages full participation and member engagement, allows for respectful discussion on dissenting opinions and represents the organization professionally. If a board director believes the board isn't effective in some area, it probably isn't.

Quality board director recruitment and succession planning are also positive ways to measure board effectiveness. Succession planning should be robust and there should be a clear process for it. For quality succession planning to occur, boards need the results of their self-evaluations. The results of this survey should offer support to succession planning initiatives the board may wish to pursue.

It is important that organizations strive to follow good corporate governance practices. To assist, we set out what we consider to be 8 key components:

1. Governance Frameworks
2. Governance Documentation
3. Policies in line with law and applicable regulations
4. Documenting processes and procedures
5. Effective board reporting
6. Agenda and minutes
7. Director training and board evaluations
8. Governance policies

Source: PwC Entity Governance & Compliance

## Importance of Effective Board Relations

When directors work collaboratively in harmony and with a shared purpose, their achievements are significantly better. Where there is a breakdown in the relationships, it can only result in reduced effectiveness of the board as a unit.

Best decisions are made when all members are active in the conversation, willing to listen to others’ points of view and challenge contrary opinions in a constructive manner. When there is a breakdown in the relationships on the board, some members can hold back, and others might not be open to hearing alternative opinions. What should be a collaborative effort sometimes becomes a competition to ‘win’ the debate by speaking louder.

A well-balanced board does not mean that everyone thinks the same, but rather that each member is willing to consider the range of ideas, perspectives and concerns around the table. This diversity of thought is what drives better decision-making and good governance.

Given the role the board plays in setting the tone for ONE JIB’s culture and performance, as it relates to the Investment Board, having a sub-optimal board dynamic can be detrimental to the strategic future of the business.

In a 2002 letter to Berkshire Hathaway shareholders, Warren Buffet famously lamented his multiple derelictions of duty as a director of some 40 corporations over nearly two decades. *“Too often I was silent when management made proposals that I judged to be counter to the interest of stakeholders”. In those cases, collegiality trumped independence and a certain social atmosphere presides in boardrooms where it becomes impolitic to challenge the chief executive.”*

I have my doubts as to Warren Buffett being derelict of duty. Perhaps a reassessment of how corporate directors liaise and collaborate with corporate management in 2024 versus 2002 and prior. As leaders exercising a new force in corporate governance, the landscape has changed and is a contributing success factor to achieving continuous improvement in the interests of good governance on the boards being served.

## **Opportunities for Strengthening Relationships with Team Members**

- Active listening
- Open dialogue
- Shared goals
- SMART goals – specific, measurable, achievable, relevant & time-bound
- Respect differences
- Constructive feedback
- Empathy
- Choices for collaboration & consensus
- Range of perspectives
- Acknowledge generational experience
- Find common ground

## **Considerations to Strengthen Board Relations**

- Establish clear roles and responsibilities
- Foster open communication
- Implement effective onboarding for new members
- Provide board training and development regularly
- Encourage diversity and inclusivity
- Utilize effective meeting management



# REPORT

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: September 4, 2024  
Re: ONE JIB In-Kind Securities Policy  
Report: ONE JIB 2024-025

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the ONE JIB In-Kind Securities Policy.

## 2. SUMMARY

When discussing potential MNRI prior to joining ONE JIB, municipalities are seeking guidance on how to define MNRI and whether to include in-kind securities. There is no legal definition of MNRI. This creates flexibility for municipalities in establishing MNRI but also can lead to confusion. To help municipalities identify MNRI, ONE Investment has worked with WeirFoulds LLP to develop an MNRI guidance document.

ONE Investment is recommending ONE JIB establish an In-Kind Securities Policy.

The guidance document reflects an evolution in thinking that expands the scope of how to identify MNRI, but also introduces a new concept referred to as restricted special assets. If the In-Kind Securities Policy is approved, the existing 11 Participating Municipalities will need to transition to the new approach.

