



**ONE JIB**  
**Regular Board Meeting**  
**Agenda**

**Meeting #:** 2024-004  
**Date:** November 27 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. Approval of ONE JIB Meeting Minutes</b>	
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3.c.1 September 4, 2024 Minutes, Minute No. 9.a - 2025-2026 ONE JIB Meeting Dates - Change Meeting Date from February 27, 2025 to February 25, 2025	
<b>4. Communications</b>	
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6.a Municipality of Clarington	55 - 72
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6.c Municipality of Red Lake	82 - 93

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7.a	Municipality of Clarington, Township of Central Frontenac and Municipality of Red Lake – Request to Join ONE JIB (2024-061)	94 - 97
7.b	Municipality of Clarington’s Investment Plan (2024-066)	98 - 144
7.c	Township of Central Frontenac’s Investment Plan (2024-067)	145 - 196
7.d	Municipality of Red Lake’s Investment Plan (2024-069)	197 - 245
<b>8.</b>	<b>Consent Items</b>	
8.a	ONE Investment Audit Committee Update – November 27 2024 (2024-068)	246 - 248
8.b	Board Skills Matrix Review Fall 2024 (see Agenda Item 12.a.) (2024-064)	249 - 250
8.c	Investment Plan Implementation Report Q3 2024 (2024-071)	251 - 253
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8.g	OCIO Quarterly Reporting and Analysis Q3 2024 (2024-078) (staff report only)	597 - 610
<b>9.</b>	<b>Investment Oversight</b>	
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9.b	Town of Aylmer’s Investment Plan (2024-074)	664 - 709
9.c	Town of Bracebridge’s Investment Plan (2024-072)	710 - 751
9.d	City of Kenora’s Investment Plan 2024 (2024-075)	752 - 797
9.e	Fund Manager Performance Review Q3 2024 (2024-076)	798 - 803
<b>10.</b>	<b>Governance and Administrative Matters</b>	
10.a	ONE Investment Audit Committee – ONE JIB Reappointment (2024-062)	804 - 809
10.b	Board Governance Self-Evaluation Report – Fall 2024 (2024-065)	810 - 813

10.c	2025 Futures List (2024-063)	814 - 816
11.	Strategy and Policy	
11.a	Transition to OCIO Business Model (2024-058)	817 - 873
11.b	Municipal Insights Report Q4 2024 (2024-077)	874 - 876
12.	Closed Session	
12.a	Private Attachment to report listed as Agenda item 8.b - Board Skills Matrix Review Fall 2024 - Personal Matters about Identifiable Individuals	
13.	Reconvene in Public Session	
13.a	Confidential Attachment to report listed as Agenda item 8.b - Board Competencies, Skills Matrix Review Fall 2024 - Personal matters about identifiable individuals	
14.	Other Business	
15.	Meeting Outcomes	
16.	Authorizing Motion	
17.	Adjournment	
18.	Next Meeting	
18.a	Regular Meeting - February 25, 2025 (10:00 a.m. - 3:00 p.m.)	



ONE JIB

Regular Board Meeting

Minutes

Meeting #: 2024-04  
Date: September 4, 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

C. Dyer

H. Franken

J. Giles

D. Leckman

M. Melinyshyn

S. Pountney

S. Rettie

N. Taylor

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, ONE Investment

Board Chair Hughes welcomed the three new board members to the meeting:

Nancy Taylor, Commissioner of Finance and Treasurer, The Regional Municipality of Durham,

Craig Dyer, recently retired Commissioner of Corporate Services and Chief Financial Officer for the Regional Municipality of Waterloo, and

Deborah Leckman, senior investment professional with over 30 years experience in the pension fund and retail wealth industries

**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 May 29, 2024, ONE JIB Meeting Minutes**

Moved by Board Member Pountney

THAT the Minutes of the May 29, 2024, ONE JIB Meeting be approved as circulated.

Carried

**3.b Business Arising from the May 29, 2024, Meeting Minutes.**

There was no business arising from the May 29, 2024, ONE JIB Minutes.

**4. Communication**

**4.a ONE Investment Annual Report 2023**

Moved by Board Member Rettie

THAT the Board receive the communication from Judy Dezell, Co-President/Co-CEO ONE Investment and the attached ONE Investment Annual Report 2023.

Carried

**5. Delegations**

There were no delegations.

**6. Board Committee Reports**

There were no Board Committee Reports.

**7. Consent Items**

Moved by Board Member Dyer

THAT the Board adopt consent items 7.a, 7.b, 7.c, 7.d, 7.e, and 7.f and the recommendations contained in the related staff reports, as follows:

**7.a Audit Committee Update - Q3 2024 (2024-O40)**

Recommendation: Receive the Report

**7.b Board Governance Self-Evaluation Fall 2024 (2024-O50)**

Recommendation: Receive the Report

**7.c Municipal Performance Reports Q2 2024 (2024-O53)**

Recommendation: Receive the Report

7.d Compliance Report Asset Class and Target Weight Allocations Q2 2024 (2024-041)

Recommendation: Receive the Report

7.e Strategic Plan Reporting Tool – Q2 2024 Progress (2024-052)

Recommendation: Receive the Report

7.f Global Fixed Income Manager – Presentation by Manulife (staff report) (2024-049)

Recommendation: Receive the Report

Carried

8. Investment Oversight

8.a Presentation – Fund Manager – Manulife Investment Management

Mark Bischoff, Managing Director, Relationship Management, Charles Tomes, Associate Portfolio Manager and Sherri Tilley, Client Portfolio Manager, Manulife Investment Management, made a presentation on Manulife's Fixed-Income Strategy.

**Moved by** Board Member Leckman

THAT the Board receive the presentation from the Manulife Investment Management representatives.

Carried

8.b Investment Plan Implementation Report Q3 2024 (2024-054)

Keith Taylor, Chief Investment Officer, ONE Investment, 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 the Investment Plan Implementation Report Q3 2024.

**Moved by** Board Member Giles

THAT the Board adopt recommendation 3 in the report, as amended to read as follows:

3. Authorize the Chair and Vice Chair to approve practicable changes that may be required before the next Board meeting in keeping with the spirit and the risk profile of the Transition Plan and Investment Plan.

Carried

**Moved by** Board Member Franken

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

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.

Carried

**Moved by** Board Member Giles

That the Board recess for 15 minutes.

Carried

The Board recessed at 11:20 a.m. and reconvened at 11:35 a.m.

#### **8.c Town of Aurora's Investment Plan (2024-O42)**

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

**Moved by** Board Member Tessier

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

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).

Carried

**8.d Town of Huntsville's Investment Plan (2024-O43)**

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

**Moved by** Board Member Rettie

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

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).

**Carried**

**8.e Town of Innisfil's Investment Plan (2024-O46)**

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

**Moved by** Board Member Pountney

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

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.

**Carried**

**8.f District Municipality of Muskoka's Investment Plan (2024-O45)**

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the report on the District Municipality of Muskoka's Investment Plan.

**Moved by** Board Member Melinyshyn

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

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 an in-year drawdown of up to \$5 million (Attachment 3).

Carried

#### **8.g City of Thunder Bay's Investment Plan (2024-O44)**

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the report on the City of Thunder Bay's Investment Plan.

**Moved by** Board Member Dyer

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

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).

Carried

#### **8.h Fund Manager Performance Report Q2 2024 (2024-O56)**

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the Fund Manager Performance Report Q2 2024.

**Moved by** Board Member Giles

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

1. The Board confirm that its members have reviewed the Fund Manager Performance Reports for Q2 2024 provided in the Resource Library, and
2. Receive the report.

Carried

Moved by Board Member Franken

THAT the Board recess for lunch.

Carried

The Board recessed at 12:30 p.m. and reconvened at 1:19 p.m.

9. Governance and Administrative Matters

9.a ONE JIB Meeting Dates 2025-2026 (2024-055)

Moved by Board Member Pountney

THAT the Board adopt the following recommendation in the report:

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

Carried

9.b Transition to OCIO Business Model (2024-038)

Judy Dezell, Co-President/Co-CEO, ONE Investment, Martin Leclair, CFA: Vice President and Portfolio Manager, and Paul Purcell, CFA: Managing Director and Portfolio Manager, from Phillips, Hager & North (PH&N) Investment Services, made presentations on the Transition to the OCIO Business Model.

Moved by Board Member Giles

THAT the Board receive the presentations and adopt the following recommendation in the report:

1. Direct ONE Investment to bring a business transition plan to ONE JIB's next meeting for approval

Carried

**9.c Template Review – Investment Plan, Investment Policy Statement and Municipal Client Questionnaire (2024-O39)**

Jennifer Hess, Manager of Investment Services, MFOA, made a presentation on the report on the Template Review - Investment Plan, Investment Policy Statement and Municipal Client Questionnaire

**Moved by** Board Member Taylor

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

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.

Carried

**9.d 2025 Pre-Budget Consultation (2024-O48)**

**Moved by** Board Member Melinyshyn

THAT the Board adopt the following recommendations in the report:

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.

Carried

**9.e ONE JIB Member Survey by Haddad & Associates (2024-O47)**

Moved by Board Member Rettie

THAT the Board adopt the following recommendation in the report:

1. Receive the report from Haddad & Associates Inc. on ONE JIB governance.

Carried

**10. Strategy and Policy**

**10.a ONE JIB In-Kind Securities Policy (2024-O25)**

Judy Dezell, Co-President/Co-CEO, ONE Investment, made a presentation on the ONE JIB In-Kind Securities Policy.

Moved by Board Member Leckman

That the Board receive the presentation and adopt the following recommendation in the report:

1. Approve the ONE JIB In-Kind Securities Policy.

Carried

**10.b Municipal Insights Report – Q3 2024 (2024-O57)**

Moved by Board Member Melinyshyn

THAT the Board adopt the recommendation to receive the report.

Carried

11. Closed Session

11.a Education Session under s. 239 (3.1) of the *Municipal Act*

Moved by Board Member Pountney

THAT the Board move into closed session for the purposes of holding an education session under section 239 (3.1) of the *Municipal Act*.

Carried

The Board convened in closed session at 2:38 p.m.

12. Reconvene in Public Session

Moved by Board Member Franken

THAT the Board reconvene in public session.

Carried

The Board reconvened in public session at 3:15 p.m.

Moved by Board Member Tessier

THAT the Board receive the confidential presentation.

Carried

13. Other Business

There was no other business.

14. Meeting Outcomes

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

- Received the ONE Investment Annual Report 2023

- Approved six 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 board governance self-evaluation for fall 2024
  - Municipal Performance Reports for Q2 2024
  - The quarterly Compliance report on Asset Class and Target Weight Allocations for Q2 2024
  - A Strategic Plan progress report for Q2 2024
  - The staff report on the Global Fixed Income Manager presentation by Manulife
- Received and approved the report detailing the implementation of the first tranche of Durham's Investment Plan and amendments to Durham's transition plan, with a minor amendment.
- Received a presentation from Manulife on its fixed-income strategy
- Received and approved the investment policy, MCQ and proposed investment plans of for the Town of Aurora, Town of Huntsville, Town of Innisfil, District Municipality of Muskoka, and City of Thunder Bay.
- Received the fund manager performance report for Q2 2024.
- Approved the 2025 and 2026 ONE JIB Meeting Dates.
- Directed ONE Investment to bring a business transformation plan to ONE JIB's next meeting on the transition to the OCIO business model.
- Approved revised templates for an investment plan, investment policy statement and municipal client questionnaire.
- Approved the 2025 pre-budget consultation submission
- Received the report from Haddad & Associates on ONE JIB governance.
- Approved the ONE JIB in-kind securities policy
- Received the Q2 municipal insights report.

## 15. Authorizing Motion

Moved by Board Member Leckman

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

16.     **Adjournment**

**Moved by** Board Member Dowty

THAT the Board adjourn its meeting.

Carried

The meeting adjourned at 3:18 p.m.

17.     **Next Meeting**

17.a     Regular Meeting – November 27, 2024 (10:00 a.m. – 3:00 p.m.)

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Denis Kelly, Board Secretary



ONE JIB

Special Board Meeting

Minutes

Meeting #: 2024-07  
Date: November 15 2024, 10:00 a.m.  
Location: Zoom

Members Present:

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

Others Present:

J. Dezell, Co-President/Co-CEO, ONE Investment  
D. Herridge, Co-President/Co-CEO, ONE Investment  
E. Foo, Chief Compliance Officer, ONE Investment  
J. Hagan, Program Manager, ONE Investment  
J. Hess, Manager of Investment Services, MFOA  
D. Kelly, Board Secretary  
J. Song, Board Coordinator, ONE Investment  
M. Takishita, Client Services Representative, ONE Investment

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 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. Education Session – Alternative Investments

3.a Portfolio Construction

Brad Rowe, Principal, Investment Consulting, and Kyle Weeden, Principal, Investment Consulting, Eckler Ltd, made a presentation on [Portfolio Construction](#).

Moved by Board Member Rettie

THAT the Board receive the presentation from Eckler Ltd.

Carried

4. Authorizing Motion

Moved by Board Member Giles

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

5. Adjournment

Moved by Board Member Tessier

THAT the Board adjourn its meeting.

Carried

The meeting adjourned at 11:02 a.m.

6. Next Meeting

6.a ONE JIB Regular Meeting – Wednesday, November 27, 2024 at 10:00 a.m.

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Denis Kelly, Board Secretary



ONE JIB

Special Board Meeting

Minutes

Meeting #: 2024-06  
Date: November 4, 2024, 2:00 p.m.  
Location: Zoom

Members Present:

Board Chair B. Hughes  
Board Vice-Chair G. James  
J. Dowty  
C. Dyer  
H. Franken  
J. Giles  
D. Leckman  
S. Pountney  
S. Rettie  
N. Taylor  
C. Tessier

Others Present:

J. Dezell, Co-President/Co-CEO, ONE Investment  
D. Herridge, Co-President/Co-CEO, ONE Investment  
E. Foo, Chief Compliance Officer, ONE Investment  
J. Hess, Manager of Investment Services, MFOA  
D. Kelly, Board Secretary  
J. Song, Board Coordinator, ONE Investment  
K. Taylor, Chief Investment Officer, ONE Investment

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 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. **Education Session – Alternative Investments**

3.a **Private Market Investments**

Brad Rowe, Principal, Investment Consulting, and Kyle Weeden, Principal, Investment Consulting, Eckler Ltd, made a presentation on [Private Market Investments](#).

Moved by Board Member Dowty

THAT the Board receive the presentation from Eckler Ltd.

Carried

4. **Authorizing Motion**

Moved by Board Member Rettie

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

5. Adjournment

Moved by Board Member Tessier

THAT the Board adjourn its meeting.

Carried

The meeting adjourned at 3:10 p.m.

6. Next Meeting

6.a ONE JIB Special Meeting – Friday, November 15, 2024 at 10:00 a.m.

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Denis Kelly, Board Secretary



## New Products Committee

### Regular Committee Meeting

#### Report

Meeting #: 2024-02  
Date: October 1, 2024 at 1:00 p.m.  
Location: Hybrid (155 University Ave, Suite 800 / Zoom Virtual)

#### Members Present:

Committee Chair G. James, Board Vice-Chair  
Committee Vice-Chair B. Hughes, Board Chair  
J. Dowty  
J. Giles  
P. Judson  
J. Pittini

#### Others Present:

J. Dezell, Co-President/Co-CEO, ONE Investment  
D. Herridge, Co-President/Co-CEO, ONE Investment  
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  
J. Song, Board Coordinator, ONE Investment  
K. Taylor, Chief Investment Officer, ONE Investment  
M. Wong Takishita, Client Services Representatives, ONE Investment

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## 1. Land Acknowledgement

Committee Chair James made the following statement on behalf of the Committee:

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 respect the history, languages, and cultures of the First Nations, Metis, Inuit and all Indigenous people whose presence continues to enrich our communities.

## 2. Disclosures of Pecuniary Interest

There were no disclosures of pecuniary interest.

## 3. Model Portfolio and Allocation Process (2024-003)

Keith Taylor, Chief Investment Officer, ONE Investment, made a presentation on the report on the Model Portfolio and Allocation Process.

Martin Leclair, CFA: Vice President and Institutional Portfolio Manager with support from Dylan Rae, Portfolio Manager and Ivor Krol, President, Portfolio Manager and Team Lead from PH&N Institutional made a presentation on [ONE Investment Portfolio Modeling](#).

**Moved by** Committee Member Pittini

THAT the Committee receive the presentations and adopt recommendation 1 in the staff report as follows:

THAT ONE JIB:

1. Rescind the Outcomes Framework Policy.

Carried

**Moved in amendment by** Committee Vice-Chair Hughes

Committee Vice-Chair Hughes moved that the Committee adopt recommendation 2 in the staff report, as amended, together with three additional recommendations as follows:

THAT ONE JIB:

2. Approve the model portfolios comprised of PH&N Institutional funds to be used under the OCIO model as per table 1 in the staff report, but with the removal of model G+.
3. Approve PH&N's proposed constraints as shown on slide 6 of the ONE Investment Portfolio Modeling presentation, subject to a maximum 15% allocation to the total of high yield bonds, emerging market debt, and multi-asset global credit.
4. Approve PH&N's allocations and the use of risk/return metrics for the Modeled Portfolios with and without alternatives as shown on slides 8 and 10 of the ONE

Investment Portfolio Modeling presentation.

5. Approve the recommended Fund fulfillment as shown on slides 17 and 18 of the ONE Investment Portfolio Modeling presentation and in the Investment Management Agreement (IMA).

Carried

4. **Other Business**

There was no other business.

5. **Adjournment**

Moved by Committee Member Pittini

THAT the Committee adjourn the meeting.

Carried

The meeting adjourned at 3:07 p.m.

