



**ONE**  
INVESTMENT

ANNUAL REPORT **2022**

# Table of Contents

About ONE.....3

Governance .....4

    Board of Directors .....4

    ONE Joint Investment Board .....5

    Advisory Committees .....6

        - Program (Peer) Advisory Committee.....6

        - Investment Advisory Committee.....6

Message from the ONE Investment Board Chair .....7

Message from ONE Joint Investment Board Chair .....9

2022 Highlights..... 11

    Legal List Overview ..... 11

    Prudent Investor Overview ..... 11

    Building Municipal Capacity: Investment Advisory Services, Education and Training..... 12

Financial Statements..... 13



## Vision

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

## Serving Ontario's municipalities for the past 30 years

ONE Investment 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 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 as a not-for-profit 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 as education and training for municipalities with respect to linking investments to funding asset management plans.

ONE Investment offers municipalities and municipal treasurers:

- Five investment products for different timeframes and needs, all compliant with the Province's "Legal List" of eligible investments
- A Joint Investment Board to manage pooled municipal investments for those who want the flexibility afforded by the Prudent Investor Standard
- Access to the Prudent Investor Standard, through the ONE Joint Investment Board (ONE JIB), to any municipality regardless of size or assets
- In-person and online education and training opportunities
- Tools and templates to support staff reports to council

# Governance

## 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>Gary McNamara</b> <i>Chair</i>	Mayor Town of Tecumseh
<b>Ken Nix</b> <i>Vice-Chair</i>	CAO Township of Scugog
<b>Robin Jones</b>	Mayor Village of Westport
<b>Gary Kent</b>	Commissioner, Corporate Services/CFO Region of Peel
<b>Jean-Pierre Ouellette</b>	Consultant and retired CAO Town of Cochrane
<b>Trevor Pinn</b>	Deputy CAO/Treasurer Municipality of Clarington
<b>Julie Stevens</b>	CAO District Municipality of Muskoka
<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>	Director of Finance/Treasurer County of Essex

## 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	
<b>Bill Hughes</b> <i>MBA, MES, Chair</i>	Senior Fellow University of Toronto Institute on Municipal Finance and Governance
<b>Geri James</b> <i>Vice Chair</i>	Senior Investment Specialist Former Director, Institutional Client Business BlackRock Asset Management
<b>Jennifer Dowty</b> <i>CFA</i>	Equities analyst/business reporter Globe and Mail
<b>Heidi Franken</b> <i>CFA</i>	Registrar CPA Ontario
<b>James Giles</b> <i>CFA, CPA</i>	Former Chief Investment Officer Foresters Financial
<b>Mike Melinyshyn</b> <i>MBA, CPA, CMA</i>	CFO/Director of Corporate Services and Deputy Treasurer Town of Innisfil
<b>Scott Pountney</b> <i>CFA, CAIA, RIPC</i>	Director Investments Empire Life
<b>Stephen Rettie</b> <i>CPA, CMA</i>	CAO and Deputy Treasurer Town of Bracebridge
<b>Christine Tessier</b> <i>CFA, CAIA</i>	Co-Chief Investment Officer Foresters Financial

## 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 additional advice.

### PROGRAM (PEER) ADVISORY COMMITTEE

<b>Tara Baker</b>	City of Guelph
<b>Michael Coffey</b>	Tbaytel (a municipal service board of the City of Thunder Bay)
<b>Ed Hankins</b>	Region of York
<b>Erika Kromm</b>	Municipality of Neebing
<b>Mark Martin</b>	City of Ottawa
<b>Michael McGovern</b>	Township of Central Frontenac

### INVESTMENT ADVISORY COMMITTEE

<b>Heather Douglas</b> <i>Committee Chair</i>	Partner WeirFoulds LLP
<b>Jennifer Dowty</b> <i>CFA</i>	Equities analyst/business reporter Globe and Mail
<b>James 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>	Co-Chief Investment Officer Foresters Financial

# Message from the ONE Investment Board Chair



Building strong communities with good infrastructure and amenities takes time, planning and money – often more than the property tax base can generate.

In 2022, the need for infrastructure investments to support new housing grew even greater as the province took aim at the housing shortage with legislation that dramatically altered Ontario’s planning regime. These changes included measures that made it harder for municipal governments to recover the costs associated with growth like expanding services and roads.

Well-planned investments can be one tool to help manage these changes and better meet needs created by growth. A robust asset management plan, paired with a strategic investment plan, helps fund long-term projects and protects savings against inflation.