## 3. BACKGROUND

### **ONE Investment's Ontario Securities Commission exemption contains restrictions, including prohibition of discretionary portfolio management**

The first restriction limits ONE Investment to providing investment management or advisory services to the municipal sector (known in the exemption as Eligible Investors) and its related agencies, boards and commissions (e.g., conservation authorities). The second restriction is that neither ONE JIB nor ONE Investment may engage in discretionary portfolio management –such discretionary portfolio management may only be carried out by registered portfolio managers. There is a carve-out which allows ONE JIB and ONE Investment to select the Investment Pools for Eligible Investors and to rebalance

portfolios by purchasing and selling units of the Investment Pools. But neither ONE JIB nor ONE Investment may manage securities that are held in the Investment Pools nor can ONE JIB or ONE Investment manage a segregated account for an Eligible Investor. This includes in-kind securities. With the move to the OCIO Offering and the partnership with PH&N Institutional as the Sub-Investment Manager, PH&N Institutional is a registered portfolio manager able to engage in discretionary portfolio management.

### **Participating Municipalities have transferred control and management of in-kind securities to ONE JIB**

Transfer of the control and management of in-kind securities (as part of MNRI) has been a common practice for municipalities as they join the Prudent Investment Program. This has meant that the CIO needed to be able to track performance, reinvest income and any proceeds from repayment of capital in accordance with the municipality's approved ONE JIB Investment Plan. As ONE JIB continues to grow assets under management, a policy is needed that addresses the types of securities ONE JIB can receive and are available for investment as MNRI. The policy would provide guidance for ONE staff in working with potential Participating Municipalities. Further, PH&N Institutional as the Sub-Investment Manager needs clear direction on what to do with in-kind securities.

### **Proceeds and income from in-kind securities, if accepted as MNRI, come under the control and management of ONE JIB**

For in-kind securities to form part of the MNRI under the control and management of ONE JIB, proceeds from these securities (any distributions as well as proceeds received at maturity or on redemption or other disposition) should ultimately be invested in the ONE Prudent Investment Offering pooled funds. The proposed policy is designed to establish principles governing the treatment of in-kind securities from Participating Municipalities consistent with the relevant ONE JIB approved Investment Plans. It provides clarity with respect to any disposition of in-kind securities, if appropriate, prior to maturity. Such direction would be contained in a Securities Acceptance Plan agreed to by the municipal treasurer.

## **4. ANALYSIS**

### **MNRI is not a defined term in legislation**

Without a legislative definition of MNRI, the responsibility for defining MNRI becomes that of the municipality before finalizing the amount that will be transferred to ONE JIB for control and management. Currently, most Participating Municipalities have relied on a time-based concept to define MNRI ranging from 18 months to three years. However, other factors such as the source of the money and the purpose for which monies have been collected or set aside and are to be used, the extent to which control over the asset can be freely given to ONE JIB, or any combination of those factors can be considered by a municipal council in determining its MNRI.

To help municipalities define MNRI, ONE Investment has worked with WeirFoulds LLP to develop a guidance document, Attachment 1, for potential Participating Municipalities. The

guidance document outlines the different criteria that could be considered in identifying money required immediately, MNRI and restricted special assets. Restricted special assets are securities held by a municipality which if transferred to ONE JIB would not allow ONE JIB true control and management of the security. For example, local distribution company shares have been held by ONE JIB since its launch in May 2020, but they are neither controlled nor managed by ONE JIB.

### **ONE JIB has a fiduciary obligation to control and manage MNRI of Participating Municipalities**

The In-Kind Securities Policy, Attachment 2, states that the control and management of MNRI is ONE JIB's fiduciary obligation. That obligation must include the real ability to control and manage the securities including the monitoring and control of performance. Securities that preclude ONE JIB from monitoring and controlling performance should not be included as MNRI and identified by the municipality as restricted special assets.

Further, holdings in the ONE Canadian Equity Portfolio (which are MNRI) must be liquidated by a date to be agreed upon by the Participating Municipality and ONE JIB through ONE Investment pursuant to the signed Prudent Effective Date Agreement and the proceeds will be invested in accordance with the relevant Investment Plan. Based on recent experience in accepting ONE Canadian Equity Funds in-kind the economics did not bare out in favour of the municipality as would be expected. It is more economically efficient to cash out and transfer the money.

Finally, certain debt securities should be considered as MNRI on the basis that ONE JIB has the real ability to control and manage the security. As in-kind securities that are debt securities mature, ONE JIB through ONE Investment would invest the proceeds in accordance with the relevant Investment Plan, unless the Participating Municipality designates the in-kind security as not constituting MNRI in which case ONE JIB through ONE Investment will have no further control and management of that security and it will be returned to the Participating Municipality.