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Denis Kelly, Board Secretary

## ONE Investment

### Portfolio Modeling

#### **Presented by**

Martin Leclair, CFA, Vice President & Portfolio Manager






Paul Purcell, CFA, Managing Director & Portfolio Manager

Dylan Rae, CFA, Portfolio Manager

Ivor Krol, Vice President, Portfolio Manager and Team Lead (Institutional Portfolio Solutions Group)

# OCIO - Who does what?

Spanning policy, investments, operations and reporting

		ONE JIB	PH&N Institutional
Strategy	<b>Overall Program Governance</b>		Ongoing Support
	<b>Investment Policy</b> <ul style="list-style-type: none"> <li>• Define investment objectives</li> <li>• Establish strategic asset mix policy</li> </ul>		Strategic Advice
Operational Services	<b>Implementation</b> <ul style="list-style-type: none"> <li>• Portfolio construction</li> <li>• Rebalancing and tactical shifts</li> <li>• Cash flow management and trade execution</li> <li>• Risk management</li> <li>• On-going research and innovation</li> </ul>	Delegated to PH&N Institutional	
	<b>Monitoring</b> <ul style="list-style-type: none"> <li>• Total Portfolio Performance &amp; Compliance</li> </ul>	Delegated to PH&N Institutional	
	<b>Reporting</b> <ul style="list-style-type: none"> <li>• Written and in-person reporting of results</li> <li>• Economic and capital market environment</li> <li>• Fiduciary education</li> </ul>	Delegated to PH&N Institutional	

# Model Portfolios

# Overview

Objective: to establish model portfolios with varying amounts of risk

Portfolio modeling: Efficient frontier analysis to optimize the trade-off between the portfolio's long-term expected return and short-term downside risk

Inputs:

- Capital market assumptions effective Q2, 2024
- Asset classes corresponding to the approved list of 34 pooled funds

# Modelling constraints

The constraints listed on the following slide were used:

- To provide diversification and avoid overly concentrated portfolios
- To provide portfolio liquidity by specifying maximum limits in illiquid assets
- To ensure that the resulting portfolio is reasonable from a practical standpoint
- To reduce sensitivity to the input parameters and assumptions, especially expected returns

The sizing of the constraints:

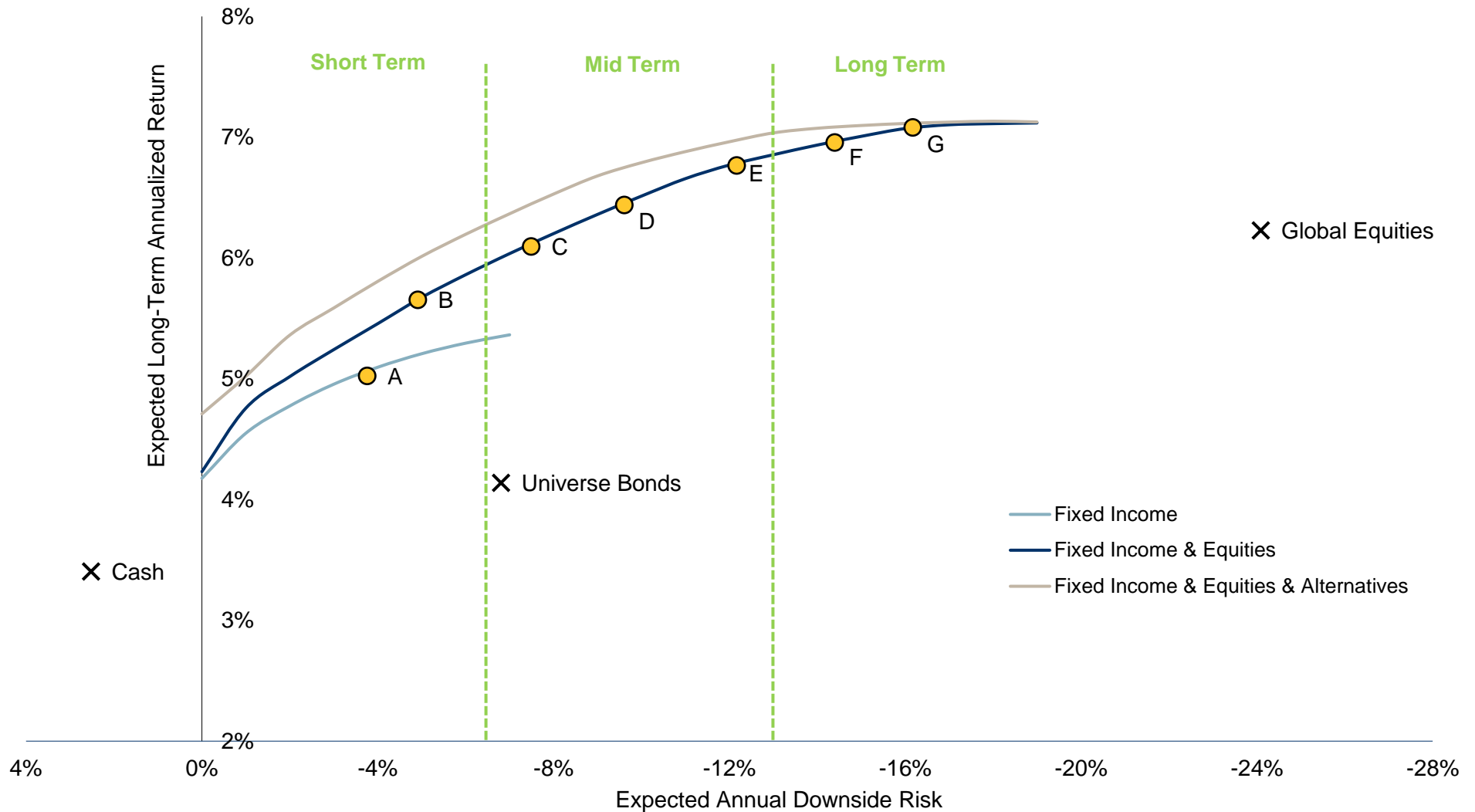
- Depends on beliefs on the level of diversification & liquidity and comfort with various asset classes
- Can be changed on further discussion
- Is based on our experience and intended to produce portfolios for further discussion.
- We provide sensitivity testing on the constraints on slides 11-13

# Modelling constraints

- 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 50% allocation to low volatility equities (as a % of traditional equity counterpart)
- Maximum 5% allocation to any one of real estate and infrastructure

# Efficient Frontier Analysis

With model portfolios – no allocation to Alternatives



# Modeled portfolios – modelled risk & return<sup>1</sup>

## No allocation to Alternatives

Modeled Expectations <sup>1</sup>	A	B	C	D	E	F	G
Long-Term Return	5.0%	5.7%	6.1%	6.4%	6.8%	7.0%	7.1%
Annual Downside Risk <sup>2</sup>	-3.8%	-4.9%	-7.5%	-9.6%	-12.2%	-14.4%	-16.2%
Annual Volatility	3.3%	4.0%	5.2%	6.3%	7.6%	8.9%	10.0%
Sharpe Ratio	0.49	0.57	0.51	0.48	0.44	0.40	0.37

Fixed Income	100%	80%	70%	60%	50%	40%	30%
Canadian Money Market	0%	0%	0%	0%	0%	0%	0%
Short-Term Bonds and Mortgages	50%	50%	35%	25%	20%	20%	20%
Corporate Bonds	20%	0%	0%	0%	0%	0%	0%
Private Placement Corporate Debt	5%	10%	10%	10%	5%	0%	0%
Commercial Mortgages*	5%	10%	10%	10%	10%	10%	10%
High Yield Bonds	5%	0%	0%	0%	0%	0%	0%
Global Multi-Asset Credit	15%	10%	15%	15%	15%	10%	0%
Equities	0%	20%	30%	40%	50%	60%	70%
Canadian Equities	0%	5%	7%	10%	15%	25%	35%
Canadian Low Volatility Equities	0%	5%	7%	10%	10%	5%	0%
U.S. Equities	0%	2%	4%	5%	5%	6%	7%
U.S. Low Volatility Equities	0%	2%	4%	5%	5%	6%	7%
International Equities	0%	6%	8%	10%	15%	18%	21%
Alternatives	0%	0%	0%	0%	0%	0%	0%
Canadian Core Real Estate*	0%	0%	0%	0%	0%	0%	0%
Global Infrastructure*	0%	0%	0%	0%	0%	0%	0%

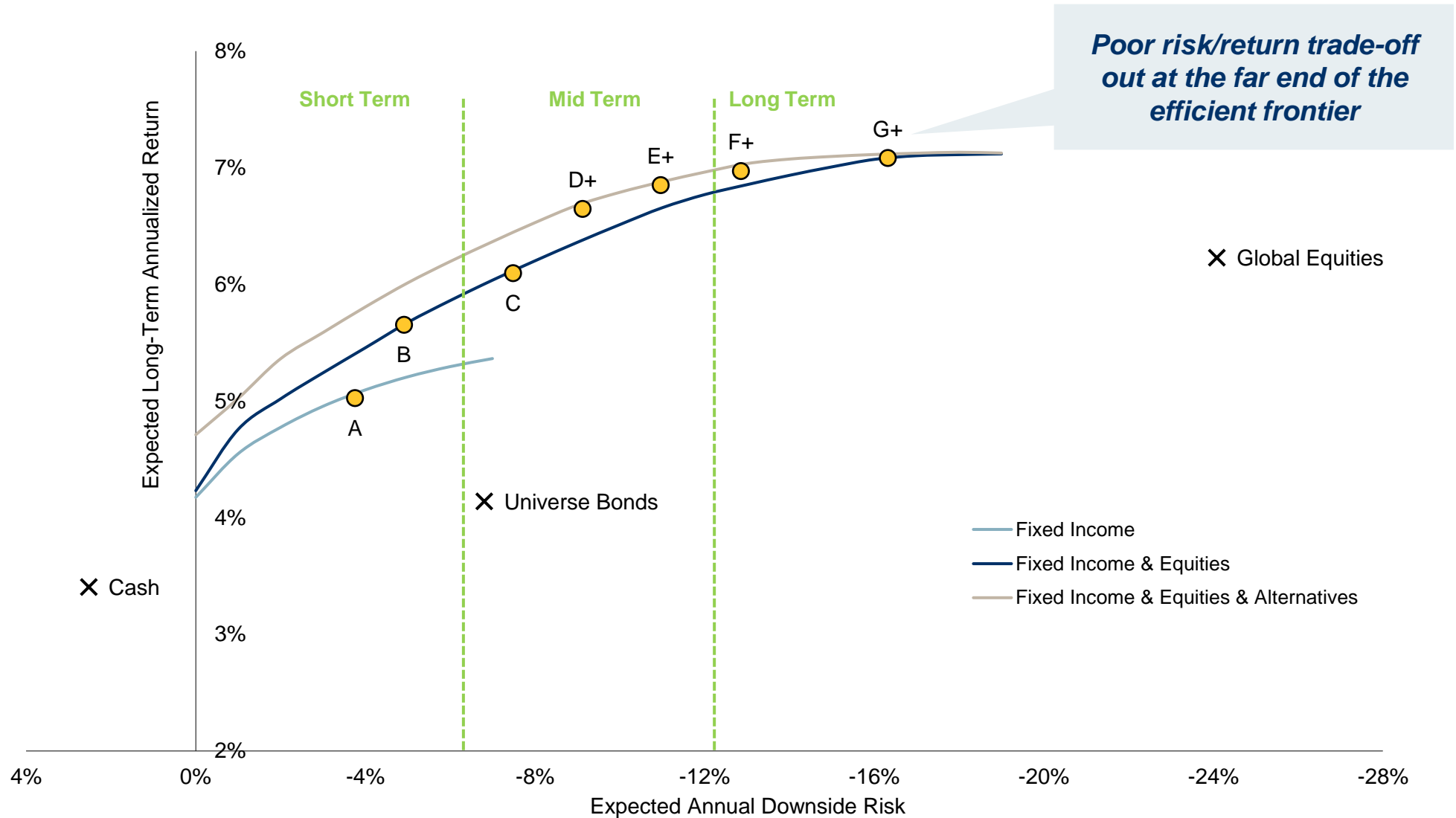
<sup>1</sup> Refer to appendix for modeling assumptions and disclosures.

<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

# Efficient Frontier Analysis

With model portfolios



# Modeled portfolios – modelled risk & return<sup>1</sup>

## Detailed allocations and risk/return metrics

Modeled Expectations <sup>1</sup>	A	B	C	D+	E+	F+	G+
Long-Term Return	5.0%	5.7%	6.1%	6.6%	6.9%	7.0%	7.1%
Annual Downside Risk <sup>2</sup>	-3.8%	-4.9%	-7.5%	-9.1%	-11.0%	-12.9%	-16.3%
Annual Volatility	3.3%	4.0%	5.2%	6.3%	7.3%	8.3%	10.3%
Sharpe Ratio	0.49	0.57	0.51	0.52	0.47	0.43	0.36

Fixed Income	100%	80%	70%	50%	40%	30%	20%
Canadian Money Market	0%	0%	0%	0%	0%	0%	0%
Short-Term Bonds and Mortgages	50%	50%	35%	20%	20%	20%	20%
Corporate Bonds	20%	0%	0%	0%	0%	0%	0%
Private Placement Corporate Debt	5%	10%	10%	5%	0%	0%	0%
Commercial Mortgages*	5%	10%	10%	10%	10%	10%	0%
High Yield Bonds	5%	0%	0%	0%	0%	0%	0%
Global Multi-Asset Credit	15%	10%	15%	15%	10%	0%	0%
Equities	0%	20%	30%	40%	50%	60%	70%
Canadian Equities	0%	5%	7%	10%	15%	20%	35%
Canadian Low Volatility Equities	0%	5%	7%	10%	10%	10%	0%
U.S. Equities	0%	2%	4%	5%	5%	12%	15%
U.S. Low Volatility Equities	0%	2%	4%	5%	5%	0%	0%
International Equities	0%	6%	8%	10%	15%	18%	20%
Alternatives	0%	0%	0%	10%	10%	10%	10%
Canadian Core Real Estate*	0%	0%	0%	5%	5%	5%	5%
Global Infrastructure*	0%	0%	0%	5%	5%	5%	5%

<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.

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# Constraints – sensitivity testing

- The following constraints were tested (~~original~~ / **new**):
  - Maximum ~~40%~~ / **20%** allocation to any one of private placement corporate debt and commercial mortgages when including equities and alternatives
  - Maximum ~~50%~~ / **100%** allocation to domestic equities (as a % of total equities)
  - Maximum ~~60%~~ / **100%** allocation to U.S. equities (as a % of total foreign equities)
  - Maximum ~~50%~~ / **100%** allocation to low volatility equities (as a % of traditional equity counterpart)
  - Maximum ~~5%~~ / **20%** allocation to any one of real estate and infrastructure
- On the following two slides, we compare portfolios with the original constraints to similar portfolios using the new constraints:
  - We have **highlighted** allocations in the new portfolios that are likely to be considered unreasonable, with concentrated positions in private placements, mortgages, Canadian equities and/or infrastructure.

# Constraints – sensitivity testing

## Comparison of portfolios (including Alternatives)

Modeled Expectations <sup>1</sup>	D+	D+*	E+	E+*	F+	F+*
Long-Term Return	6.6%	7.3%	6.9%	7.4%	7.0%	7.5%
Annual Downside Risk <sup>2</sup>	-9.1%	-9.0%	-11.0%	-11.1%	-12.9%	-12.8%
Annual Volatility	6.3%	7.3%	7.3%	8.5%	8.3%	9.6%
Sharpe Ratio	0.52	0.53	0.47	0.47	0.43	0.42
<b>Fixed Income</b>	<b><u>50%</u></b>	<b><u>37%</u></b>	<b><u>40%</u></b>	<b><u>32%</u></b>	<b><u>30%</u></b>	<b><u>25%</u></b>
Canadian Money Market	0%	0%	0%	0%	0%	0%
Short-Term Bonds and Mortgages	20%	20%	20%	20%	20%	20%
Corporate Bonds	0%	0%	0%	0%	0%	0%
Private Placement Corporate Debt	5%	0%	0%	0%	0%	0%
Commercial Mortgages*	10%	17%	10%	12%	10%	5%
High Yield Bonds	0%	0%	0%	0%	0%	0%
Global Multi-Asset Credit	15%	0%	10%	0%	0%	0%
<b>Equities</b>	<b><u>40%</u></b>	<b><u>40%</u></b>	<b><u>50%</u></b>	<b><u>48%</u></b>	<b><u>60%</u></b>	<b><u>55%</u></b>
Canadian Equities	10%	40%	15%	48%	20%	55%
Canadian Low Volatility Equities	10%	0%	10%	0%	10%	0%
U.S. Equities	5%	0%	5%	0%	12%	0%
U.S. Low Volatility Equities	5%	0%	5%	0%	0%	0%
International Equities	10%	0%	15%	0%	18%	0%
<b>Alternatives</b>	<b><u>10%</u></b>	<b><u>23%</u></b>	<b><u>10%</u></b>	<b><u>20%</u></b>	<b><u>10%</u></b>	<b><u>20%</u></b>
Canadian Core Real Estate*	5%	3%	5%	0%	5%	0%
Global Infrastructure*	5%	20%	5%	20%	5%	20%

<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.

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# Constraints – sensitivity testing

## Comparison of portfolios (excluding Alternatives)

Modeled Expectations <sup>1</sup>	B	B*	D	D*	F	F*
Long-Term Return	5.7%	6.1%	6.4%	7.0%	7.0%	7.4%
Annual Downside Risk <sup>2</sup>	-4.9%	-5.0%	-9.6%	-10.0%	-14.4%	-15.0%
Annual Volatility	4.0%	4.5%	6.3%	7.3%	8.9%	10.2%
Sharpe Ratio	0.57	0.62	0.48	0.49	0.40	0.39
<b>Fixed Income</b>	<b>80%</b>	<b>71%</b>	<b>60%</b>	<b>47%</b>	<b>40%</b>	<b>40%</b>
Canadian Money Market	0%	0%	0%	0%	0%	0%
Short-Term Bonds and Mortgages	50%	31%	25%	20%	20%	20%
Corporate Bonds	0%	0%	0%	0%	0%	0%
Private Placement Corporate Debt	10%	20%	10%	7%	0%	0%
Commercial Mortgages*	10%	20%	10%	20%	10%	20%
High Yield Bonds	0%	0%	0%	0%	0%	0%
Global Multi-Asset Credit	10%	0%	15%	0%	10%	0%
<b>Equities</b>	<b>20%</b>	<b>29%</b>	<b>40%</b>	<b>53%</b>	<b>60%</b>	<b>60%</b>
Canadian Equities	5%	4%	10%	23%	25%	60%
Canadian Low Volatility Equities	5%	25%	10%	30%	5%	0%
U.S. Equities	2%	0%	5%	0%	6%	0%
U.S. Low Volatility Equities	2%	0%	5%	0%	6%	0%
International Equities	6%	0%	10%	0%	18%	0%
<b>Alternatives</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>
Canadian Core Real Estate*	0%	0%	0%	0%	0%	0%
Global Infrastructure*	0%	0%	0%	0%	0%	0%

<sup>1</sup> Refer to appendix for modeling assumptions and disclosures.

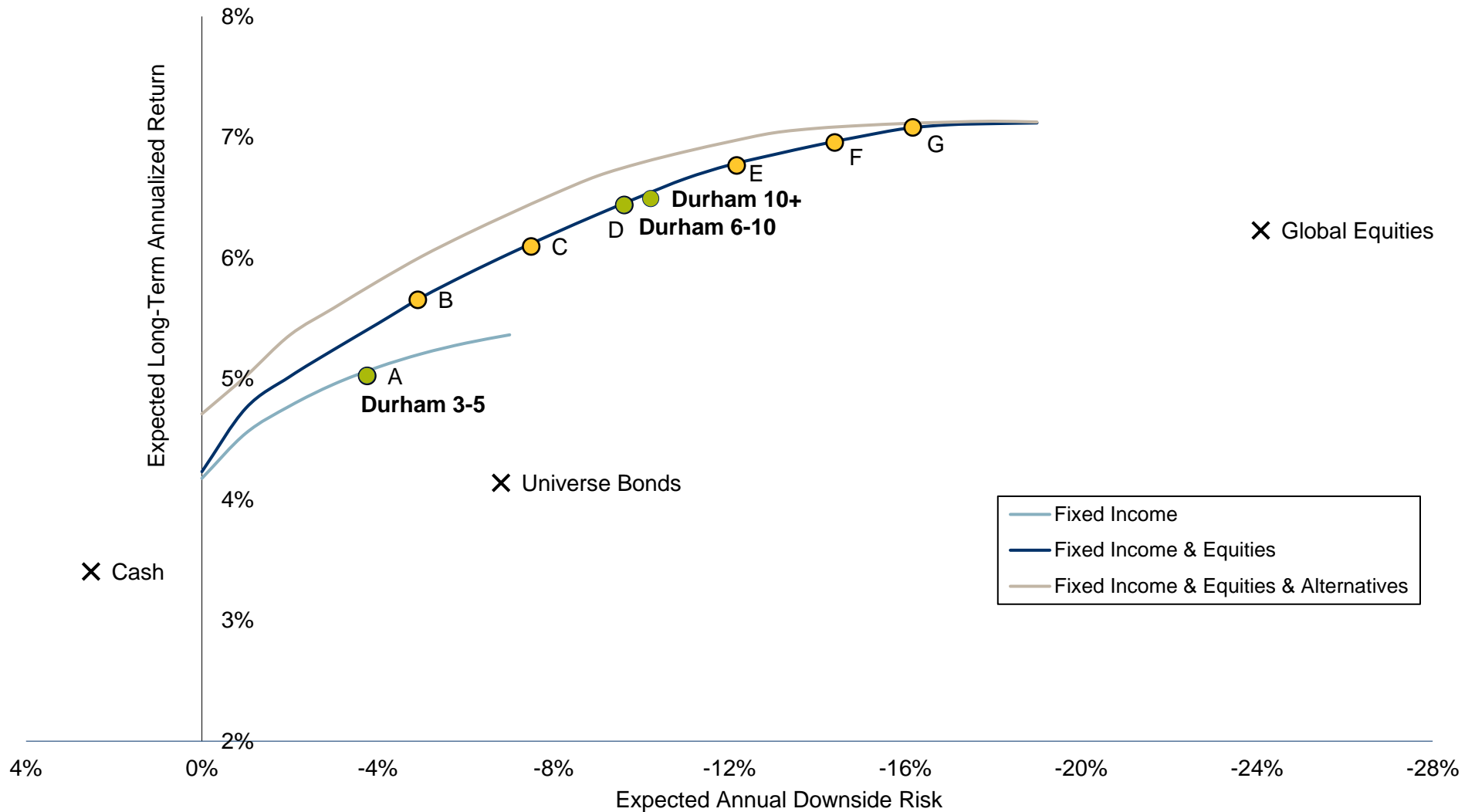
<sup>2</sup> CVaR95 which represents the expected loss during the worst 5% of return outcomes.