For 30 years, ONE has offered a range of turnkey investment options for municipal governments, all fully compliant with the Municipal Act. By combining the investments of municipal governments, ONE achieves the scale needed to deliver better returns and lower management fees. It also offers expertise tailored to the Ontario municipal context, through our Investment Advisory Services team. This team brings together professionals with expertise in global investment and municipal finance.

ONE provides investment services and products for municipalities who want to invest in provincially approved products as well as those who want broader powers to build more diverse portfolios through the Prudent Investor Standard. During a difficult year for financial markets, ONE’s municipal investors recognized the long-term nature of their investments and held steady.

In fact, three new municipalities recognized the benefits of Prudent Investor and began investing with ONE’s Prudent Investment Program in 2022. Other PI member municipalities moved more funds in their portfolios, demonstrating greater understanding of investment strategy.

## **Strategic Plan: A renewed vision to be the leading investment solutions partner for the Ontario municipal sector.**

As the 2018-2022 Strategic Plan cycle came to an end, staff worked to renew priorities for 2023 to 2027. This work ensures that ONE continues to align its 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 PI participation.

I would like to thank my fellow Board members, ONE Investment staff, our advisory committee members and the ONE Joint Investment Board for their commitment and dedication. In a challenging economic year, they stayed focused on serving new and existing investors, and improving opportunities for Ontario's municipalities.

I also thank our many investors for their confidence and trust over the past year, and over the past three decades. Our team works continually to harness the collective investment power of the sector to invest for the long term and build stronger communities.

### **Gary McNamara**

Chair ONE Investment Board



# Message from ONE Joint Investment Board Chair



The ONE Joint Investment Board, or ONE JIB, develops and manages investment solutions for municipalities under the Prudent Investor standard. Prudent Investor Standard allows municipalities to invest long-term funds in any security that is prudent for their situation, similar to the investment powers given to pension plans and trusts.

Through Prudent Investor Standard, municipalities can build more strategic and diverse investment portfolios to better manage risk and achieve higher long-term risk-adjusted returns.

To qualify for the Prudent Investor Standard, the province requires a municipality or group of municipalities to have \$100 million in “money not required immediately”. By combining the investments of many municipalities, the ONE Joint Investment Board enables any municipality to participate in the Prudent Investment Program.

The legislation also requires municipalities to create an independent board of experts to manage their long-term investments. ONE JIB was created for this purpose and it is comprised of senior-level global investment experts and specialists in municipal finance.

In 2022, the ONE JIB added three new participating municipalities: the City of Quinte West, the City of Thunder Bay and the Municipality of Neebing. In addition, several investors contributed more to their portfolios, bringing total investments managed by the board to \$580.8 million at the end of 2022, a 41 per cent increase over the previous year.

Independent expertise ensures that investment decisions are based on experience and strategy, even during difficult times. The Russian invasion of Ukraine, rising inflation and rising interest rates created a challenging year for financial markets in 2022, with losses in both fixed income and equity markets in Canada, the U.S. and other markets. Because ONE JIB is managing long-term investments, it takes a disciplined, steady approach during such market gyrations.

The Board develops and approves an Investment Plan for each participating municipality tailor-made to its investment goals and risk tolerance as expressed in a council-approved Investment Policy Statement. The Board has created an Outcomes Framework to translate municipal reserves into investment allocations appropriate for each municipality’s situation.

As part of its due diligence, the Board regularly hears from the investment managers for its fund offerings, which include two Canadian fixed income funds, a Canadian Equity fund, a Global Equity Fund and a Global Fixed Income Fund.

Strong governance is key to the success of the ONE JIB and we were pleased that our annual review by our Independent Integrity Commissioner confirmed our high ethical standards and integrity.

As budget pressures continue to grow, municipalities are increasingly recognizing that prudent investing is the best way to ensure better long-term risk-adjusted returns to help meet their capital and other needs.

On behalf of the entire ONE JIB, I would like to thank all of 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



Thunder Bay has been benefiting from ONE's Canadian Equity Portfolio and High Interest Savings Account for years. In 2022, the City transitioned from these provincial Legal List options to the Prudent Investment regime by joining the ONE Joint Investment Board. This gives us the opportunity to improve returns compared to the Legal List. It also allows for better risk-adjusted returns by building more diverse portfolio of investments.