### **A Securities Acceptance Plan will be used to facilitate the efficient transition from the current practice**

Participating Municipalities always retain the ability to define money required immediately, MNRI and restricted special assets. When a Participating Municipality's MNRI is transferred to the OCIO Offering then, subject to concurrence from the municipal treasurer, it is expected that in-kind securities will be assessed by the Sub-Investment Manager and dealt with in a manner consistent with the overall management of that Participating Municipality's portfolio (which may include disposition to enable the Sub-Investment Manager to include proceeds from an in-kind security as part of its asset management approach to pursue more attractive opportunities). Or the Participating Municipality may direct that the in-kind securities are restricted special assets or possibly money required immediately. This will be fully documented and shared with ONE JIB through a Securities Acceptance Plan.



**There will be quarterly reporting to ONE JIB on in-kind securities up to the implementation of the Securities Acceptance Plan**

The CIO will report quarterly to ONE JIB on the holding of in-kind securities up until implementation of any Securities Acceptance Plan, including the following information:

- i. List of In-Kind Securities held;
- ii. In-Kind Securities performance; and,
- iii. List of In-Kind Securities sold (pursuant to a Securities Acceptance Plan).

**5. CONCLUSION**

As ONE JIB continues to grow assets under management, having a clear policy on in-kind securities which may form part of MNRI is important to fully meet ONE JIB's duties and responsibilities to the Participating Municipalities.

**ATTACHMENTS**

Attachment 1: ONE Investment Guidance Document on MNRI

Attachment 2: ONE JIB In-Kind Securities Policy

Drafted by: Judy Dezell, Co-President/CEO, ONE Investment

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment

# Attachment 1

## MONEY NOT REQUIRED IMMEDIATELY (“MNRI”)

A municipality that invests under section 418.1 of the *Municipal Act, 2001* (“**Act**”) through ONE JIB is required to transfer control and management of its money that it does not require immediately to ONE JIB so long as it determines its MNRI in accordance with the rules, conditions and procedures set out in O. Reg. 438/97 (“**Regulation**”) on the Prudent Effective Date. That date is agreed upon by the municipality and ONE Investment, as the agent of ONE JIB, pursuant to a Prudent Effective Date Agreement.

Section 418.1 of the Act only refers to money. It does not expressly address how a municipality must treat investments that it has already made and holds prior to the Prudent Effective Date. That question is addressed by the Regulation that requires a municipality to give control and management of its “investments” as well as its money to its investment board or joint investment board. “Investments” over which a municipality must give control and management to ONE JIB include securities acquired with MNRI by the municipality at the time of acquisition provided that any proceeds from the investments themselves are not required immediately on the Prudent Effective Date.

It follows from this that, subject to the comments below regarding Restricted Special Assets, money and investments of a municipality that are determined by the municipality as not required immediately constitute MNRI.

## How Does Council determine its MNRI?

### Money/Cash

There is no definition of MNRI in the Act or the Regulation. It is up to a municipal council to determine its MNRI. The Act does state that MNRI includes money in a reserve fund (in addition to money in a sinking and retirement fund). However, the determination of MNRI is primarily based on the time horizon within which the money is required to meet the municipality’s financial obligations. However, other factors such as the source of the money and the purpose for which monies have been collected or set aside and are to be used or any combination of those factors can be considered by a municipal council in determining its MNRI.

In determining its MNRI a municipality can:

1. determine, based on its experience, a reasonable timeframe within which the municipality will in fact need money to meet its financial obligations regardless of what fund or source it comes from (to date Participating Municipalities have been using 18 to 24 months as a benchmark);
2. determine whether the money that *is required immediately* i.e., within the 18-to-24-month timeframe, should be taken from any particular source or fund; and
3. transfer the balance of the Participating Municipality’s money to ONE JIB as MNRI.

### Investments (In-Kind Securities)

A municipality may have debt and/or equity securities invested under section 418 of the Act (i.e. the Legal List) before the Prudent Effective Date that it considers to be MNRI and that it wishes to transfer to ONE JIB *in specie* through ONE Investment instead of liquidating such securities and then remitting the cash proceeds for investment in accordance with its IPS (and its Investment Plan). In the case of debt securities, as they mature the proceeds would be invested by ONE Investment in accordance with the Participating Municipality’s IPS (and its Investment Plan). In the case of equities, they would be liquidated on or before a date to be agreed upon by the

Participating Municipality and ONE JIB through ONE Investment pursuant to a Transition Plan<sup>1</sup>. The proceeds would be treated in the same way as debt security proceeds.