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# Comparison vs. Durham portfolios

# Efficient Frontier Analysis

## Custom modeled portfolios for Durham



# Recommended Fund Fulfillment

# Fund fulfillment

Risk exposure	Approved Fund(s)	Characteristics	Target
<b>Fixed Income</b>			
Canadian Money Market	PH&N Canadian Money Market Fund	Money market	
Canadian Short-Term Bonds	PH&N Short Term Bond & Mortgage Fund RBC Vision Fossil Fuel Free Short Term Bond Fund	Short-term fixed income Short-term fixed income ex. fossil fuel	100% 0%
Canadian Universe Bonds	PH&N Bond Fund RBC Vision Bond Fund RBC Vision Fossil Fuel Free Bond Fund PH&N Enhanced Total Return Bond Fund	Canadian universe bonds Canadian universe bonds w/ ESG focus Canadian universe bonds ex. fossil fuel Canadian universe bonds w/ HY, Mtgs.	
Canadian Corporate Bonds	PH&N Corporate Bond Trust	Investment grade corporate bonds	
Private Placement Corporate Debt	PH&N Private Placement Corporate Debt Fund	Private credit	100%
Commercial Mortgages	PH&N Mortgage Pension Trust*	Conventional	0%
	RBC Commercial Mortgage Fund	Conventional Conventional plus High yield	100%
High Yield Bonds	RBC High Yield Bond Fund	U.S focus	50%
	PH&N High Yield Bond Fund	Canadian focus	50%
Global Multi-Asset Credit	BlueBay Total Return Credit Fund	Global high yield, financial capital bonds, structured credit, global convertible bonds, EM hard currency debt, EM local currency debt, opportunistic, investment grade bonds.	100%
Global Bonds	RBC Global Bond Fund	Investment grade global bonds	
Emerging Market Bonds	RBC Emerging Markets Bond Fund	Emerging market bonds	

# Fund fulfillment

Risk exposure	Approved Fund(s)	Characteristics	Target
<b>Equities</b>			
Canadian Equities	PH&N Canadian Equity Value Fund PH&N Canadian Equity Fund RBC QUBE Canadian Equity Fund RBC Vision Canadian Equity Fund	Value Growth Quantitative ESG tilt (exclusions)	33% 33% 33% 0%
Canadian Low Volatility Equities	RBC QUBE Low Volatility Canadian Equity Fund RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund	Quantitative low volatility Quantitative low volatility excl. fossil fuel	100% 0%
U.S. Equities	PH&N U.S. Equity Fund RBC QUBE U.S. Equity Fund	Core Quantitative	50% 50%
U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Fund	Quantitative low volatility	100%
International Equities	RBC International Equity Fund PH&N Overseas Equity Fund	Core Concentrated	50% 50%
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 Low Volatility Global Equity Fund RBC QUBE Global Equity Fund	Concentrated Concentrated (large cap focus) ESG tilt (exclusions) Concentrated excl. fossil fuel Quantitative low volatility Quantitative	
<b>Alternatives</b>			
Real Estate	RBC Canadian Core Real Estate Fund	Canadian commercial real estate	100%
Infrastructure	RBC Global Infrastructure Fund	Global infrastructure	100%

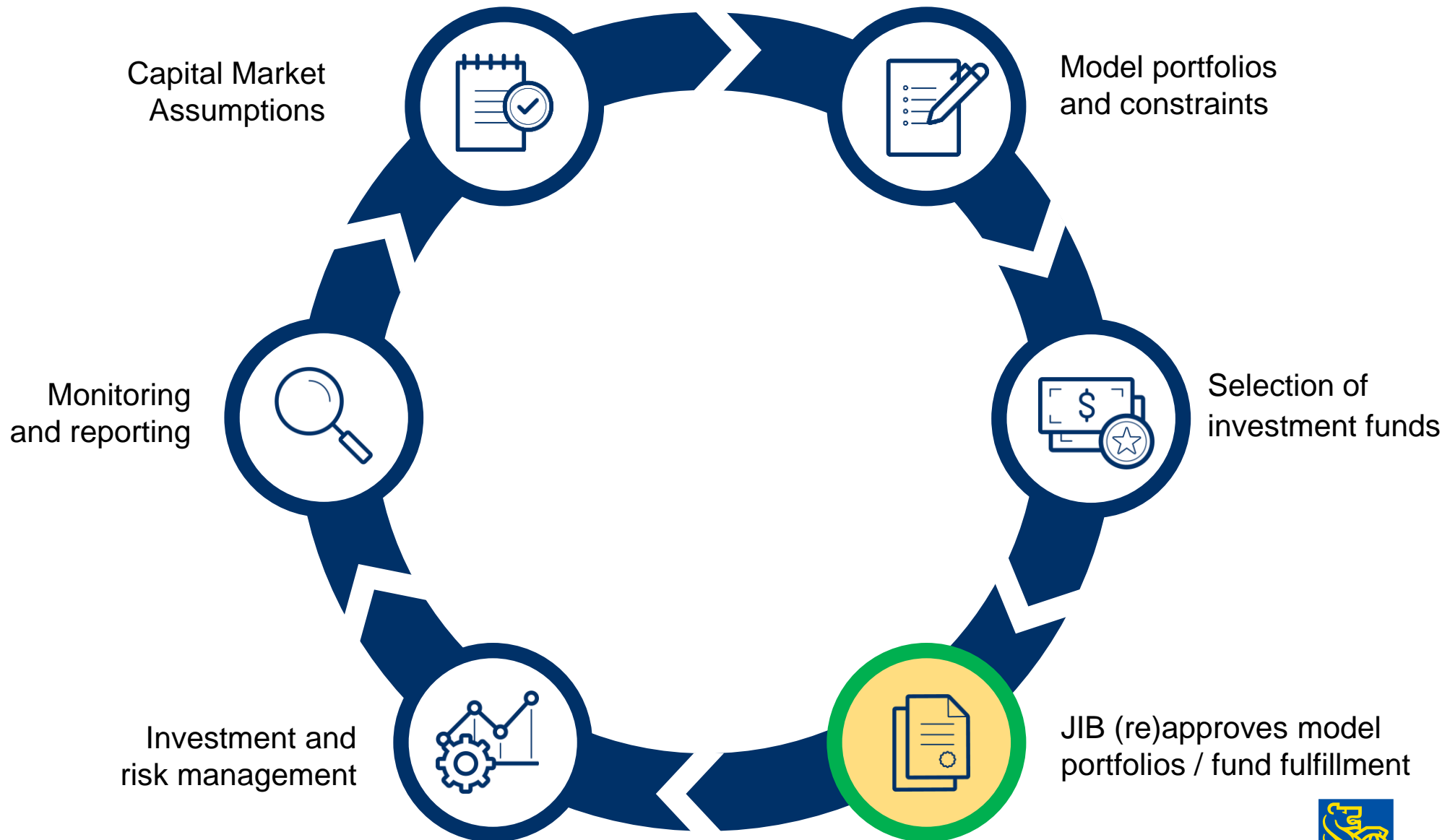
# Rebalancing process

- For each asset class, a range will be defined based on size of target allocation:
  - Allocations greater than or equal to 30%: +/- 2.0%
  - Allocations greater than or equal to 15%: +/- 1.5%
  - Allocations less than 15%: +/- 1.0%
- When the range is breached, the asset mix will be rebalanced back to target as shown in the example below:

<u>Portfolio A</u>	<u>Target Mix</u>	<u>Range +/-</u>	<u>Example</u>		
			<u>Pre-trade</u>	<u>Trade</u>	<u>Post-trade</u>
Short-Term Bonds and Mortgages	50%	2.0%	47.5%	2.5%	50%
Corporate Bonds	20%	1.5%	21.0%	-1.0%	20%
Private Placement Corporate Debt	5%	1.0%	4.5%	0.5%	5%
Commercial Mortgages	5%	1.0%	5.0%	0.0%	5%
High Yield Bonds	5%	1.0%	6.0%	-1.0%	5%
Global Multi-Asset Credit	15%	1.5%	16.0%	-1.0%	15%
<b>Total</b>	<b>100%</b>		<b>100.0%</b>	<b>0.0%</b>	<b>100%</b>

- Appropriate substitutes will be established for funds that do not have daily liquidity.
- Subscriptions and redemptions will be used to rebalance towards the target mix.
- Rebalancing will crystallize realized gains or losses.

# Quarterly governance cycle



# Capital market assumptions – Q2 2024

# Capital market assumptions – Q2 2024

## Expected risk and return

Asset Classes	Representative Data Series	Expected Long-Term Return	Expected Annual Volatility	Expected Annual Downside Risk
Cash	FTSE Canada 30 Day TBill Index	3.4%	0.4%	2.5%
Universe Bonds	FTSE Canada Universe Bond Index	4.1%	5.0%	-6.8%
Canadian Money Market	PH&N Canadian Money Market Strategy	3.5%	0.9%	1.7%
Short-Term Bonds and Mortgages	Custom Index <sup>1</sup>	4.2%	2.4%	-0.9%
Enhanced Universe Bond Strategy	Custom Index <sup>2</sup>	4.6%	5.2%	-7.2%
Corporate Bonds	Custom Index <sup>3</sup>	4.7%	4.5%	-5.8%
Private Placement Corporate Debt	Custom Index <sup>4</sup>	5.7%	5.5%	-7.8%
Commercial Mortgages*	Custom Index <sup>5</sup>	7.0%	3.1%	-5.0%
Global Sovereign Bonds	Custom Index <sup>6</sup>	3.8%	4.1%	-4.7%
High Yield Bonds	ICE BofA US High Yield Master II (CAD-Hedged)	5.9%	9.8%	-16.2%
Broad EMD	Custom Index <sup>7</sup>	5.7%	10.5%	-14.2%
Global Multi-Asset Credit	Custom Index <sup>8</sup>	6.8%	8.4%	-16.2%
Canadian Equities	S&P/TSX Composite Index	8.2%	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)	5.5%	14.8%	-23.4%
U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Strategy (CAD)	4.9%	12.8%	-15.8%
International Equities	MSCI EAFE Index (CAD)	7.6%	16.5%	-28.5%
Global Equities	MSCI World Index (CAD)	6.2%	14.4%	-24.1%
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%	12.2%	-17.7%
Inflation	Canadian CPI (Non-Seasonally Adjusted)	2.3%	1.5%	N/A

Please see disclosures on the following slide.

# Capital market assumptions – Q2 2024

## Disclosures

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.

Expected 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> 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>3</sup> 25% FTSE Canada Corporate AA+ Bond Index , 25% FTSE Canada Corporate A Bond Index and 50% FTSE Canada Corporate BBB Bond Index.

<sup>4</sup> 98% FTSE Canada Mid Term Federal and 2% 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>5</sup> 45% PH&N Mortgage Strategy and 55% PH&N High Yield Mortgage Strategy.

<sup>6</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>7</sup> 25% J.P. Morgan Emerging Market Bond Index (CAD-H), 19% J.P. Morgan Corporate Emerging Markets Bond Index (CAD-H) and 56% J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (CAD-H) (weights according to the market capitalization of each individual index as at March 31, 2024).

<sup>8</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)

# Capital market assumptions – Q2 2024

## Correlations

Correlations																				
	Cash	Universe Bonds	Canadian Money Market	Short-Term Bonds and Mortgages	Enhanced Universe Bond Strategy	Corporate Bonds	Private Placement Corporate Debt	Commercial Mortgages	Global Sovereign Bonds	High Yield Bonds	Broad EMD	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																
Enhanced Universe Bond Strategy	0.1	1.0	0.1	0.9	1															
Corporate Bonds	0.1	0.9	0.1	0.8	1.0	1														
Private Placement Corporate Debt	0.1	1.0	0.1	0.9	1.0	1.0	1													
Commercial Mortgages	0.2	0.7	0.1	0.8	0.7	0.7	0.8	1												
Global Sovereign Bonds	0.1	0.9	0.1	0.8	0.8	0.7	0.8	0.7	1											
High Yield Bonds	-0.1	0.3	-0.1	0.2	0.4	0.5	0.4	0.2	0.2	1										
Broad EMD	0.0	0.4	0.0	0.3	0.5	0.5	0.5	0.3	0.4	0.8	1									
Global Multi-Asset Credit	0.0	0.3	0.0	0.3	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	0.3	0.2	0.1	0.0	0.7	0.6	0.8	1							
Canadian Low Volatility Equities	-0.1	0.2	-0.1	0.1	0.3	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	0.3	0.2	0.1	0.0	0.5	0.3	0.4	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	0.2	0.2	0.1	0.2	0.4	0.5	0.8	1				
International Equities	0.0	0.2	-0.1	0.2	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	0.3	0.3	0.2	0.1	0.0	0.5	0.4	0.5	0.7	0.6	1.0	0.7	0.9	1		
Canadian Core Real Estate	0.1	-0.2	0.0	-0.2	-0.2	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	0.0	-0.1	0.0	0.0	-0.1	1	
Global Infrastructure	0.0	0.4	0.0	0.3	0.4	0.3	0.4	0.4	0.5	0.0	0.2	0.1	0.0	0.3	0.0	0.3	0.1	0.0	0.3	1.0
Inflation	-0.1	-0.2	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.1	0.1	0.0	-0.1	0.0	0.0	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.

# Capital market assumptions - background

# Understanding the statistics

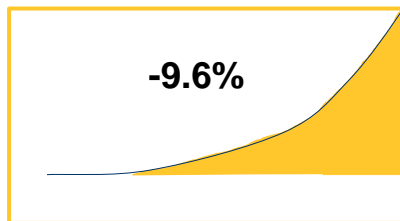
## Example – Portfolio D

Current Portfolio	
Expected Return	6.4%
Downside Risk	-9.6%
Volatility	6.3%

### Return Distribution

#### *Downside Risk:*

Average amount by which the assets could decrease in a year during adverse market outcomes with 1 in 20 probability.



#### *Volatility:*

Standard deviation of returns which indicates potential variability from the average.

#### *Expected Return:*

The average amount by which assets are expected to grow in a year.

Source: RBC GAM.

# Long-term assumptions for strategic portfolio modeling

## Overview

**The RBC Global Asset Management Long-Term Expected Return (LTER) Committee, led by the CIO, is ultimately responsible for approving best estimate return assumptions**

Capital market assumptions 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



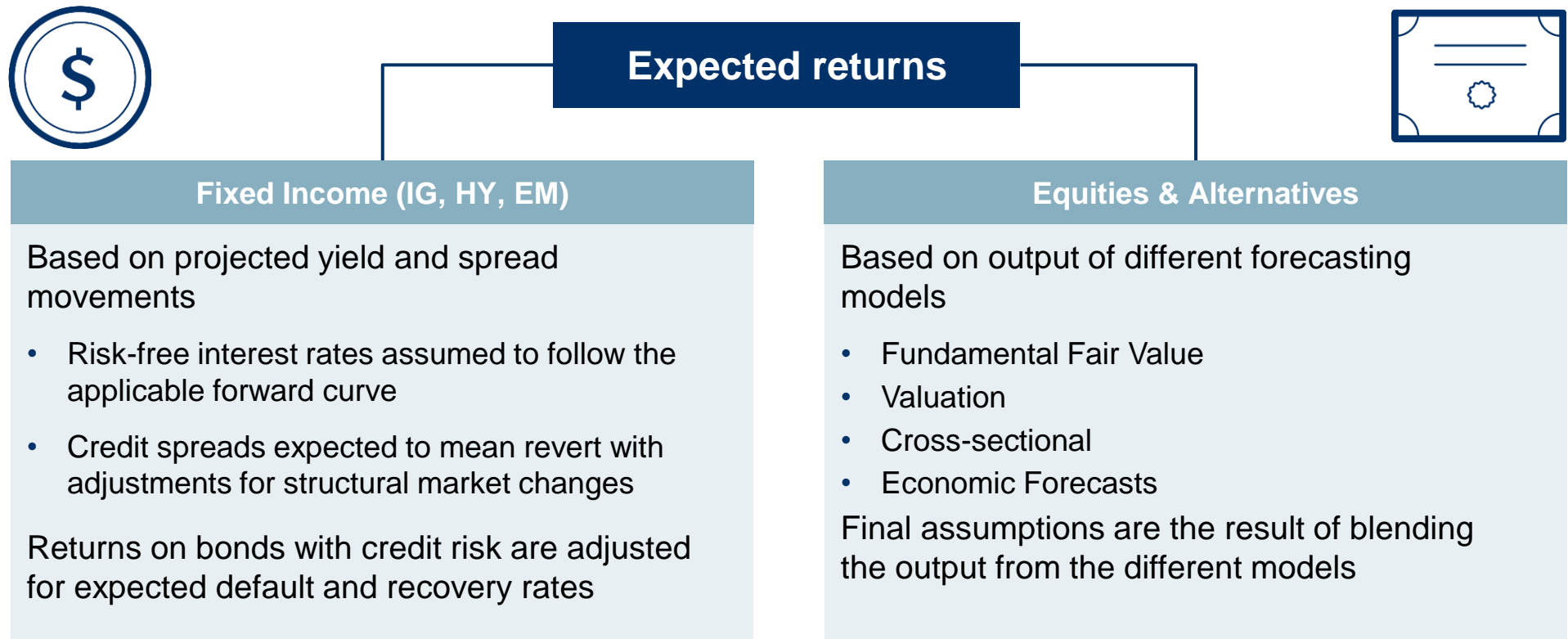
Internal views of our fund managers

Volatilities, downside risk and correlations are estimated from historical data and adjusted as required to reflect future market conditions

# Long-term assumptions for strategic portfolio modeling

## Framework and methodology (return)

### Systematic process with multiple sources of information



The RBC Global Asset Management Long-Term Expected Return (LTER) Committee is ultimately responsible for approving best estimate return assumptions

# Long-term assumptions for strategic portfolio modeling

## Framework and methodology (risk)

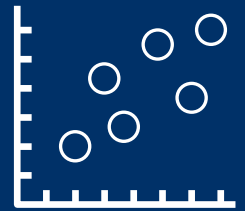
**Volatilities and correlations are estimated from historical data and adjusted as required to reflect expected future conditions**

### Volatilities



Calibrated using a dual-state regime switching lognormal model that better captures empirical characteristics and inherent asset class risk

### Correlations



Calibrated from empirical distribution at monthly and/or quarterly frequencies

Model generated estimates of downside risk (i.e. CVaR 95) account for the influence of excess skewness and kurtosis

# Long-term assumptions for strategic portfolio modeling

- The views of fund managers are incorporated throughout the process and adjustments are made when deemed necessary
- Most assumptions are for generic asset class representations (e.g. market indices)
  - No provision for explicit added value over a benchmark
  - No provision for specific manager investment style that may affect risk
- Expected structural biases and/or fund data are sometimes incorporated when modeling a specific strategy that does not have a sufficiently representative benchmark
- All alternatives are assumed to be net of IMFs (unless otherwise specified)



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# ONE Joint Investment Board

November 27, 2024  
Presented by Trevor Pinn, CPA, CA  
Deputy CAO/Treasurer

*Clarington*

# Land Acknowledgement Statement

The Municipality of Clarington is situated within the traditional and treaty territory of the Mississaugas and Chippewas of the Anishinabeg, known today as the Williams Treaties First Nations. Our work on these lands acknowledges their resilience and their longstanding contributions to the area now known as the Municipality of Clarington.