The City has limited options for increasing revenue. At the same time, we must prepare for large capital expenditures in the future to meet our asset management needs. The potential for improved investment returns under the Prudent Investor Standard could be a critical tool in helping the City fund future obligations. ”



- Emma Westover, Director of Financial Services, City of Thunder Bay

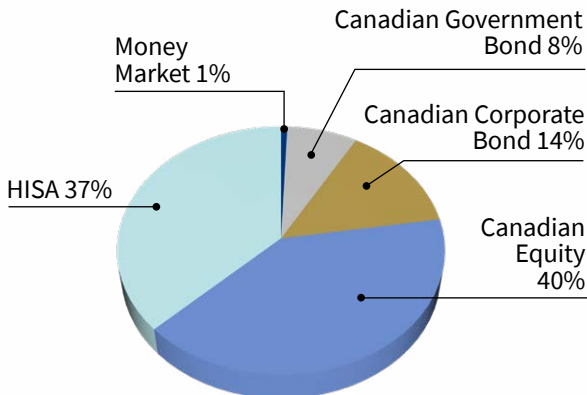
# 2022 Highlights

ONE Investment had **197** active Ontario municipal and broader public sector investors, with a total investment balance of **\$2.98 billion** at the end of 2022.

## Legal List 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 approved equities product for those municipalities investing under the Legal List framework.

**ONE - Legal List Portfolio and HISA - \$2.4B**  
(As of December 31, 2022)

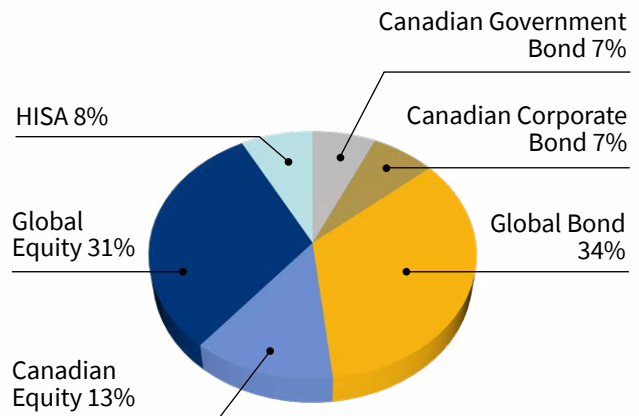


## Prudent Investor Overview

In 2022, ONE JIB began managing investments for three more municipalities - the Municipality of Neening, the City of Quinte West, and the City of Thunder Bay.

At end of 2022, ONE was managing investments of more than \$580 million for nine municipalities.

**ONE - Prudent Investor Funds - \$580.8M**  
(As of December 31, 2022)



“ ONE’s Canadian Equity Portfolio is an important part of the City of London’s broader long-term financial plan. The City’s investments are tied to the time horizons and needs outlined in our long-term capital plan. Over the past several years, we have methodically built up the City’s equity position. While we paused briefly during the early stages of COVID-19, additional investment resumed quickly because building a diversified portfolio is essential to investing and managing risk over the long-term. Since the City is limited by the Legal List, the Canadian Equity Portfolio provides us a tool to build a strategic asset mix to manage the City’s risk and reward profile. ”

- Anna Lisa Barbon, CPA, CGA, Deputy City Manager, Finance Supports and City Treasurer, City of London

“ Our reserve and reserve funds need to grow with inflation. The costs for goods and services we buy are on the rise, and given how equity markets trend over time, using this more diversified investment portfolio maintains our buying power while managing risk. ”

- Caleb Denouden, Director of Finance, City of Quinte West

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

ONE Investment continues to help municipalities build their investment capacity and knowledge. ONE's expert Investment Advisory Services team guides municipalities through the steps of taking a cash flow plan and turning it into an investment policy statement and strategy. The team works with prospective and current investors. In 2022, the team onboarded three new PI municipalities.

ONE also offers training for municipal staff. Investment 101 sessions were back again in person in 2022. 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 also works to increase investment knowledge and maturity through a quarterly newsletter that provides insights about current market and economic trends, as well as investment basics. 2022 was the fifth anniversary of the ONE Investment Update e-newsletter. It was created in 2018 to help municipalities learn about Prudent Investor and it continues to serve both our Legal List and Prudent Investor clients.

“ We have a high level of confidence in working with ONE Investment. It has selected excellent fund managers. In addition to investment expertise, ONE's Investment Advisory staff are knowledgeable about the Municipal Act and what's important to local governments. As a result, treasurers are able to make sound, well-informed decisions for their communities.

As economic factors change, the ONE team is monitoring and adjusting to help local governments maximize resources. For example, during COVID, ONE stepped in to create better short-term investment opportunities. They are a trusted partner. We know we can pick up the phone and call them whenever we need help or support. ”

- Tara Baker, CPA, CA, Treasurer/General Manager Finance, City of Guelph