### **Restricted Special Assets (that are not MNRI)**

Some municipalities hold securities issued by corporations incorporated under section 142 of the *Electricity Act, 1998*, often referred to as **LDCs**. During the first four years of ONE JIB's operations such securities were characterized as MNRI on the basis that transfer and control of such securities would be conveyed to ONE JIB as MNRI on the condition that ONE JIB would not sell, transfer, assign or pledge such securities and would abide by the Participating Municipality's directions in respect of such securities. This practice was based on several considerations including: (i) when ONE JIB was established this manner of dealing with LDC securities was the practice of the City of Toronto; and (ii) LDC securities constitute prescribed eligible securities for MNRI under Part 1 of the Regulation (Legal List securities-see paragraph 9 of section 2 of the Regulation).

The purpose of the prudent investment regime is to give an additional financial tool to municipalities to generate revenues by investing in any security provided that they follow the rules, conditions and procedures in the Act and the Regulation. LDC securities were not originally invested in by municipalities with their MNRI. Instead, municipalities were mandated to transfer their electricity assets to LDCs in consideration for which the transferring municipalities received LDC securities. It is apparent that municipalities did not acquire LDC securities in order to maximize the return on the investment of their money that they did not require immediately. Rather those securities were acquired for the broader purpose of retaining control of the provision of an essential service to the public.

The historical practice of the Participating Municipalities including LDC securities in their MNRI but prohibiting ONE JIB from dealing in any way with those securities resulted in an anomaly because ONE JIB, as a fiduciary who is obligated to maximize returns on MNRI, has been precluded from doing so in respect of LDC securities.

There is no practical reason why ONE JIB should purport to accept control and management of securities over which it has no actual control and management and therefore no rationale for including LDC securities in a Participating Municipality's MNRI or for transferring such securities to ONE JIB.

A similar analysis applies to Participating Municipalities including their own debentures ("**Own Debt**") in their MNRI if in the related IPSs ONE JIB is precluded from dealing with such debentures in a manner that enables ONE JIB to maximize returns on them. In such circumstances this Own Debt should not be categorized as MNRI, since logically it is not.

Contemporaneously with the introduction of the OCIO Offering, ONE JIB is re-examining its existing practices to maximize efficiencies. Eliminating LDC and Own Debt securities from the MNRI of Participating Municipalities would increase the efficiency of the OCIO Offering because ONE JIB would have no obligations such as reporting in respect of such securities. Consequently, ONE JIB has refined its views in respect of LDC and Own Debt securities. ONE JIB has concluded that LDC and Own Debt securities should not be included as MNRI by Participating Municipalities based on the reasons set out above.

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<sup>1</sup> "Transition Plan" means a written agreement between a Participating Municipality and ONE Investment on behalf of ONE JIB that is entered into when a Participating Municipality's MNRI is transferred to the OCIO Offering, then subject to concurrence from the municipal treasurer, it is expected that In-Kind Securities will be assessed by the OCIO Offering Sub-Investment Manager and dealt with in a manner consistent with the overall management of that Participating Municipality's portfolio which may include disposition to enable the Sub-Investment Manager to include proceeds from an In-Kind Security as part of its asset management approach to pursue more attractive opportunities.

New Participating Municipalities will be advised that their councils should consider not characterizing their LDC and Own Debt securities as MNRI and the same advice will be provided to existing Participating Municipalities with LDC and Own Debt securities designated as MNRI in their IPSs at the time of their next IPS review. To the extent that Participating Municipalities wish to include LDC and Own Debt securities in their IPSs, they can be described as restricted special assets that do not constitute MNRI.



## Attachment 2

Status: Draft Aug 26, 2024

ONE Joint Investment Board Policy Statement			
<b>Policy:</b>	In-Kind Securities	<b>Date Approved:</b>	<b>Person Most Responsible:</b> Chief Investment Officer
		<b>Date of Next Review:</b>	

### Purpose Statement

The purpose of this policy is to establish the principles governing the treatment of In-Kind Securities from Participating Municipalities as part of their money and investments not required immediately that will be consistent with the relevant Investment Plans.

### Scope

This policy is applicable to all In-Kind Securities that Participating Municipalities must transfer to ONE JIB's control and management through ONE Investment pursuant to section 418.1 of the *Municipal Act, 2001 (Act)*.