# Agenda

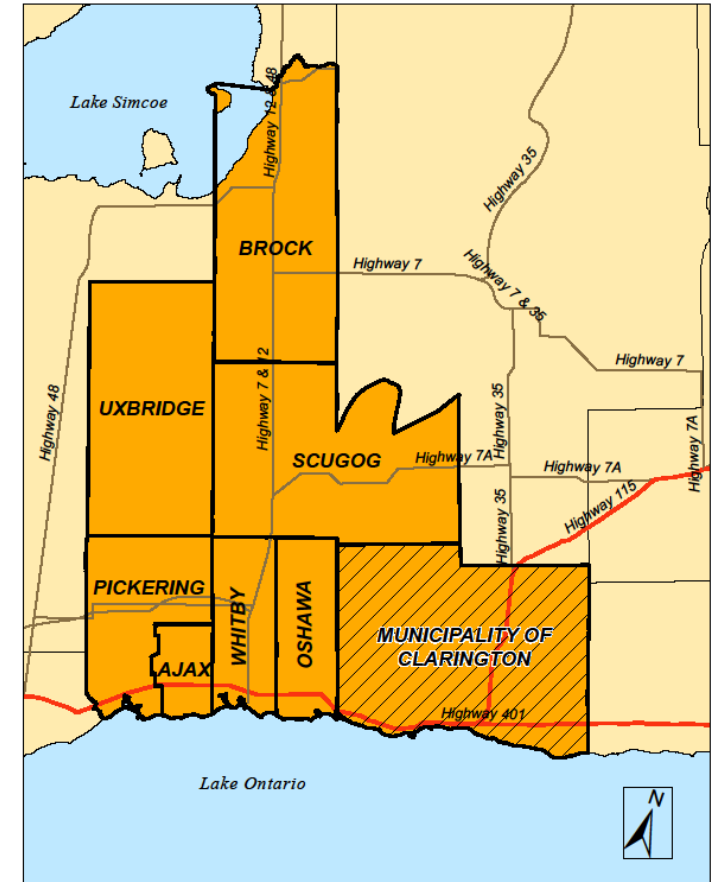
- Overview of the Municipality
- Financial Insights
- Investment Portfolio
- Questions

# Overview of the Municipality

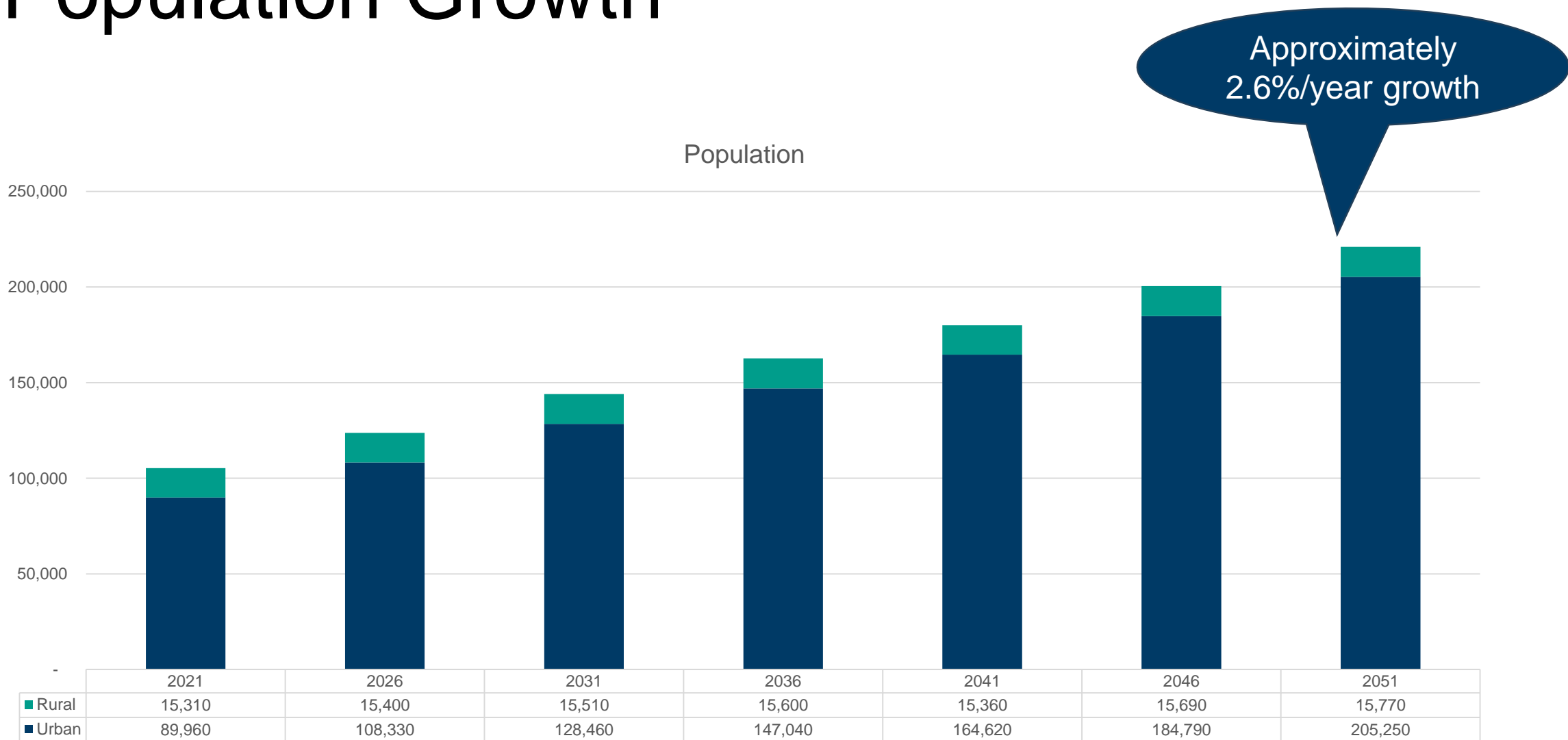


# Overview of Clarington

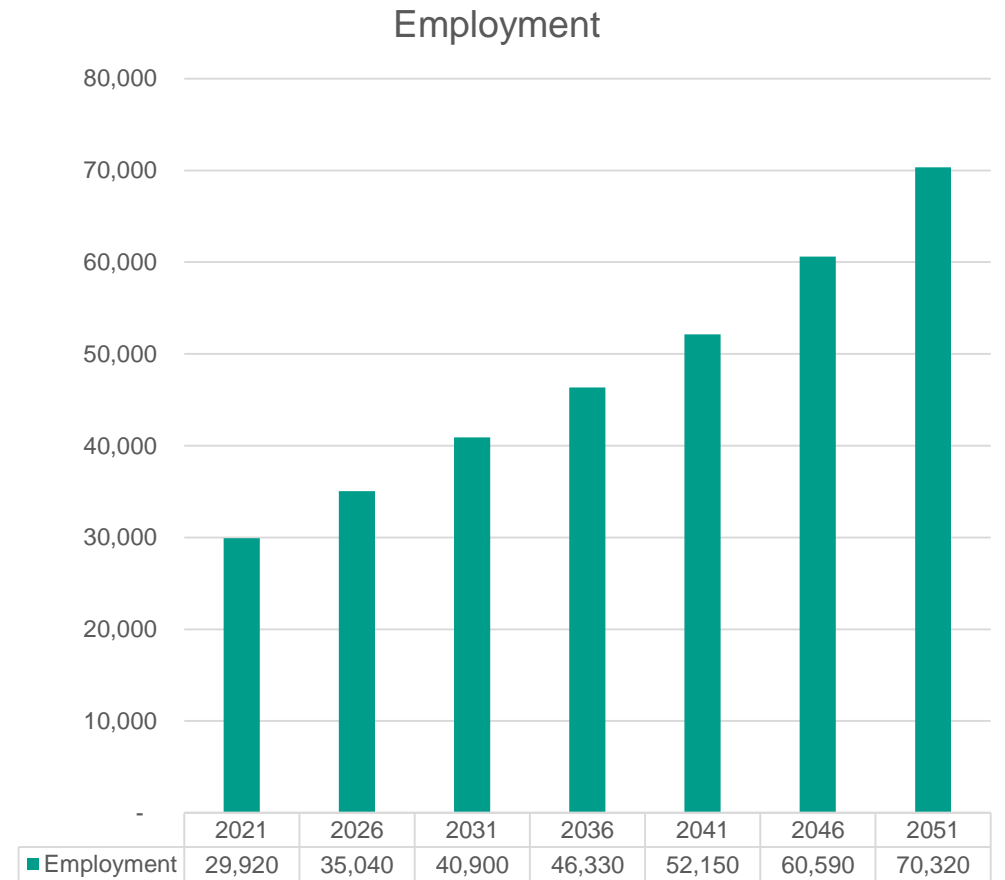
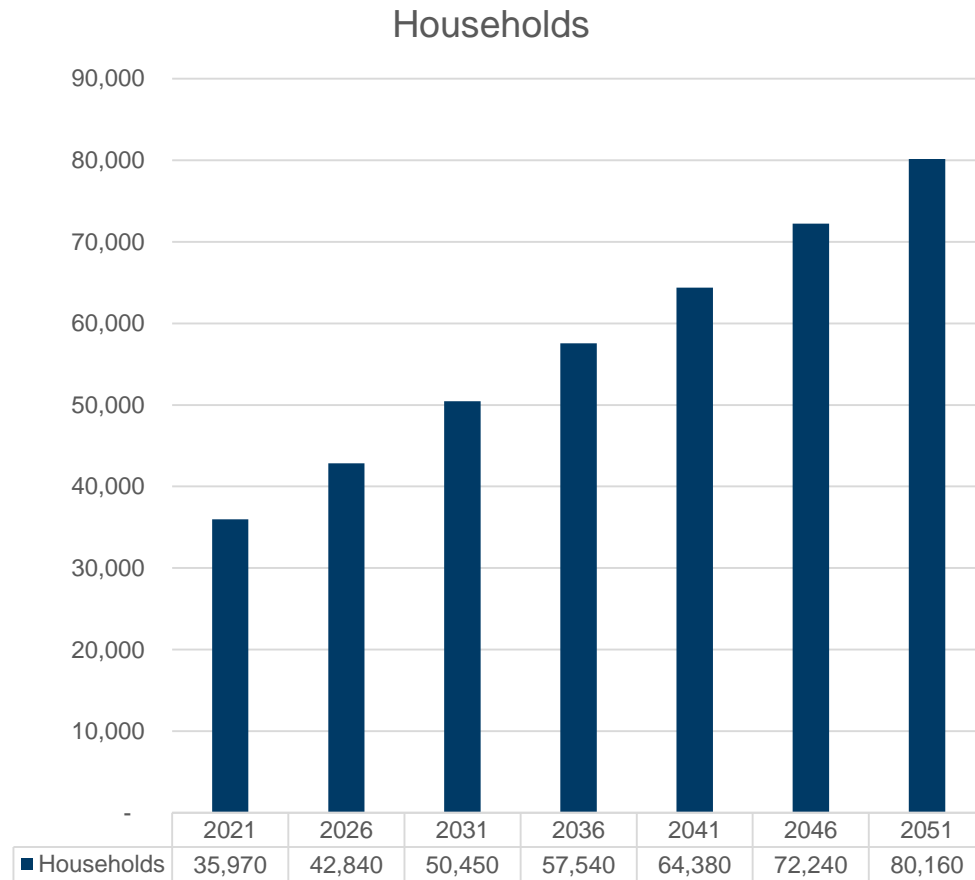
- The Municipality is a lower-tier government in the Region of Durham
- The Municipality is currently 110,000 people and is expected to reach 221,000 by 2051
- The Municipality is approximately the geographic size of Toronto
- Primarily a residential tax base



# Population Growth



# Households and Employment



# Economic Landscape

- A mix of manufacturing, agriculture, retail and service sector
- Major employers include energy sectors, automotive manufacturing, health services and educational institutions
- Located along the 401 corridor, serviced by the 407 and 418

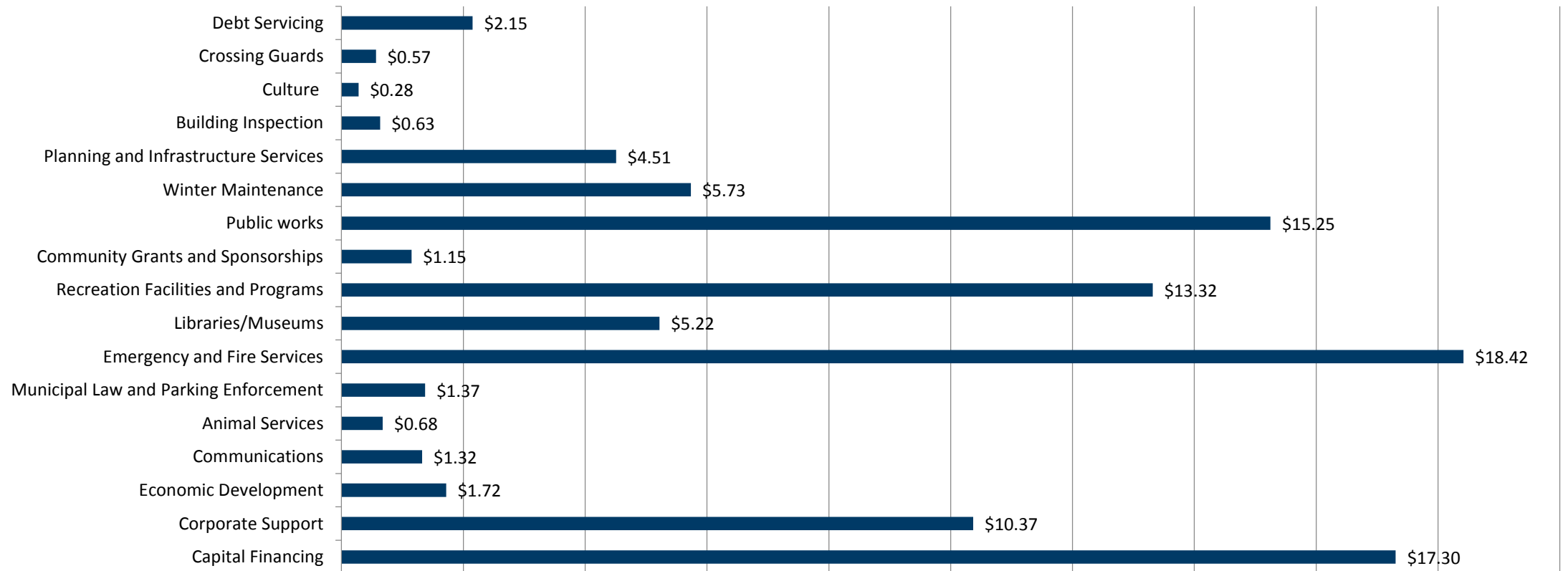


# Financial Insights

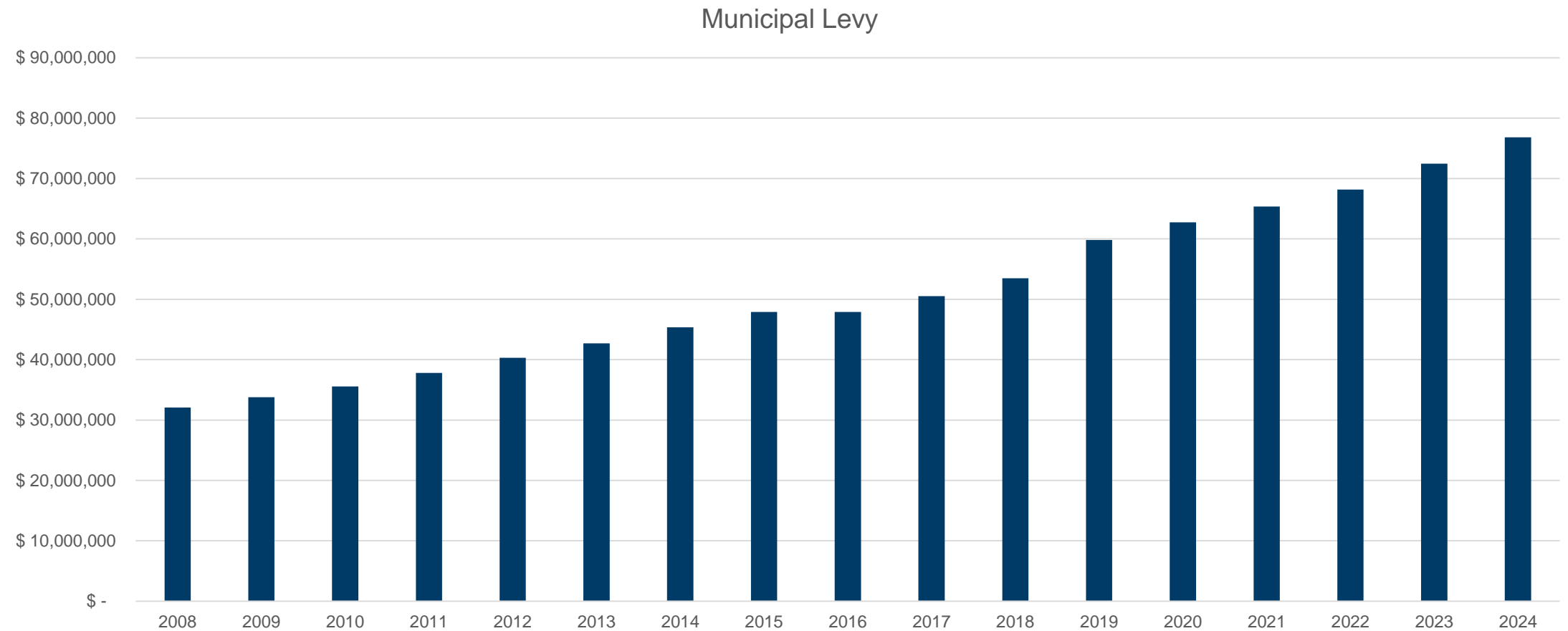


# 2024 Property Tax Supported Budget

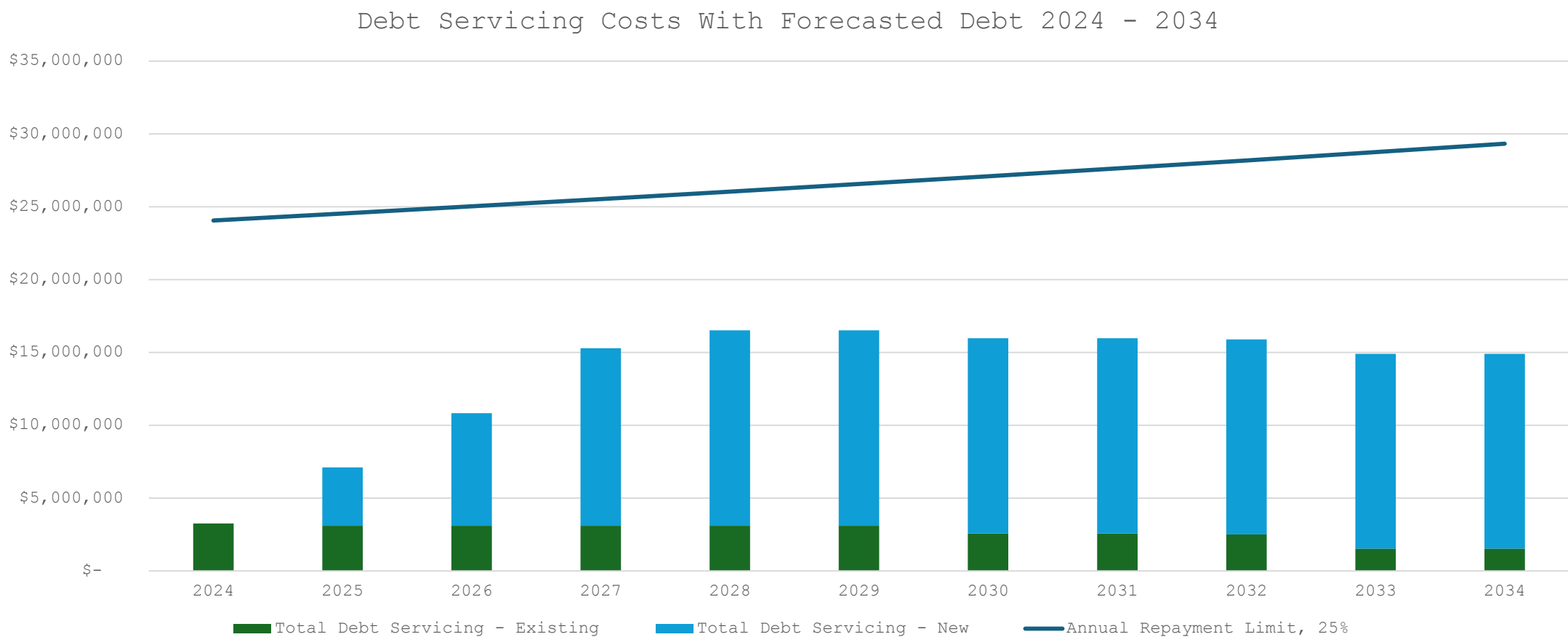
How Each \$100 of Clarington Local Levy is Spent in 2024 Final Budget