### Definitions

- **In-Kind Securities** means assets/securities, other than cash, including both debt and equity securities, that are invested under section 418 of the Act before the relevant municipality becomes a Participating Municipality. In certain cases, Participating Municipalities may transfer such securities to ONE JIB through ONE Investment pursuant to section 418.1 of the Act instead of liquidating first and then remitting cash proceeds.
- **Money Not Required Immediately (MNRI)** means money and investments that are not required immediately by a Participating Municipality the control and management of which has been given to ONE JIB through ONE Investment. There is no universal definition of MNRI and it is at the discretion of each Participating Municipality to determine its MNRI in a way that is appropriate for its circumstances. A Participating Municipality's council must determine its MNRI.



- **OCIO Offering** means the comprehensive investment program made available through ONE JIB/ONE Investment pursuant to which a duly qualified investment manager who is an External Portfolio Manager, referred to as a “Sub-Investment Manager” is engaged by ONE Investment to advise a Participating Municipality with regard to the investment of the Participating Municipality’s MNRI and to invest and manage such MNRI in accordance with the terms and conditions set out in the ONE JIB Agreement.
- **Participating Municipalities** means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.
- **Proceeds from securities** means any distributions as well as proceeds received at maturity or on redemption or other disposition.
- **Restricted Special Asset** means securities identified by the Participating Municipality as not being MNRI, nor being MRI, such as the Participating Municipality’s own debentures.

### Policy Statement

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The control and management of MNRI is ONE JIB’s fiduciary obligation. That obligation must include the real ability to control and manage the securities including the monitoring and control of performance. Securities that preclude ONE JIB from monitoring and controlling performance should not be included as MNRI (e.g. Restricted Special Assets).

Holdings in the ONE Canadian Equity Portfolio (which are MNRI) must be liquidated by a date to be agreed upon by the Participating Municipality and ONE JIB through ONE Investment pursuant to the signed Prudent Effective Date Agreement and the proceeds will be invested in accordance with the relevant Investment Plan.

Certain debt securities will be considered as MNRI on the basis that ONE JIB has the real ability to control and manage the security. As In-Kind Securities that are debt securities mature, ONE JIB through ONE Investment would invest the proceeds in accordance with the relevant Investment Plan, unless the Participating Municipality designates the In-Kind Security as not constituting MNRI in which case ONE JIB through ONE Investment will have no further control and management of that security and it will be returned to the Participating Municipality.

### Securities Acceptance Plan

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When a Participating Municipality’s MNRI is transferred to the OCIO Offering then, subject



to concurrence from the municipal treasurer, In-Kind Securities will be assessed by the Sub-Investment Manager and dealt with in a manner consistent with the overall management of that Participating Municipality's portfolio. This may include disposition to enable the Sub-Investment Manager to include proceeds from such In-Kind Securities as part of its asset management approach to pursue more attractive opportunities or the Participating Municipality designates In-Kind Securities as Restricted Special Assets, which by definition do not constitute MNRI. This will be documented through a Securities Acceptance Plan, and a template can be found in Appendix 1.

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### **Governance**

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When a municipality decides to invest through ONE JIB/ONE Investment under section 418.1 of the Act it must transfer control and management of its MNRI to ONE JIB through ONE Investment. Consequently, ONE JIB has a fiduciary obligation that includes monitoring the performance of any In-Kind Securities transferred to ONE JIB through ONE Investment as MNRI unless directed otherwise by the Participating Municipality (because the Participating Municipality has designated such securities as Restricted Special Assets). Where an In-Kind Security is not capable of being valued in real time, monitoring will largely be based on historical investment value.

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### **Reporting**

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The CIO will report quarterly to ONE JIB on the holding of In-Kind Securities up until implementation of any Securities Acceptance Plan, including the following information:

- List of In-Kind Securities held;
- In-Kind Securities performance; and,
- List of In-Kind Securities sold (pursuant to a Securities Acceptance Plan).

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### **Review**

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This policy may be amended from time to time and shall be reviewed every three years.



**APPENDIX 1  
Securities Acceptance Plan**

**Guidelines on Delivery of MNRI<sup>1</sup>  
(based on an 18-month immediacy period)**

**To: ONE JIB/ONE Investment (attention Chair and Co-Chair of ONE JIB)**

**Copy: Secretary of ONE JIB**

Asset	MNRI (to be delivered to ONE JIB through ONE Investment)	MRI or Restricted Special Asset (to be retained by Participating Municipality)
Money/Cash	x (if not needed within the immediacy period)	x (if needed within the immediacy period)
Debt Securities (bonds, third party debentures, GICs, promissory notes)		x
Own Debt Securities (debentures issued and purchased by the Participating Municipality)		x
Equity Securities		
MSC Securities		x
LDC Securities		x
Sinking Funds	x2	

<sup>1</sup> Subject to Securities Acceptance Plan provisions.





Attached as Schedule A is a list with the specific details of the relevant In-Kind Securities, including where applicable: (i) a description of the types of In-Kind Securities that will be sold and the proposed [DATE(s)] by which they will be sold and the proceeds will be invested in the OCIO Offering; (ii) the [DATE] on which the In-Kind Securities, which do not constitute MNRI, will be returned to the Participating Municipality for its control and management; and (iii) any amounts of cash generated from the sale of In-Kind Securities to be held pending investment in the OCIO Offering.

During the transition to the OCIO Offering, the Chair and Vice-Chair of ONE JIB have discretionary power to approve temporary investments recommended by the Sub-Investment Manager that may not be expressly described in the Participating Municipality's Investment Plan or the Investment Policy Statement but which are, in the opinion of the Chair and Vice-Chair, in the best interests of the Participating Municipality and are entirely consistent with their fiduciary obligations to the Participating Municipality.

This Securities Acceptance Plan (SAP), the specific details of which are set out in Schedule A hereto, is hereby agreed to and accepted by [Participating Municipality] as evidenced by the signature of the Treasurer of the Participating Municipality effective [DATE]. The Treasurer is authorized to sign a copy of this SAP to evidence acceptance and approval and to deliver a copy of this SAP to ONE JIB/ONE Investment through ONE JIB's Secretary.

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Signed by: [Name], Treasurer of [Participating Municipality]

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Date



## SCHEDULE A

[list relevant In-Kind Securities, including details where applicable: (i) a description of the types of In-Kind Securities that will be sold and the proposed [DATE(s)] by which they will be sold and the proceeds will be invested in the OCIO Offering; (ii) the [DATE] on which the In-Kind Securities, which do not constitute MNRI, will be returned to the Participating Municipality for its control and management; and (iii) any cash generated from the sale of In-Kind Securities to be held pending investment in the OCIO Offering]

To: ONE Joint Investment Board  
From: Colin MacDonald, Manager of Policy, MFOA  
Date: September 4, 2024  
Re: Municipal Insights Report – Q3 2024  
Report: ONE JIB 2024-057

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

The Province has resumed consultations on regional reviews, which should extend through the Fall of 2024 with no definitive timeline for completion. It does appear that the Standing Committee responsible for the review is narrowing its focus, with increased emphasis on water and wastewater service delivery. Additionally, the Peel Transition Board is rumored to be recommending a realignment of road maintenance and waste collection services along with a transition of water and wastewater services to a provincially regulated utility. Should the Province accept the latter recommendation it is likely that it would impact municipalities across Ontario. The shifting of services between entities could have impacts on debt and reserves associated with those services – depending on the specific decision, municipalities could see their associated MNRI increase or decrease on a case-by-case basis.

AMO, the City of Toronto and the provincial and federal governments announced a renewal of the Canada Community Building Fund (CCBF). The fund is one of the largest government transfers to municipalities. The CCBF is allocated on a per capita basis and, with this simple allocation formula, often provides greater stability and predictability than other government transfers. The CCBF agreement is renewed for a 10-year period and will be indexed at two percent. The agreement includes new provisions around housing reporting and objectives that may skew the use of the funds toward growth-related infrastructure where previous agreements placed emphasis on asset management and state of good repair. The new emphasis on the fund may put more pressure on longer horizon reserves, such as asset management reserves.

## 3. BACKGROUND

**The Province has resumed consultations on the municipal regional review, which are expected to extend through the Fall of 2024**

On May 18, 2023, the Province announced a review of six other two-tiered municipal jurisdictions, and that they would be appointing “facilitators” to conduct those reviews. The two-tiered municipal jurisdictions under review are Durham Region, Halton Region, Niagara Region, Simcoe County, Waterloo Region, and York Region. On September 14, 2023, Minister Calandra formally requested that the Standing Committee on Heritage, Infrastructure and Cultural Policy conduct the review in place of appointing facilitators. The Standing Committee conducted hearings in Winter 2023/2024 in each of the jurisdictions under review. On July 8, 2024, the Standing Committee conducted an additional hearing on the topic in Simcoe County and is looking to conduct additional hearings in the other jurisdictions in Fall 2024 – exact dates and times are to be decided. The hearing in Simcoe County placed significant emphasis on water and wastewater service delivery. No date has yet been set for the completion of this review.