# Historical Budget



# Debt Forecast



# Asset Condition – Non-Core

Asset Category	Quantity	Average Age (Years)	Replacement Cost (\$2024)	Average Condition (ULC%)	Average Condition State
Corporate Facilities <sup>1</sup>	10	82.4	\$122,579,000	0.88%	Good
Corporate Fleet	209	9.0	44,316,000	84%	Good
Emergency Services	779	6.2	2,578,000	57%	Good
Information Technology	587	9.3	6,080,000	50%	Good
Parking Infrastructure	236	21.7	27,875,000	82%	Good
Parks	629	20.5	61,765,000	84%	Good
Recreation, Community, and Culture <sup>1</sup>	172	48.1	461,704,000	0.11%	Good
Transportation Infrastructure <sup>2</sup>	10,267	21.8	215,671,000	29%	Very Good
Total <sup>3</sup>	12,889	41.8	\$942,568,000	50%	Good

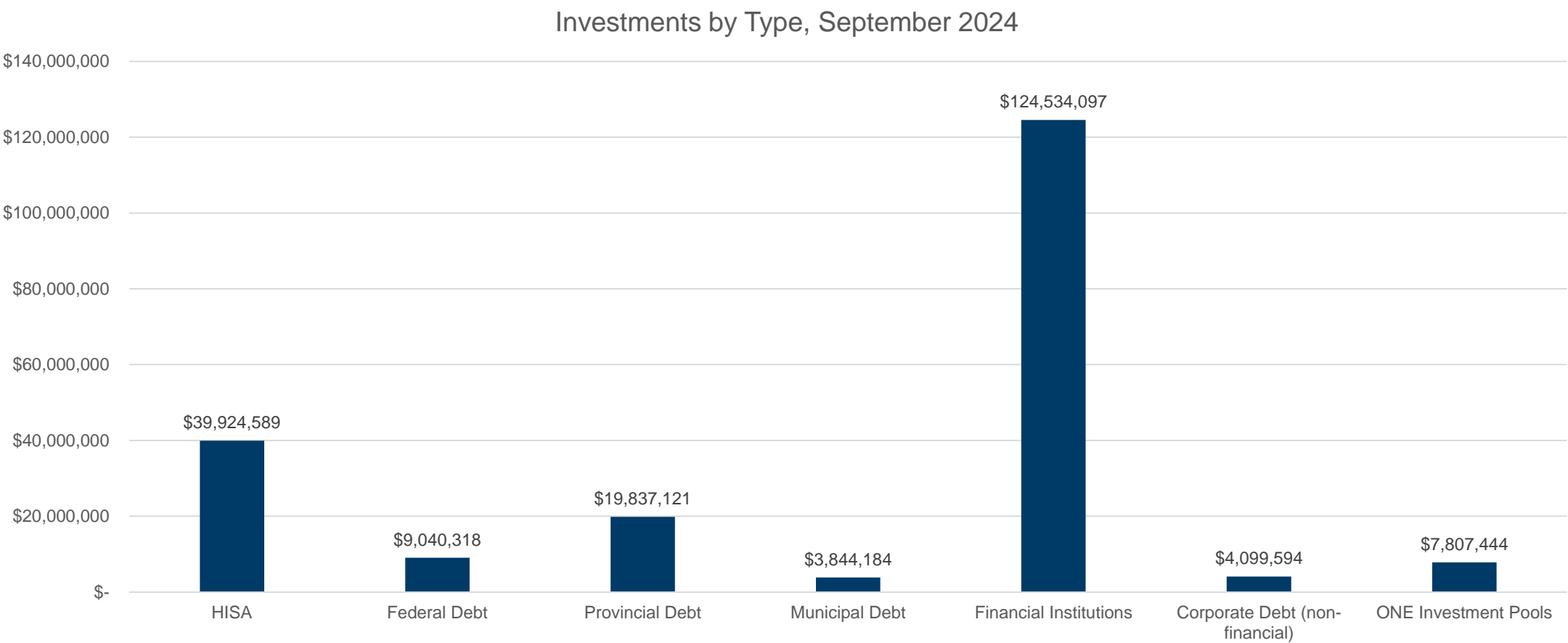
# Asset Replacement Value - Core

Core Assets	2022 AMP Replacement Cost (\$2020)	Replacement Cost (\$2024)
Stormwater Management	\$188,266,000	\$220,245,000
Roads	714,628,000	836,014,000
Bridges and Culverts	200,020,000	233,995,000
Total	\$1,102,914,000	\$1,290,253,000

# Investment Portfolio

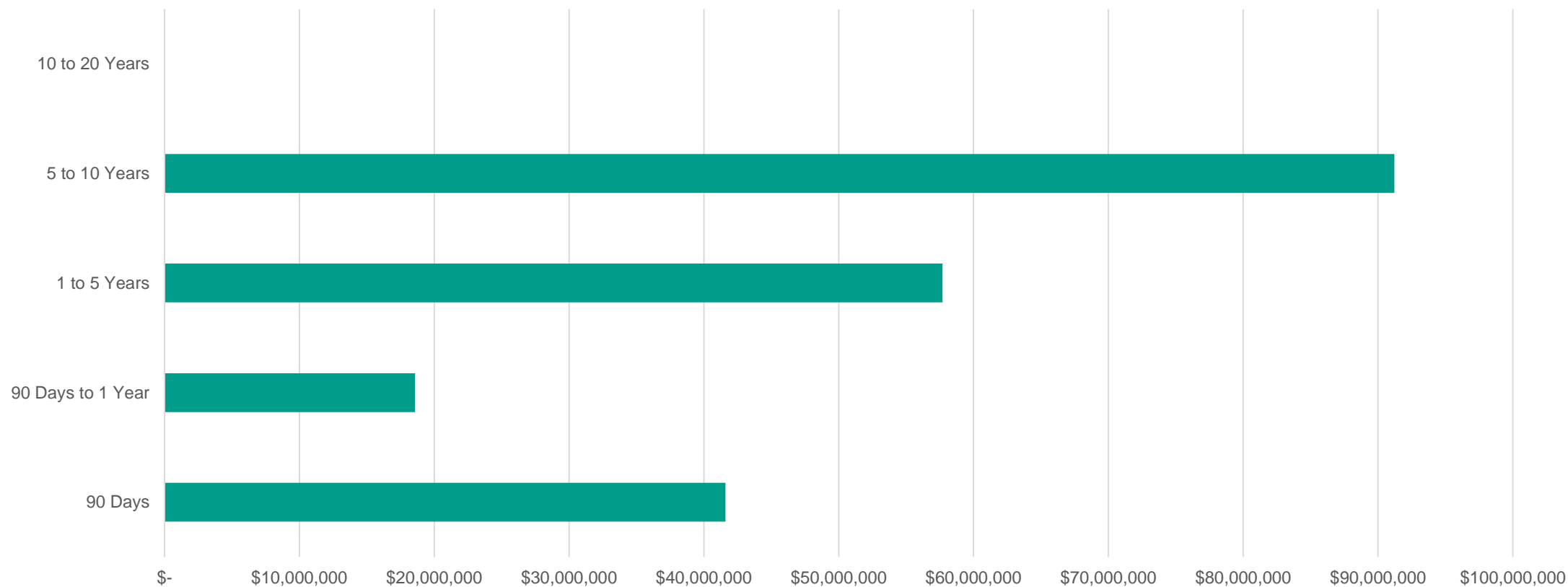


# Investment Investments by Type



# Investments by Maturity

Investments by Maturity, September 2024



# Thank you

**Municipality of Clarington**  
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TTY: 1-844-790-1599

info@clarington.net

**www.clarington.net**

*Clarington*





CENTRAL  
FRONTENAC  
*Frontenac's Natural Gem*

# Prudent Investor Presentation

# Central Frontenac - Location

- The Municipal Office is located in Sharbot Lake village, which is located approximately 75 kilometers north of Kingston and 123 kilometers west of Ottawa with most of the village just south of the intersections of Highway 7 and Road 38
- Other hamlets located in the municipality are Parham, Mountain Grove and Arden
- Additional crossroad communities in the municipality are Tichborne, Piccadilly, Godfrey, Henderson, Elm Tree and Crow Lake

# Central Frontenac – Geography & Landscape

- The municipality is comprised of 1,025 square kilometers with over 100 named lakes, enveloping a unique character and quality of life.
- The rural values, the sense of place, the unique landscapes, the importance of water resources and the quality of life enjoyed by those who live in and who visit the community is integral to the municipality.

# Central Frontenac - Population

- Permanent Population of just under 4,000, which more than doubles in the summer from cottagers alike from Canada and the U.S
- Household count of 4,254,  $\frac{1}{2}$  seasonal &  $\frac{1}{2}$  permanent

# Central Frontenac – Staff Breakdown

- 36 full time employees
- 74 volunteer firefighters
- 9 council members, including the mayor

# Central Frontenac – Finance & CA

- Net 2024 Budget Levy of \$10,1790,27 (Operating -80%, Capital-20%)
- 57% of our budget is spent on Roads
- Annual Capital Requirement of \$5,107,586 per AM software
- Assessment Base = 94% residential, approx. 2% Farm, Commercial, & Managed Forest
- We have the lowest reserves in Frontenac County, & the highest o/s loans

# Central Frontenac – Economic Development

- The old K & P Railway bed has been turned into a beautiful multi-use trail, which is the wheel spoke, regarding how it fits into the trail system
- Focus for moving to PI is to have enough money to pay for Road 38 replacement in the not-too-distant future
- Economic Development Committee along with other locally organized groups, have become more active in recent years in promoting Central Frontenac. ie -Oso Recreation Committee hosting local country talent at the BBQ Beach Bash for the last 3 years & guidebook app developed <https://guide.touchstay.com/guest/bKaPBOH7Am37E/>

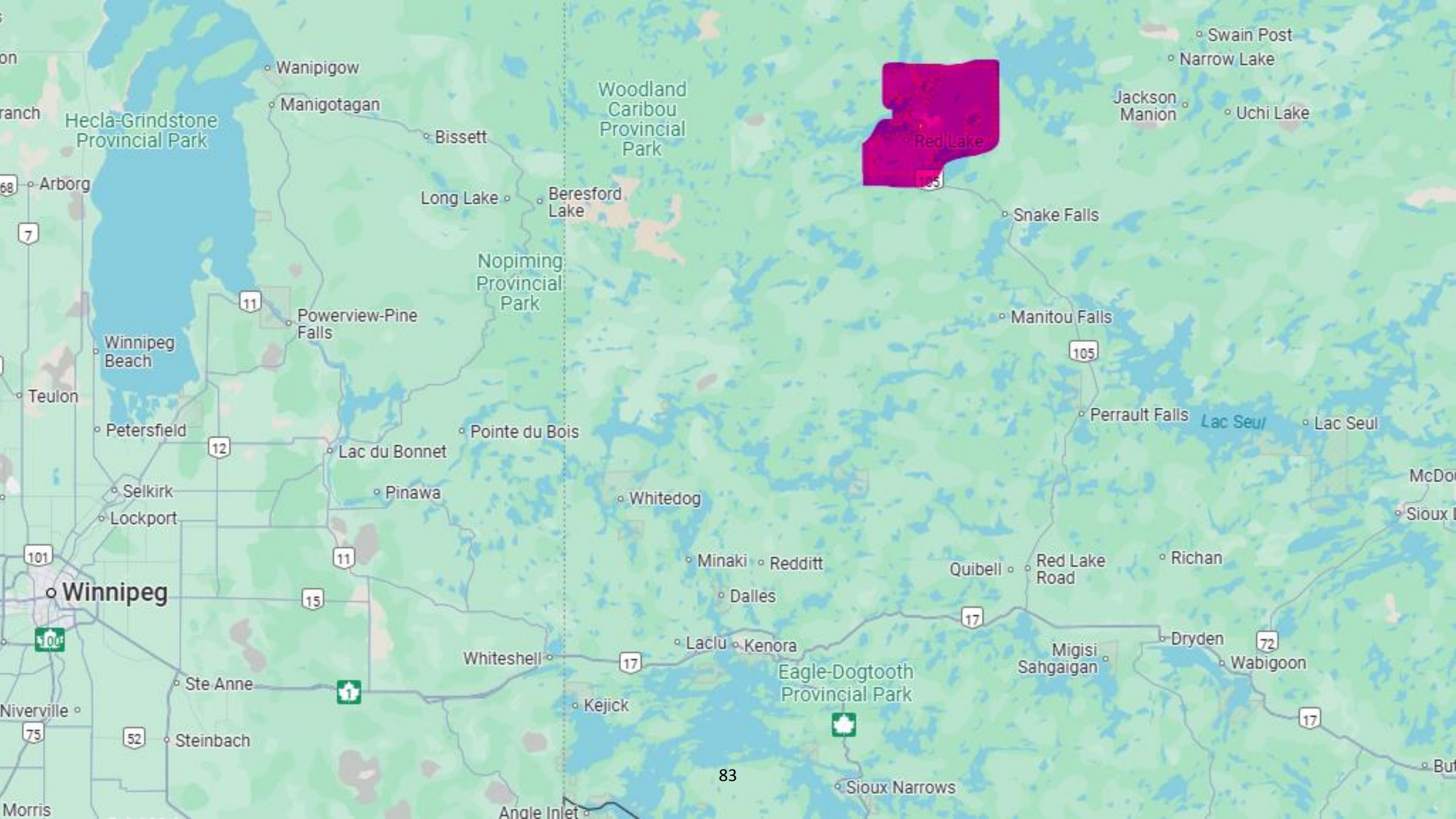
# Other fun facts

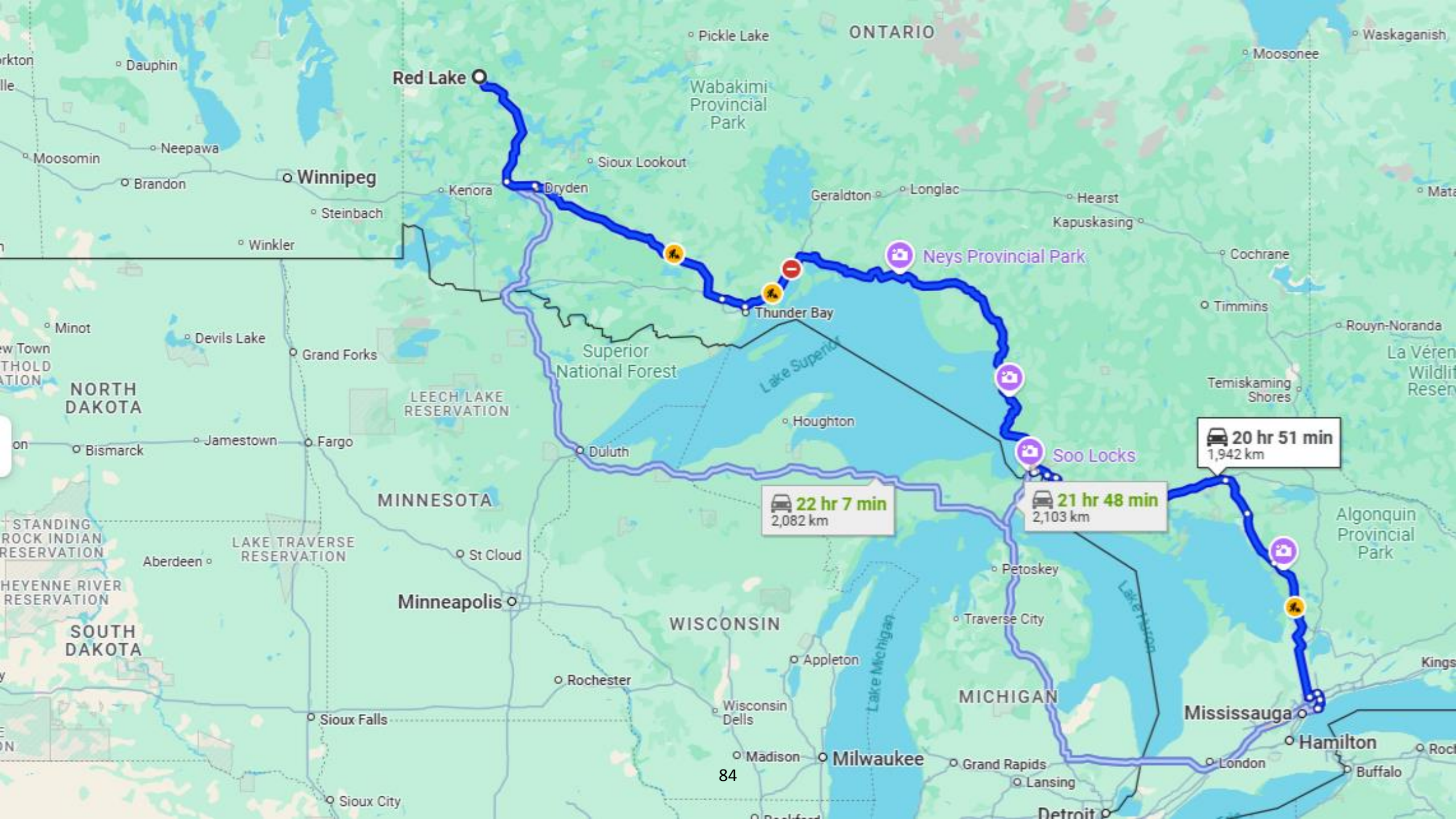
- When I moved here 23 years ago, I missed Block Buster & Pizza Pizza, who needs them now😊
- 2 schools (K – 12, and K to Grad 5)
- 1 grocery store(open to 8:30pm), 1 bank, 1 pharmacy, 1 pizza place & 3 gas stations
- No Tim Hortons, but we have Cardinal Café that surpasses & has “Shar-bits”
- No delivery, no uber, no taxis, no public transit, but we help each other out
- Many volunteer organizations such as North Frontenac Little Theatre, Lions Club, Legion, Villages Beautiful, CF Railway Committee, and many more



Thank you!