**The Peel Transition Board is expected to recommend some service delivery reorientation and one news report has indicated that the board will recommend moving water and wastewater services to a separate utility corporation**

In June 2023, the Province passed legislation to dissolve Peel Region as of January 1, 2025 and assigned a Transition Board to develop a process for dividing the Region’s services among its lower-tier municipalities of Brampton, Mississauga, and Caledon. However, by December 2023 it was announced that new legislation would be introduced in early 2024 to refocus the Transition Board’s mandate to improve regional services like policing, paramedics and public health, instead of dissolution. According to one news source, the Transition Board report will contain recommendations to transfer some services (road maintenance and waste collection) to the lower tiers and water and wastewater services to a “provincially regulated utility.” This latter move aligns with a recommendation made by Ontario’s Housing Affordability Task Force and has been echoed by the development industry and many other housing advocates.

**A new Canada Community Building Fund (CCBF) agreement was signed on June 5, 2024, which will provide municipalities in Ontario with stable infrastructure funding**

The new CCBF agreement was announced on June 5, 2024. The new agreement, which was signed by AMO, the City of Toronto, and the provincial and federal governments, will provide \$4.7 billion in funding to Ontario municipalities over the next five years. It renews the agreement for a ten-year period and allocates stable and predictable infrastructure funding on a per capita basis. The fund will be indexed at two percent per year. The new agreement places additional emphasis on housing, whereas previous agreements were more broadly focused on sustainable infrastructure decisions through asset management plans and practices. New conditions placed on the funds will require increased reporting on affordable housing units – including a requirement for any community with a population greater than 30,000 to develop and publish a Housing Needs Assessment, a commitment to leverage public lands for housing, and collaboration on housing development innovation.

**4. ANALYSIS**

**Several municipalities in the Prudent Investment Program may be impacted by outcomes of the municipal regional reviews and the Peel Transition Board recommendations**

ONE Investment staff have indicated in the past that the reviews may be creating enough uncertainty that impacted municipalities may delay any evaluations or decisions with respect to moving to the prudent investor regime until after the review is complete. Durham Region, the Town of Whitby, the Town of Aurora, and the Town of Innisfil are participating municipalities that could be directly impacted by the reviews. Depending on the result of the reviews it is possible that service delivery and associated reserves and debt could transfer between municipalities.

Should the Province opt to transition municipal water and wastewater services to municipal services corporations and establish a provincial regulator, it is likely that the impact would be felt by all municipalities in the Prudent Investment Program. It should be noted that at present the regulation governing municipal services corporation restricts the corporations to section 418 of the Municipal Act and would therefore be ineligible as investors under the prudent investor regime. AMO and MFOA partnered on a backgrounder for water and wastewater municipal services corporations detailing some of the potential benefits and disadvantages of the model and how its impact and use will be context dependent. The Town of Innisfil already delivers its water and wastewater services through a municipal services corporation. Any realignments of service delivery could have significant impacts on MNRI depending on the magnitude.

**The renewed CCBF agreement provides assurance of predictable infrastructure funding but new housing requirements of the fund could put some pressure on longer horizon reserves**

The renewed CCBF provides stability and predictability over the next ten years and is an important piece of infrastructure funding, as one of the more significant government transfers. The fund being indexed at two percent per year likely means that it will fall behind inflation and lose purchasing power over that period, which could put increased pressure on property taxes, user fees and reserves over that period. It is possible that the new emphasis and reporting requirements related to new housing development could skew its use toward growth-related infrastructure and away from asset management and state of good repair, which could put further strain on existing asset management reserves, particularly in growing municipalities.

**5. CONCLUSION**

Municipalities are trying to manage instability due to changes in legislation and policy by the federal and provincial governments, while also trying to meet the demand for a substantial amount of new infrastructure to serve new housing development. This may result in increased risk aversion and more pressure on municipalities' longer term MNRI and could shorten the time horizons of some MNRI.

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