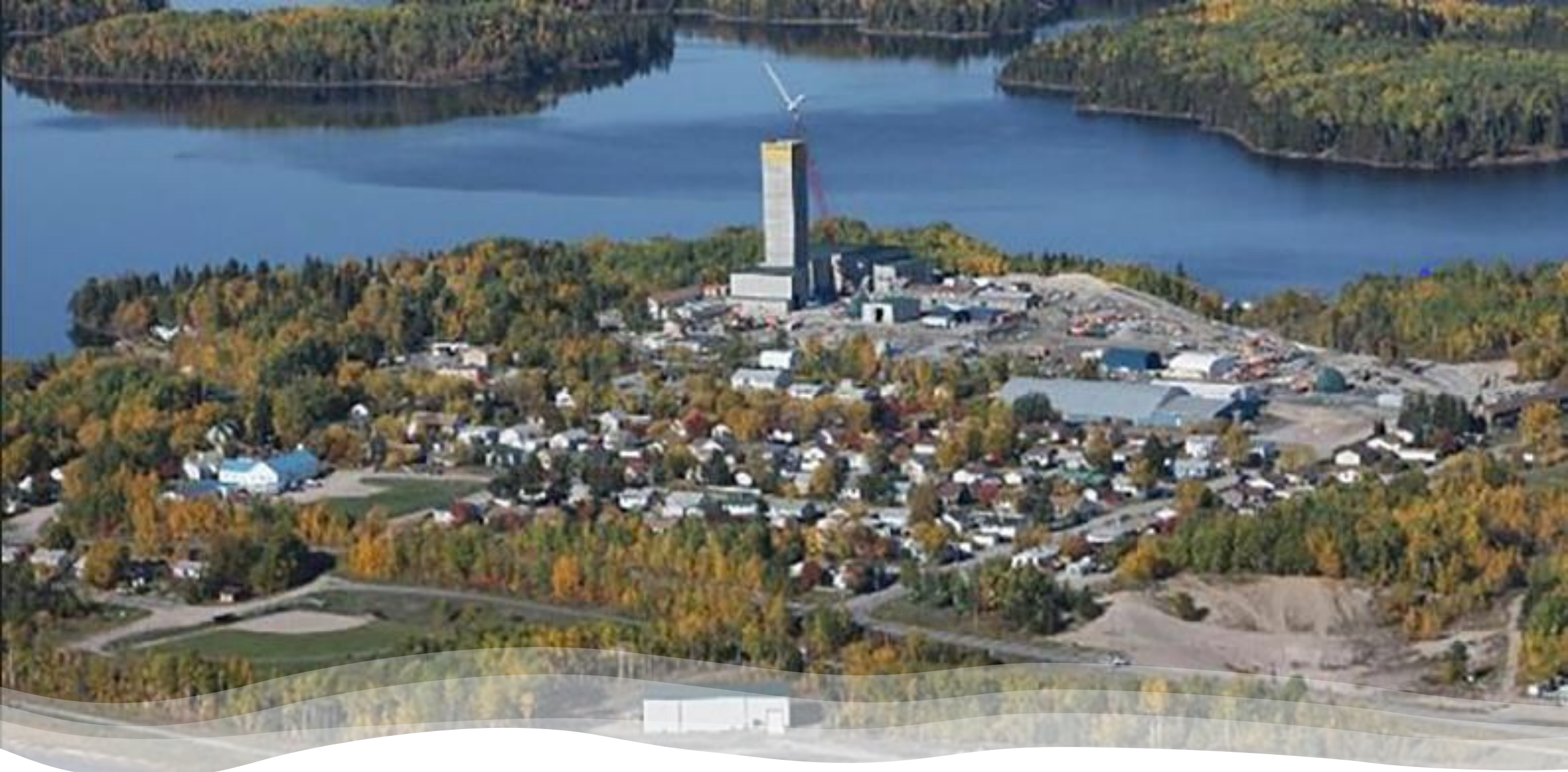






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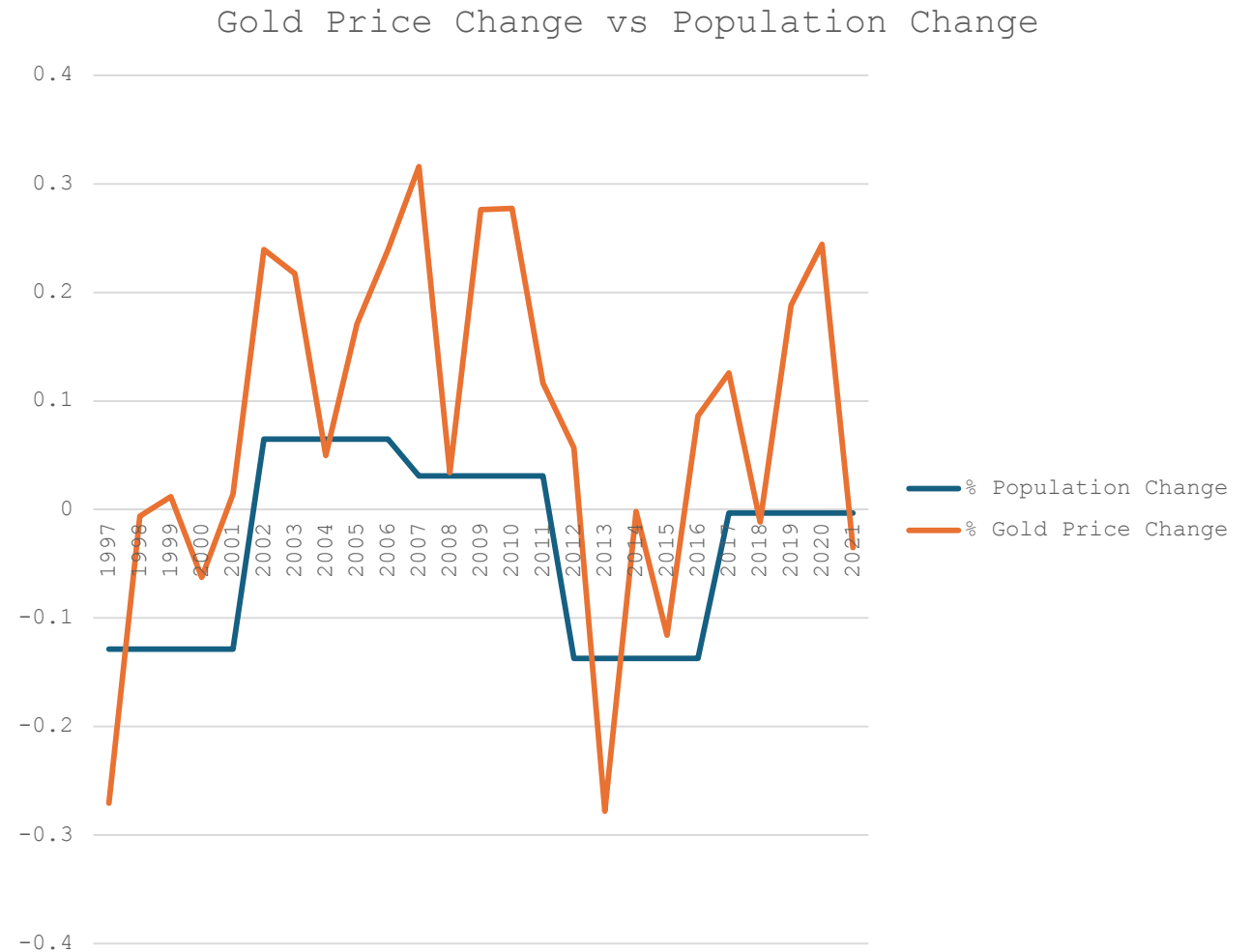
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McKenzie Island

# Current State of Red Lake

- Economy is driven by Mining and Tourism
- Little serviced land ready for development
- Aging infrastructure



# Future of Red Lake

- Significant growth
  - Berens River Bridge Construction
  - Kinross Great Bear project
  - Restart of Madsen Mine by West Red Lake Gold
  - Frontier Lithium's PAK project
  - First Mining Gold's Springpole project
  - Evolution Mining



QUESTIONS?

To: ONE Joint Investment Board  
From: Jennifer Hess, Manager of Investment Services, MFOA  
Date: November 27, 2024  
Re: Municipality of Clarington, Township of Central Frontenac and Municipality of Red Lake – Request to Join ONE JIB  
Report: ONE JIB 2024-061

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Accept the Municipality of Clarington, the Township of Central Frontenac and the Municipality of Red Lake as Participating Municipalities with ONE JIB.
2. Authorize the Chair and Board Secretary to execute ONE JIB Agreements on behalf of ONE JIB with the Municipality of Clarington, the Township of Central Frontenac and the Municipality of Red Lake as Participating Municipalities with ONE JIB

## 2. SUMMARY

The Municipality of Clarington (Clarington), the Township of Central Frontenac (Central Frontenac) and the Municipality of Red Lake (Red Lake) each have authorized the execution of the ONE JIB Agreement once ONE JIB accepts each as a Participating Municipality. All Municipalities have completed the necessary steps to enter into the ONE JIB Agreement. The ONE JIB Agreement is the primary operating document for municipalities that have decided to invest their money that they do not require immediately under the prudent investor regime through ONE JIB. ONE Investment is also a party to the Agreement. ONE Investment provides support and administrative services to the other parties.

## 3. BACKGROUND

### **ONE JIB is the only joint investment board currently constituted under the *Municipal Act***

Historically, Provincial legislation has restricted municipal investments of money not required immediately (MNRI) to a limited number of securities prescribed by regulation, often referred to as the Legal List. With amendments to municipal legislation and the formation of ONE JIB, municipalities that join ONE JIB can invest in any type of security under the prudent investor regime. Before investing with ONE JIB, a municipality must formally opt into the prudent investor regime by passing an enabling by-law and must execute the ONE JIB Agreement.

## **Municipal legislation permits ONE JIB to accept any municipality in Ontario into the Prudent Investment Program**

Under the *Municipal Act* (the Act) and *Ontario Regulation 438/97* (the Regulation), a municipality must delegate its investment powers and duties in respect of its MNRI to an Investment Board or a Joint Investment Board before its MNRI can be invested under the prudent investor regime.

## **The ONE JIB Agreement is the formal document that establishes the terms and conditions under which ONE JIB agrees to invest on behalf of a municipality**

The ONE JIB Agreement is the primary operating document for municipalities that have decided to invest their MNRI under the prudent investor regime through ONE JIB. It governs the relationship between ONE JIB and a Participating Municipality and is a foundational legal agreement that can only be amended in accordance with the procedures set out in the Agreement. The agreement was last approved by the Joint Investment Board on February 28, 2024 via ONE JIB report [2024-15](#).

## **4. ANALYSIS**

### **Three Municipalities have completed all the necessary steps to join ONE JIB as a Participating Municipality**

Clarington, Central Frontenac and Red Lake have passed their by-laws, authorizing investing their individual MNRI into the Prudent Investment Program of ONE JIB pursuant to section 418.1 of the *Act*:

- The Municipality of Clarington passed By-Law 2024-016 on April 22, 2024
- The Township of Central Frontenac passed By-Law 2024-026 on August 13, 2024
- The Municipality of Red Lake passed By-Law 52-2024 on October 21, 2024

If ONE JIB confirms its acceptance of these Municipalities as Participating Municipalities under the ONE JIB Agreement, the “Prudent Effective Date”, or the date after which section 418.1 will apply to Clarington, Central Frontenac and Red Lake, will be the agreed upon effective date for their ONE JIB Agreements. The approved Investment Plan(s) can be implemented on or after that date.

### **Clarington has adopted an Investment Policy Statement with objectives, risk tolerances and investment horizons and there are no restrictions or clauses that would limit ONE JIB’s ability to manage its MNRI prudently and effectively**

Clarington has adopted an Investment Policy Statement (IPS) which can be found as an attachment to ONE JIB Report 2024-66. Clarington is using a three-year time frame to define MNRI. The IPS demonstrates that Clarington has considered all matters required by legislation in setting its investment objectives and has done so in concert with ONE Investment and the external sub-investment manager, Phillips, Hager & North Institutional (PH&N).

In the opinion of the Chief Investment Officer, the IPS of Clarington would not conflict with

the mandates of the Prudent Investment Program and would not limit ONE JIB's ability to manage Clarington's MNRI prudently and effectively.

Clarington has submitted a Municipal Client Questionnaire (MCQ) and indicates that it will invest \$20 million of MNRI. Further details on the MCQ are provided in ONE JIB Report 2024-66.

**Central Frontenac has adopted an Investment Policy Statement with objectives, risk tolerances and investment horizons and there are no restrictions or clauses that would limit ONE JIB's ability to manage its MNRI prudently and effectively**

Central Frontenac has adopted an Investment Policy Statement (IPS) which can be found as an attachment to ONE JIB Report 2024-67. Central Frontenac is using a two-year time frame to define MNRI. The IPS demonstrates that Central Frontenac has considered all matters required by legislation in setting its investment objectives and has done so in concert with ONE Investment and the external sub-investment manager, PH&N Institutional.

In the opinion of the Chief Investment Officer, the IPS of Central Frontenac would not conflict with the mandates of the Prudent Investment Program and would not limit ONE JIB's ability to manage Central Frontenac's MNRI prudently and effectively.

Central Frontenac has submitted a MCQ and indicates that it will invest \$2.8 million of MNRI. Further details on the MCQ are provided in report ONE JIB 2024-67.

**Red Lake has adopted an Investment Policy Statement with objectives, risk tolerances and investment horizons and there are no restrictions or clauses that would limit ONE JIB's ability to manage its MNRI prudently and effectively**

Red Lake has adopted an Investment Policy Statement (IPS) which can be found as an attachment to ONE JIB Report 2024-69. Red Lake is using a three-year time frame to define MNRI. The IPS demonstrates that Red Lake has considered all matters required by legislation in setting its investment objectives and has done so in concert with ONE Investment and the external sub-investment manager, PH&N Institutional.

In the opinion of the Chief Investment Officer, the IPS of Red Lake would not conflict with the mandates of the Prudent Investment Program and would not limit ONE JIB's ability to manage Red Lake's MNRI prudently and effectively.

Red Lake has submitted a MCQ and indicates that it will invest \$2.2 million of MNRI. Further details on the MCQ are provided in ONE JIB Report 2024-69.

## **5. CONCLUSION**

ONE Investment recommends that ONE JIB agree to accept the Municipality of Clarington, the Township of Central Frontenac and the Municipality of Red Lake as Participating Municipalities and authorize ONE Investment to work with the Chair and Secretary of ONE

JIB and the Municipalities to execute the ONE JIB Agreements and any other necessary documentation.

Drafted by: Jennifer Hess, Manager Investment Services

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

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: November 27, 2024  
 Re: Municipality of Clarington's Investment Plan  
 Report: ONE JIB 2024-066

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## 1. RECOMMENDATIONS

It is recommended that the Board:

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

## 2. SUMMARY

The Municipality of Clarington has decided to join ONE JIB as a Participating Municipality. Clarington has provided a Municipal Client Questionnaire (MCQ) to provide information on its MNRI and the investment horizons associated with its reserve balances which have informed the recommended allocations.

Clarington's initial \$20.0 million contribution of MNRI has a very long investment horizon of at least 10 years. The proposed investment allocation in the Investment Plan has been determined by reviewing the circumstances, needs and risk tolerance of the Municipality. It also incorporates the treasurer's analysis of expected cashflows affecting municipal reserve balances. The resulting allocation described in the Investment Plan is appropriate for the municipality. A 70% allocation to equities has been recommended for Clarington, Model G, as discussed at the October 1, 2024 New Product Committee Meeting. A summary is shown below:

LONG TERM 70% EQUITY MODEL (G)		
Asset Classes	Target Weight	Total Invested (\$)
Cash & Equivalent	0%	-
Canadian Fixed Income	30%	\$6,000,000
Global Fixed Income and Credit	0%	-
Canadian Equities	35%	\$7,000,000
Global Equities	35%	\$7,000,000
Alternatives	0%	-
Total	100%	\$20,000,000

### 3. BACKGROUND

#### Clarington will be contributing \$20 million of MNRI to ONE JIB

Clarington will contribute \$20.0 million of MNRI to invest in the OCIO model. The treasurer has provided details of the time horizons associated with reserve balances, which have informed the allocations in the Investment Plan. Table 1 below provides a summary. The majority of MNRI is intended to be used to fund future capital spending and has a long investment horizon.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 3.1 of the MCQ.*

Investment Horizon of 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 (\$)
Capital Growth	\$20,000,000			\$20,000,000
Total MNRI	\$20,000,000	0	0	\$20,000,000

#### Clarington's time horizon is very long, with no expected drawdowns of MNRI within the next ten years

Clarington will contribute \$20.0 million of MNRI to invest in the OCIO model, all of which have a very long time-horizon. This MNRI has an investment horizon that exceeds ten years. The Municipality noted that several capital projects are under consideration, limiting its ability to commit additional MNRI at this time.

The treasurer has provided details of the time horizons associated with reserve balances which have informed the allocations in the Investment Plan. Table 2 below provides a summary. As shown below, the majority of MNRI is intended to be used to fund capital spending with a long investment horizon. It is not anticipated that MNRI will be drawn down within the next 10 years.

*Table 2: Anticipated Cash Flow Projections, MNRI by year adapted from table 3.3 of MCQ.*

	Next Year	2 years	3 years	4 years	5+ years*
Anticipated MNRI Drawdowns	0	0	0	0	\$16,500,000
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	0	\$16,500,000

\* The Treasurer indicated that no MNRI drawdowns are expected within the next 10 years.

## **Model portfolios provided by the Phillips, Hager & North Institutional (PH&N) will guide Clarington's allocations**

A set of model portfolios has been developed by PH&N that is designed to be appropriate for a wide range of Participating Municipalities' needs. More detail on the decision history related to this report is available in the New Products Committee Report [\(2024-01\)](#) October 1, 2024.

### **4. ANALYSIS**

#### **Clarington may make incremental contributions to MNRI but does not have sufficient visibility at this time to allow the size and timing to be confirmed**

Clarington staff have identified several capital projects that may require funding over the next few years that limit their ability to commit additional MNRI at this time. Staff are also in the process of liquidating certain existing Legal List portfolio holdings to address money required immediate spending needs. The treasurer suggested that Clarington may be able to make incremental contributions within two years. These contributions have not been included in Table 3.3 of the MCQ due to the uncertainties involved.

#### **The mapping of Clarington's MNRI in the Investment Plan is consistent with its cashflow forecasts, risk tolerance and objectives.**

A review of Clarington's expected cashflows and expected future reserve balances was conducted as part of the annual review process. The municipality has a long investment horizon, and it is not anticipated that any MNRI will need to be drawn down within the next 10 years. The investment allocation will address the need for MNRI to generate growth over time so reserve balances grow at a rate above inflation. Near-term liquidity needs are being addressed by money required immediately balances, so the liquidity of investments in the investment portfolio is not a high priority for Clarington.

#### **The Investment Plan recommends Clarington's MNRI be invested in model G, which has a 70% allocation to equities within a well-diversified portfolio**

Clarington has a very long investment horizon with all MNRI expected to remain invested for at least 10 years. The CIO and OCIO have reviewed Clarington's circumstances and discussed the allocation and are recommending that an allocation to model G. This model is designed for a long-term investment horizon and has a 70% allocation to equities, and which is appropriate considering the investment horizon involved. Table 3 below provides some summary statistics of model G and Table 4 shows further detail on Clarington's investment allocations.

Table 3: Summary statistics for Model G

Summary Statistics	Model G
Long-Term Return	7.1%
Annual Downside Risk <sup>1</sup>	-16.2%
Annual Volatility	10.0%
Sharpe Ratio	0.37

Notes:

<sup>1</sup> Annual Downside Risk (CVaR95) 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.

Table 4: Proposed Pooled Fund-Level Allocation

LONG TERM 70% EQUITY MODEL (G)				
Asset Classes	Minimum (%)	Target Weight (\$)	Maximum (%)	Total Invested (\$)
<b>Cash &amp; Equivalent</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>\$0</b>
<b>Canadian Fixed Income</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>\$6,000,000</b>
Short-Term bonds		20		4,000,000
Universe Bonds		0		-
Corporate Bonds		0		-
Private Placement Corporate Debt		0		-
Commercial Mortgage		10		2,000,000
<b>Global Fixed Income and Credit</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>\$0</b>
High Yield Bonds		0		-
Global Multi-Asset Credit		0		-
Global Bonds		0		-
Emerging Markets Bonds		0		-
<b>Canadian Equities</b>	<b>25</b>	<b>35</b>	<b>45</b>	<b>\$7,000,000</b>
Canadian Equities		35		7,000,000
Canadian Low Volatility Equities		0		-
<b>Global Equities</b>	<b>25</b>	<b>35</b>	<b>45</b>	<b>\$7,000,000</b>
U.S. Equities		7		1,400,000
U.S. Low Volatility Equities		7		1,400,000
International Equities		21		4,200,000
Global Equities		0		-
Global Low Volatility Equities		0		-
<b>Alternatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Real Estate		0		-
Infrastructure		0		-
<b>Total</b>		<b>100</b>		<b>\$20,000,000</b>

## **5. CONCLUSION**

The proposed Investment Plan is consistent with Clarington's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. Clarington has a long investment horizon with no anticipated withdrawals of MNRI expected within ten years. This initial \$20 million MNRI contribution, uses an allocation of 70% to equities (Model Portfolio G) within a well-diversified portfolio. The proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. As a result, the Investment Plan is appropriate for the time horizons and available MNRI.

## **ATTACHMENTS**

Attachment 1: Municipality of Clarington's Investment Policy Statement

Attachement 2: Municipality of Clarington's Municipal Client Questionnaire

Attachment 3: Municipality of Clarington'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

Attachment 2 to Report FSD-015-24

<b>Number:</b>	CP-XXX
<b>Title:</b>	<b>Investment Policy</b>
<b>Type:</b>	<b>Financial Management</b>
<b>Sub-type:</b>	<b>Investments</b>
<b>Owner:</b>	<b>Finance and Technology</b>
	<b>Financial Planning</b>
<b>Approved By:</b>	<b>Council</b>
<b>Approval Date:</b>	<b>April 22, 2024</b>
<b>Effective Date:</b>	<b>TBD</b>
<b>Revised Date:</b>	Click or tap to enter a date.
<b>Applicable to:</b>	<b>Finance and Technology</b>

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## 1. Legislative or Administrative Authority:

- 1.1. This policy was developed in accordance with Section 418.1 of the Municipal Act, 2001, which authorizes a municipality to invest money that it does not require immediately in accordance with the prudent investor standard. The policy follows the [Ontario Regulation 438/97](#), Eligible Investments, Related Financial Agreements and Prudent Investment.

## 2. Purpose:

- 2.1. This Investment Policy Statement (IPS) governs the investment of the Municipality's Money Not Required Immediately (MNRI) and Money Required Immediately (MRI). It is intended, among other things, to direct the Deputy CAO, Finance and Technology/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.
- 2.2. 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").
- 2.3. There are also sources of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such sources 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.
- 2.4. The goals of this IPS are to:

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- a) Define and assign responsibilities for investment of MRI and MNRI;
  - b) Describe the Municipality's responsibilities with respect to third-party trust funds and designated funds;
  - c) Ensure compliance with the applicable legislation;
  - d) Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
  - e) Provide guidance and limitations regarding the investments and their underlying risks;
  - f) Establish a basis of evaluating investment performance and the underlying risks; and,
  - g) Establish a reporting standard to Council.
- 2.5. This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Deputy CAO, Finance and Technology/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.

### **3. Scope:**

- 3.1. This policy includes all funds that are managed by the Municipality of Clarington.

### **4. Definitions:**

- 4.1. **Act** – means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.
- 4.2. **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.
- 4.3. **Asset Class** – An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

- 4.4. **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.
- 4.5. **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.
- 4.6. **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.
- 4.7. **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.
- 4.8. **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.
- 4.9. **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”).
- 4.10. **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.
- 4.11. **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.
- 4.12. **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.

- 4.13. **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.
- 4.14. **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.
- 4.15. **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.
- 4.16. **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.
- 4.17. **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.
- 4.18. **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.
- 4.19. **Local Distribution Corporation or LDC** – means a corporation incorporated under section 142 of the Electricity Act, 1998.
- 4.20. **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 5.16 Monies that are Long Term Money will be invested in accordance with the Prudent Investor Standard.—
- 4.21. **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.

- 4.22. **Money Required Immediately (MRI)** – municipal funds not included in the Money Not Required (MNRI) definition included in this policy, funds are governed in accordance with Section 418 of the Act.
- 4.23. **Money Not Required Immediately (MNRI)** – long term municipal funds defined in this policy, that are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act.
- 4.24. **Municipality** – means the Municipality of Clarington.
- 4.25. **OCIO Offering** - means the comprehensive investment program made available through ONE JIB pursuant to which a duly qualified investment manager who is an External Portfolio Manager is engaged by ONE Investment to advise a participating municipality with regard to the investment of the participating municipality's Managed Assets and to invest and manage such Managed Assets in accordance with the terms and conditions set out in the ONE JIB Agreement.
- 4.26. **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.
- 4.27. **ONE JIB Agreement** – means the agreement effective as of **TBC**, 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.
- 4.28. **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.
- 4.29. **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.
- 4.30. **Portfolio** - means any collection of funds that are grouped together and required for specific purposes.
- 4.31. **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.

- 4.32. **Prudent Effective Date** - means the date on which the prudent investor regime applies to the Municipality.
- 4.33. **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.
- 4.34. **Regulation** – means Ontario Regulation 438/97.
- 4.35. **Risk** – means the uncertainty of future investment returns or chance of loss of capital.
- 4.36. **Risk Tolerance** – means the financial ability and willingness to absorb a loss in return for greater potential for gains.
- 4.37. **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.
- 4.38. **Short-Term Money** – means money that is required immediately by the Municipality as described in section 5.14 and which remains under the control and management of the Municipality. The money can be invested in appropriate Legal List Securities.
- 4.39. **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.

- 4.40. **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.
- 4.41. **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.
- 4.42. **Sinking Fund Excess Earnings** – means the investment earnings in excess of the required earnings.
- 4.43. **Treasurer** – means the Deputy CAO, Finance and Technology/Treasurer, or other individual appointed by Council to fill role of Treasurer as required by the Municipal Act, 2001

## **5. Policy Requirements:**

### **General Statements**

- 5.1. Investments of Money Required Immediately (MRI) will, in accordance with this IPS, only be made in Legal List Securities.
- 5.2. Investments of Money Not Required Immediately (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.
- 5.3. 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.
- 5.4. 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:
- a) General economic conditions;
  - b) The possible effect of inflation or deflation;
  - c) The role that each investment plays within the Municipality's total portfolio of investments;

- d) The expected total return from income and the appreciation of capital; and
- e) Needs for liquidity, regularity of income and preservation or appreciation of capital.

5.5. Use of Prudent Investor Standard

- 5.5.1. 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.
- 5.5.2. 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.

**Determination of Money Required Immediately and Money Not Required Immediately**

- 5.6. Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:
  - 5.6.1. the time horizon within which the monies are needed to meet financial obligations;
  - 5.6.2. the purpose for which the monies have been collected or set aside and are to be used;
  - 5.6.3. the source of the money; or
  - 5.6.4. any combination of the foregoing

- 5.7. There is no legislated definition of MRI or MNRI and no guidance is provided.. The municipality has the responsibility to define the basis of MNRI in a way that is most appropriate for their circumstances.
- 5.8. The Municipality defines MNRI as funds that are, in the opinion of the Treasurer, required within the next 36 month period
- 5.9. 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 5.3) shall be deemed for purposes of this IPS to be MRI.
- 5.10. 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 5.35.
- 5.11. Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.
- 5.12. 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 5.17 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:
  - 5.12.1. MRI which is invested in Legal List Securities; and/or
  - 5.12.2. MNRI which is invested under the Prudent Investor Standard.

#### **Investment**

- 5.13. 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, Finance Treasurer or designate.
- 5.14. Short-Term Money: Investment Objectives
  - 5.14.1. 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.
  - 5.14.2. 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.

5.14.3. 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.

5.15. Short-Term Money: Eligible Investments

5.15.1. 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.

- 5.15.2. The Municipality's existing Investment Policy CP-003, which is referred to in Part I of the Regulation as a statement of investment policies and goals, is attached as Appendix III and will apply to its Short-Term Money. Necessary modifications will apply and in the event of a conflict between this IPS and the attached investment policy in respect of the Short-Term Funds, the provisions of the CP-003 Investment Policy (Legal List) will prevail.

#### 5.16. MNRI: Long-Term Money

- 5.16.1. The Municipality's MNRI is described in Section 5.8 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.
- 5.16.2. 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.

#### 5.17. Long-Term Money: Investment Objectives

- 5.17.1. In setting the objectives noted below, the Municipality has taken into account the following considerations:
  - a) Preservation of capital;
  - b) Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
  - c) Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
  - d) Income and capital appreciation; and,
  - e) Macro risks, such as inflation, economic growth and interest rates.

5.17.2. Investment of long-term money is to be managed by ONE JIB in a way that balances the investment objectives, expected returns and risk, to develop asset allocations that achieve the Municipality's financial needs with stated risk tolerances.

5.17.3. The investment objectives for MNRI are as follows:

MNRI Horizon	Objective	Risk Tolerance	Investment Horizon
<b>Short Term</b>	Preservation of Capital	Low Risk	3-4 years
<b>Medium Term</b>	Contributions towards capital projects, mitigating inflation impacts and meeting target funding requirements	Moderate Risk	5-10 years
<b>Long Term</b>	Contributions towards capital projects, mitigating and meeting target funding requirements. Emphasis on long term inflation adjusted growth	Moderate to Moderate High Risk	> 10 Years

5.17.4. 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.

5.18. Long-Term Money: Eligible Investments

5.18.1. Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product

that is part of the OCIO Offering 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.

5.18.2. Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short-term money market instruments, or overnight deposits.

5.19. Long-Term Money: Sinking Funds

5.19.1. There are no provisions applicable for sinking funds.

5.20. Long-Term Money: Local Distribution Corporation (LDC) Securities

5.20.1. The direct investment in LDC shares and/or promissory notes, as may be applicable, prior to the Prudent Effective Date, 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.

5.20.2. LDC shares are considered restricted, special assets and remain in the custody of the Municipality. LDC shares are to be viewed as separate standalone investments with the subject matter expertise and administrative functions remaining under the purview of the Municipality of Clarington. 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 Municipality.

5.20.3. 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.

5.20.4. The investment in Elexicon Corporation is considered to be an investment in an LDC for the purposes of this policy as it is the sole shareholder of Elexicon Energy which is an LDC.

5.21. Third-Party Trust Funds and Designated Funds

5.21.1. 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.

- 5.21.2. The Municipality's third-party trust funds and the designated funds are listed in Schedule A.
- 5.21.3. 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.

### **Investment Management**

#### **5.22. Investment Management of Short-Term Money**

- 5.22.1. The investment of Short-Term Funds shall be controlled and managed by the Treasurer.

#### **5.23. Investment Management of Long-Term Money**

- 5.23.1. The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.
- 5.23.2. An Outsourced Chief Investment Officer ("OCIO") and/or External Portfolio Managers shall be appointed by ONE JIB, and they shall each enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide for delivery of compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any OCIO and/or External Portfolio Managers changes deemed in the best interest of the participating municipalities. 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 the OCIO's and/or External Portfolio Managers' guidelines.

#### **5.24. Transition to Prudent Investor Regime**

- 5.24.1. 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.
- 5.24.2. 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.

- 5.24.3. Management of third-party trust funds and any designated funds is not directly affected by the Prudent Effective Date.

### **Investment Constraints**

#### **5.25. Environmental, Social and Governance (ESG) Investing**

- 5.25.1. 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.
- 5.25.2. 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.
- 5.25.3. 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.

#### **5.26. Securities Lending**

- 5.26.1. For the investment of Short-Term Money, Securities Lending is not permitted.
- 5.26.2. 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.

#### **5.27. Derivatives**

- 5.27.1. 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.

#### **5.28. Use of Leverage**

- 5.28.1. 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.

5.29. Pooled Funds

- 5.29.1. 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.

5.30. Currency Hedging

- 5.30.1. The Short-Term Portfolio may consider the utilization of currency hedging only in cases where the Municipality can allocate the hedge to a specific capital purchase denominated in a foreign currency.
- 5.30.2. 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.

5.31. Prohibited Investments

- 5.31.1. There are no investments specifically listed as prohibited.

5.32. Performance Monitoring, Rebalancing and Management

5.32.1. Short-Term Money

- 5.32.2. Reporting of Short-Term Money shall be in accordance with policy CP-003 Investment Policy (Legal List).

5.32.3. Long-Term Money

- 5.32.4. 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.
- 5.32.5. 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.

**Administrative Policies**

5.33. Flow of Money and Annual Municipal Budget

5.33.1. 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.

5.33.2. 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.

5.34. Flow of Money Otherwise than through the Budget Process

5.34.1. 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.

5.35. Contingencies

5.35.1. 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 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 5.41.2 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

5.36. Valuation of Investments

5.36.1. 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.

5.37. Voting Rights

- 5.37.1. 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.

5.38. Internal Controls

- 5.38.1. 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.

5.39. Custodians

- 5.39.1. 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 products are being used for the investment of the Municipality's Short-Term Money, otherwise the Custodian shall be acceptable to the Municipality.

5.40. Reporting

- 5.40.1. For the investment of Short-Term Money (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 Investment Policy (Legal List) 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.
- 5.40.2. The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money (MNRI) at least annually. This report shall include the following.

- a) Investment performance during the period covered by the report;

- b) Asset mix of the total portfolio;
- c) 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;
- d) A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- e) 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
- f) Any other pertinent information in the opinion of the Treasurer.

5.40.3. 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.

5.41. Approval, Subsequent Modifications and Effective Date

5.41.1. Policy CP-003 Investment Policy shall be renamed CP-003 Investment Policy (Legal List) and will be reviewed on an annual basis.

5.41.2. 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.

5.41.3. Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

5.41.4. At a minimum, the annual IPS review will consider:

- a) the adequacy of funding for capital works;
- b) the Municipality's ability to reduce other spending;
- c) flexibility of the timeframe to payout; and
- d) sensitivity to loss.

5.42. Effective Date

5.42.1. This IPS is adopted by Council of the Municipality, and will come into force effective the date of the Prudent Effective Date Agreement as signed by ONE

JIB and the Municipality.. 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.

## **6. Roles and Responsibilities:**

### **6.1. Council is responsible for:**

- 6.1.1. Approving the Municipality's Investment Policy and reviewing the policy on an annual basis.

### **6.2. Chief Administrative Officer (CAO) is responsible for:**

- 6.2.1. Ensuring compliance with this policy

### **6.3. Deputy CAO, Finance and Technology/Treasurer is responsible for:**

- 6.3.1. 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 5.3, remain under the control and management of the Treasurer.
- 6.3.2. Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:
  - a) Investment management of MRI and any third-party trust funds referenced in Section 5.3 by, or under the direction of, the Treasurer;
  - b) 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,
  - c) A system of controls exercised by the Treasurer to regulate the activities of employees.
- 6.3.3. No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.
- 6.3.4. 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.

**6.4. ONE JIB is responsible for:**

- 6.4.1. 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 I).
- 6.4.2. 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.
- 6.4.3. Among the responsibilities of ONE JIB are the following:
  - a) Reviewing this IPS;
  - b) Adopting and maintaining an Investment Plan that complies with this IPS;
  - c) Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
  - d) Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
  - e) Monitoring the performance of the Agents; and,
  - f) Reporting to the Municipality.
- 6.4.4. The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.
- 6.4.5. 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.

**6.5. All Staff are responsible for:**

- 6.5.1. 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).

**7. Related Documents:**

- 7.1. CP-003 Investment Policy (Legal List)

- 7.2. [O.Reg.438/97: Eligible Investments, Related Financial Agreements and Prudent Investment](#)

**8. Inquiries:**

- 8.1. Manager, Financial Planning/Deputy Treasurer  
8.2. Deputy CAO, Finance and Technology/Treasurer

**9. Revision History:**

Date	Description of Changes	Approved By

### 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.

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#### ***Section 1 – Client Information***

Name of Municipality: Municipality of Clarington

Address: 40 Temperance Street, Bowmanville, ON L1C 3A6

##### *Treasurer Information*

Name: Trevor Pinn, CPA, CA

Phone Number: 905-623-3379 Extension: 2602

Email: tpinn@clarington.net

##### *Primary Day to Day Contact Information\**

☐

*Check if same information as Treasurer above*

Name: Paul Davidson, Manager, Financial Planning/Deputy Treasurer

Phone Number: 905-623-3379 Extension: 2607

Email: pdavidson@clarington.net

\*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).

Municipal Treasurer is a CPA with a familial background in banking, over 10 years of municipal investment experience including involvement with ONE Investment for over 6 years on the Board.

Deputy Treasurer has a basic understanding of the municipal investment industry and has a background in economics. Forecasting and analysis skills are high and has a strong understanding of needs of the municipality.

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

Equities have been owned through ONE Investment pool, not directly.

## 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 (\$)
Capital Growth	20000000			20000000
Total MNRI	20000000	0	0	20000000

- 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.

We include assumptions on inflation, forecasted development charge revenue, transfers into reserve funds, gains/losses from MOC held investments, inflow from debentures, principal and interest debt payments, and minimum required reserve fund balances.

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					16500000
Net Change to MNRI	0	0	0	0	16500000

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?

We do forecast beyond 5 years to 10 years, however the level of accuracy at this point would be moderate. We continue to develop our long-term financial planning processes which will improve the accuracy into the future.

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.

Our forecasts assume only approved grants, so any grant money would reduce future needs. The timing of large capital projects that are forecasted within the next 5 years are pretty concrete, smaller capital projects may be deferred etc. (i.e. vehicles, small building repairs).

There may be additional projects required in the future as a result of approvals of in progress secondary plans which have not yet been approved. The timing would be identified once those plans have been approved.

The two new significant building projects (new community centre and pool, operations centre/firehall and training centre) are set and funding has been identified.

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?


The cash flow model developed is reviewed periodically by the Treasurer who takes a conservative approach in estimating needs. Further, a time horizon of 3 years is used for MRI to mitigate the impacts of unanticipated requests and the ability of the Municipality to adapt needs within that time frame.

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?

The model we have used assumes growth based on historical numbers, if there is a significant decline this may result in either cash being needed earlier or a delay in the project completely. Conversely, as we are projected to be a high growth municipality, significant growth above our assumed numbers would bring in more cash through development charges which could improve the MNRI numbers in the short term.

## 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)		0
Additional contributions or withdrawal of MNRI and <i>Date</i> fund to be remitted / paid (B)		20000000 
<b>Total MNRI under the management and control of ONE JIB (A + B)</b>		20000000

- 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\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

*Trevor Pinn*

Digitally signed by Trevor Pinn  
Date: 2024.10.30 08:53:29  
+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 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**

INVESTMENT PLAN FOR

# **Municipality of Clarington**

EFFECTIVE DATE: January 13, 2025





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# 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 of Clarington's Money Not Required Immediately (MNRI) as defined in section 5.16 of Clarington's Investment Policy Statement (IPS).

This Plan applies to all investments controlled and managed by ONE JIB on behalf of the Municipality of Clarington.

# 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 the Municipality of Clarington'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 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

The Municipality of Clarington's investment needs as 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 Clarington's current goals, objectives, circumstances, and risk tolerance, and helps direct how investment allocations will be determined. The allocation of Clarington's MNRI in this Plan is consistent with the details as disclosed in Clarington's IPS and MCQ. Section 5.17 of Clarington's IPS provides specific information that characterizes the objectives for MNRI as detailed in Table 1 below:

Table 1: The investment objectives for MNRI.

Category	Objective & Risk Tolerance	Investment Horizon
Objectives for MNRI	<ul style="list-style-type: none"> <li>• Preservation of capital</li> <li>• Adequate liquidity</li> <li>• Diversification by asset class, market sector, issuer, credit quality.</li> <li>• Capital appreciation and achieving growth above the inflation rate.</li> <li>• Able to assume a higher risk profile to emphasize longer-term capital growth with some liquidity</li> </ul>	Over 10 Years

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 to obtain a progressively higher rate of return for longer-term investment horizons, commensurate with stated risk tolerances.

The initial \$20.0 million MNRI contribution is very long-term money. There is no expectation of MNRI drawdowns within the next 10 years. There is potential for additional contributions within the next two years that would have a similarly long investment horizon. These MNRI balances will be invested primarily to achieve capital growth over time. Achieving returns above inflation is a key investment objective, while near-term liquidity of investments is not required.

# 5

## INVESTMENT PORTFOLIO

Asset allocations 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 / Model Assigned	Final Allocation
Consolidated MNRI Holdings	Long Term / 70% Equity (model G) assigned.	\$20,000,000
<b>Total</b>		

#### Other considerations:

- Cashflow planning:
  - Clarington has balances set aside as part of MRI to address potential contingencies. This means that MNRI balances are expected to be stable and there is a very low probability for unexpected drawdowns over the next 10 years.
  - Inflation is a key consideration relevant for Clarington's investment. Non-residential construction price index more relevant inflation measure for Clarington than CPI.

### 5.3 Allocations – based on Long Term 70% Equity Model (G)

MNRI Horizon			
Asset Classes	Minimum	Target Weight	Maximum
Cash & Equivalent	0	0	10
Canadian Fixed Income	20	30	40
Global Fixed Income and Credit	0	0	10
Canadian Equities	25	35	45
Global Equities	25	35	45
<b>Total</b>		<b>100%</b>	

\* further details on holdings and benchmarks for this model are detailed in an attachment to the New Product Committee report ([2024-003](#))

# 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.

- ONE JIB Responsible Investing Policy
- 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
- ONE JIB In-Kind Securities 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, which may be reviewed and updated periodically.

In asset classes where more than one fund is eligible for investment, the OCIO will be responsible for determining 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”).

Asset Classes	Sub-Asset Classes	Eligible Fund Names (Schedule “A” of IMA)
	<b>Fixed Income</b>	
Cash & Equivalent	Money Market	PH&N Canadian Money Market Fund
Canadian Fixed Income	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*
Global Fixed Income and Credit	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
	<b>Equities</b>	
Canadian 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
Global Equities	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
Alternatives	Real Estate	RBC Canadian Core Real Estate Fund*
	Infrastructure	RBC Global Infrastructure 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

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## IMPLEMENTATION

### *9.1 Custodian*

All marketable investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

### *9.2 Transition Plan*

Timeline	Expected Transfer to JIB/ONE
January 2025	<ul style="list-style-type: none"> <li>- Treasurer Liquidates Legal List portfolio holdings (\$5 million) before 2024 year-end.</li> <li>- Proceeds plus cash contribution remitted as MNRI to ONE JIB (\$20.0 million)</li> <li>- Funds purchased to implement the Investment Plan.</li> </ul>

If it is not possible to deploy the MNRI immediately into the allocations specified in the Investment Plan, substitute securities may need to be utilized temporarily. Additionally, there may also be circumstances where MNRI is invested in money market instruments temporarily to facilitate a smooth transition.

During the transition to the OCIO Offering, the Chair and Vice-Chair of ONE JIB may be consulted concerning any required temporary adjustment to the investment plan. 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.

### *9.3 Accommodating Cashflow needs*

Income from investments will be automatically reinvested as per the ONE Distribution Policy PI and cashflow needs of Clarington are expected to be financed with the sale of units of the pooled funds. Payment of OCIO Fees and Governance fees will also be financed with the sale of investment pool units.

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: November 27, 2024  
Re: Township of Central Frontenac's Investment Plan  
Report: ONE JIB 2024-067

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## 1. RECOMMENDATIONS

It is recommended that the Board:

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

## 2. SUMMARY

The Township of Central Frontenac has decided to join ONE JIB as a Participating Municipality. The Municipality has provided a Municipal Client Questionnaire (MCQ) to provide information on its MNRI and the investment horizons associated with its reserve balances which have informed the recommended allocations.

Central Frontenac will allocate \$2.8 million in MNRI to be invested under the care and control of ONE JIB. This MNRI contribution will be needed in future years primarily to fund anticipated capital spending on roadwork within the municipality. Central Frontenac anticipates that \$4,000,000 of MNRI may be required in 2029. This roadwork will require spending of \$8 million every eight years thereafter. Future annual contributions of \$500,000 are anticipated to accumulate monies for these recurring capital spending needs.

The proposed investment allocation in the Investment Plan has been determined by reviewing the municipal circumstances, needs and risk tolerance. It also incorporates the treasurer's analysis of expected cashflows affecting municipal reserve balances. The resulting allocation described in the Investment Plan is appropriate for the municipality. A 60% allocation to equities has been recommended for Central Frontenac, Model F, as discussed at the October 1, 2024 New Product Committee Meeting. A summary is shown below:

LONG TERM 60% EQUITY - MODEL F		
Asset Classes	Target Weight	Total Invested (\$)
Cash & Equivalent	0%	-
Canadian Fixed Income	30%	840,000
Global Fixed Income and Credit	10%	280,000
Canadian Equities	30%	840,000
Global Equities	30%	840,000
Alternatives	0	-
Total	100%	\$2,800,000

### 3. BACKGROUND

#### Central Frontenac will be contributing \$2.8 million in MNRI to ONE JIB

Central Frontenac will contribute \$2.8 million of MNRI to invest in the OCIO model. The treasurer has provided details of the time horizon associated with reserve balances, which has informed the proposed allocations in the Investment Plan. Table 1 below provides a summary. As shown below, MNRI is intended to be used primarily to fund the recurring spending related to roadwork and has a long investment horizon.

*Table 1: MNRI by reserve and time horizon forecast, adapted from Table 3.1 of the MCQ.*

Investment Horizon of 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 (\$)
Fund Road 38	\$2,800,000			\$2,800,000
Total MNRI	\$2,800,000	0	0	\$2,800,000

#### Central Frontenac anticipates annual contributions of \$500,000 and expects to draw down \$4 million in 2029 and \$8 million about every eight years thereafter

The analysis provided by the treasurer suggested that every eight to ten years, Central Frontenac will be responsible for spending related to the maintenance of Road 38. The treasurer expects to draw \$4,000,000 in 2029, and it is anticipated that \$8,000,000 will need to be spent every eight years thereafter, though this is an estimate with some uncertainty about the timing and ultimate amounts involved.

*Table 2: Anticipated Cash Flow Projections, MNRI by year adapted from table 3.3 of MCQ.*

	Next Year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns					(\$4 million)*
Anticipated MNRI Contributions	\$500k	\$500k	\$500k	\$500k	\$500k
Net change in MNRI	\$500k	\$500k	\$500k	\$500k	(\$3,500k)

\* The treasurer indicated \$4 million drawdown between 2029 and 2032, then \$8 million every 8 years.

### **Model portfolios provided by the Phillips, Hager & North Institutional (PH&N) will guide Central Frontenac's allocations**

A set of model portfolios has been developed by PH&N that is designed to be appropriate for a wide range of Participating Municipalities' needs. More detail on the decision history related to this report is available in the following New Products Committee Report ([2024-01](#)) October 1, 2024.

## **4. ANALYSIS**

### **The mapping of Central Frontenac's MNRI in the Investment Plan is consistent with the Township's cashflow forecasts, risk tolerance and objectives**

A review of Central Frontenac's expected cashflows and expected future reserve balances was conducted as part of the review process. The Township has a long investment horizon with an MNRI balance reflecting reserves that will be used to fund road work. All Central Frontenac's MNRI is associated with a specific capital reserve: the Road 38 Reserve. The proposed investment allocations are based on the expected capital spending pattern. Earning an adequate return on investments is key to ensuring monies are available for the expected spending.

### **Central Frontenac's MNRI has a targeted purpose: to fund recurring spending on a specific capital reserve that funds spending on Road 38.**

Central Frontenac will contribute \$2.8 million in MNRI to build reserves for the recurring capital spending on Road 38. It is also expected to start contributing \$500,000 of MNRI annually to the Road 38 Reserve next year.

The treasurer expects the first drawdown from the Road 38 Reserve of \$4.0 million to occur in 2029 and expects recurring spending of \$8 million about every eight years thereafter. There is some uncertainty about the timing of the spending and the potential for spending to be deferred, and there is also some uncertainty about the amount of spending

required. Due to these uncertainties, the size of annual contributions may need to be adjusted to reflect changing circumstances.

**The Investment Plan allocations have been specifically designed to address the pattern of contributions and drawdowns required for the expected capital spending**

Based on the expected contribution/drawdown pattern and spending needs of the Township, the annual contributions alone will be insufficient to build reserves for the eight-year capital spending cycle. Growth on the initial contribution is key for this financing plan to remain sustainable, and for modelling purposes, it has been assumed that the \$2.8 million contribution will not be drawn down, but growth on these balances will help provide funding for future expected spending. For this reason, a portion of the initial contribution would be considered to have a very long investment horizon. Subsequent annual contributions would effectively rebuild reserve balances for the next planned spending cycle.

The Investment Plan reflects a long investment horizon, with an allocation of 60% to equities (model portfolio F) within a well-diversified portfolio. The anticipated recurring \$500,000 annual MNRI contributions, which will start next year should also be deployed into model portfolio F.

There is an element of uncertainty to this modelling, as both the timing and magnitude of further drawdowns may change. There is also the risk that investment returns may not be sufficient to make this funding plan sustainable. For these reasons adjustments to the annual contributions could be required over time.

*Table 3: Summary statistics for Model F*

Summary Statistics	Model F	Notes:
Long-Term Return	7.0%	<sup>1</sup> Annual Downside Risk (CVaR95) 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.
Annual Downside Risk <sup>1</sup>	-14.4%	
Annual Volatility	8.9%	
Sharpe Ratio	0.40	

*Table 4: Proposed Pooled Fund-Level Allocation*

LONG TERM 60% EQUITY MODEL (F)				
Asset Classes	Minimum (%)	Target Weight (\$)	Maximum (%)	Total Invested (\$)
Cash & Equivalent	0	0	10	\$0
Canadian Fixed Income	20	30	40	\$840,000
Short-Term bonds		20		560,000
Universe Bonds		0		-
Corporate Bonds		0		-
Private Placement Corporate Debt		0		-
Commercial Mortgage		10		280,000

Table 4 (continued): Proposed Pooled Fund-Level Allocation

LONG TERM 60% EQUITY MODEL (F)				
Asset Classes	Minimum (%)	Target Weight (\$)	Maximum (%)	Total Invested (\$)
<b>Global Fixed Income and Credit</b>	<b>0</b>	<b>10</b>	<b>20</b>	<b>\$280,000</b>
High Yield Bonds		0		-
Global Multi-Asset Credit		10		280,000
Global Bonds		0		-
Emerging Markets Bonds		0		-
<b>Canadian Equities</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>\$840,000</b>
Canadian Equities		25		700,000
Canadian Low Volatility Equities		5		140,000
<b>Global Equities</b>	<b>20</b>	<b>30</b>	<b>40</b>	<b>\$840,000</b>
U.S. Equities		6		168,000
U.S. Low Volatility Equities		6		168,000
International Equities		18		504,000
Global Equities		0		-
Global Low Volatility Equities		0		-
<b>Alternatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Real Estate		0		-
Infrastructure		0		-
Total		100		\$2,800,000

## 5. CONCLUSION

The proposed Investment Plan is consistent with Central Frontenac's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The Township has a long investment horizon, which represents reserves for ongoing maintenance of Road 38. This involves recurring annual contributions of \$500,000, an anticipated drawdown of \$4,000,000 in 2029, and drawdowns of \$8,000,000 about every eight years thereafter. The allocations are designed to address the specific needs identified by Central Frontenac. As a result, the Investment Plan is appropriate for the Township's time horizons and circumstances.

## ATTACHMENTS

Attachment 1: Township of Central Frontenac's Investment Policy Statement  
Attachment 2: Township of Central Frontenac's Municipal Client Questionnaire  
Attachment 3: Township of Central Frontenac'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**

**TOWNSHIP OF CENTRAL FRONTENAC (the “Municipality”)**

**AUGUST 13, 2024**

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# Township of Central Frontenac

## Investment Policy Statement

### 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, 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.

**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 and are appropriate only for allocations with a long investment horizon.

**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.

**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 the 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 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").

**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 more comprehensive analysis of a company.

**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, or policies, 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.

**Liquidity:** means the ability to turn an investment to 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, established ONE Investment.

**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.

**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 long-term money that will be invested in accordance with the Prudent Investor Standard.

**Money Required Immediately (MRI):** means the short-term money to be used to meet financial obligations within the next 2 years.

**Municipality:** means the Township of Central Frontenac.

**OCIO Offering:** means the comprehensive investment program made available through ONE JIB pursuant to which a duly qualified 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.

**ONE Investment:** means the not-for-profit corporation founded by CHUMS and LAS which provides certain management, administrative and other services to ONE JIB as their 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 Long-Term Money.

**Outsourced Chief Investment Officer (OCIO):** means a submanager of ONE Investment that provides investment advice and professional services and is involved in the implementation and operational aspects of the OCIO Offering.

**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 agreed upon date to 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.

**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.

**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 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.

**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 Prudent Investor By-law # 2024-26 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 this policy. 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, sub-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 Investments 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 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

MNRI will be comprised of money that is to be used to meet financial obligations that become due more than two years 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 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, 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 the Municipality's Short-Term 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 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 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 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.

**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.

The Municipality's existing investment policy (see Appendix 2) will continue to apply to its Short-Term Money.

**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.

Investment of Long-Term Money (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 needs within stated risk tolerances.

The primary investment objective for the Municipality's MNRI is growth to contribute toward funding future large capital road projects. The overall MNRI portfolio investment horizon shall be in line with the nature of the municipality's annual capital forecast 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 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 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 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 to this Municipality

#### **5.2.4 Long-Term Money: Local Distribution Corporation (LDC) Securities**

Not Applicable to this Municipality

### **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.

## **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 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.

For the investment of Long-Term Money, ONE JIB is required to explore and consider how the OCIO sub-manager 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**

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 the OCIO sub-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 Short-Term Money.

For the investment of Long-Term Money, futures and forwards contracts, options and other derivative instruments may only be used for 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 Policy or provided that any non-permitted investments are disclosed by the Investment manager. Within pooled funds, the Investment Managers' policies will take precedence over this Statement of Investment Policies and Goals.

### **5.6.6 Currency Hedging**

The Short-Term Investment 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 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 Legislation does not prevent the direct / indirect placement of the Long-Term Money in Alternative Assets Classes; this IPS restricts investments in alternative investments for the purpose of management of Long-Term Money under the ONE JIB.

Alternative Asset Classes 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.

## **5.7 Performance Monitoring, Rebalancing and Management**

### **5.7.1 Short-Term Money**

The performance benchmarks may vary from time to time, as decided by the Treasurer, subject to the investment constraints listed in the IPS.

The investment of Short-Term Money will be monitored and rebalanced – at the direction of the Treasurer as per the existing investment policy attached as Appendix II.

### **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 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. 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 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 OCIO 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 or as prescribed by our existing investment policy in Appendix II. 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**

There are no amendments to the existing investment policy (Appendix II), as it still applies to Short-Term Money

This IPS will operate alongside of the existing Investment Policy , and will be applicable for only Long Term Money that is not required immediately.

**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 August 13, 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.

Following approval of the municipality by ONE JIB, a Prudent Investor Effective Date will be agreed upon by the Municipality and ONE JIB to commence the transition to the Prudent Investment Program.

\_\_\_\_\_  
Signed by:

\_\_\_\_\_  
[Treasurer]

\_\_\_\_\_  
Date

## **Schedule A**

### **Third-Party Trust Funds and Designated Funds**

#### **Third-Party Trust Funds**

Bank - Cemetery Plot Olden  
Bank - Cemetery Monument Olden  
Bank - Cemetery Hinchinbrooke  
Bank – Bordenwood  
Bank – Oconto Cemetery Donations  
Bank – Zealand Cemetery  
Bank – St. Paul's  
Investments – Cemetery National Trust Olden

#### **Designated Funds**

Not applicable

**Appendix I: ONE JIB Agreement**

## **Appendix II: Investment Policy for Short-Term Money**

### **Corporation of the Municipality of Central Frontenac Municipal Investment Policy**

#### **1. PURPOSE**

This policy establishes guidelines for municipal investments, as defined by and in compliance with the requirements of s. 418 to s. 420 of the Municipal Act, 2001 and of O.Reg.438/97. The goals of this policy are to ensure compliance with legislation and to establish a reporting practice to council, where, at least annually, a full disclosure of information relating to municipality held investments is provided.

#### **2. POLICY**

It is the policy of the Corporation of The Municipality of Central Frontenac to ensure

- 2.1** All investments are in compliance with O.Reg.438/97 and with s.418 to s.420 of the Municipal Act, 2001.
- 2.2** Preservation of capital
- 2.3** Maintenance of liquidity
- 2.4** Competitive return on investments

#### **3. SCOPE**

This investment policy applies to any investment of the financial assets of the Municipality of Central Frontenac, including Current, Capital, Reserve, Trust, and Gas Tax Funds.

#### **4. AUTHORIZED INVESTMENTS**

The eligible securities are prescribed under Ontario Regulation 438/97.

In addition, the Municipality further restricts investments to:

a. Guaranteed Investment Certificates;

b. the Money Market Fund, the Bond Fund, the Corporate Bond Fund and the Equity Fund, operated by *The One Investment Program*;

c. Deposit receipts, deposit notes, certificates of deposit or investment, acceptances or similar instruments issued, guaranteed or endorsed by,

i. a bank listed in Schedule I, II or III to the *Bank Act* (Canada),

ii. a loan corporation or trust corporation registered under the *Loan and Trust Corporations Act*, or

iii. a credit union or league to which the *Credit Unions and Caisses Populaires Act, 1994* applies.

The Treasurer will attempt where possible to diversify the investments so that certificates are covered under the Bank of Canada Deposit Insurance Act.

## 5. CURRENCY

The Municipality shall not invest in a security that is expressed or payable in any currency other than Canadian dollars. O. Reg. 438/97, s.6 (1).

## 6. REPORTING

The Treasurer or designate has a specific responsibility to prepare and provide, at least annually, an annual investment report to council. O. Reg. 438/97, s.8 (1). This report shall contain the following information:

**6.1** a statement about the performance of the portfolio of investments of the municipality during the period covered by the report.

**6.2** an estimated proportion of the long-term and short-term securities compared to the total investments and a description of the change, if any, in that estimated proportion since the previous year's report.

**6.3** a statement by the treasurer as to whether or not, in his or her opinion, all investments were made in accordance with the investments policies and goals adopted by the municipality; and

- 6.4 a record of the date of each transaction in or disposal of its own securities, including a statement of the purchase and sale price of each security.
- 6.5 such other information that the council may require or that, in the opinion of the treasurer, should be included. O. Reg. 438/97, s. 8 (2); O. Reg. 655/05, s. 6.

## 7. AUTHORITY

Authority to invest public funds is derived from section 418 to section 420 of the Municipal Act, 2001.

The Municipal Treasurer shall have the responsibility for the management of the investment program and to ensure that all investments are made in accordance with this Policy and Ontario's Eligible Investments and Related Financial Agreements Regulation O.Reg 438/97. All investment documents which authorize the transfer of funds from the Township's General Bank Account must be co-signed by the Township's Mayor or designate.

This policy is approved by resolution of the Council of The Municipality of Central Frontenac,

READ a first and second time this 8<sup>th</sup> day of July, 2014.

READ a third time and passed this 8<sup>th</sup> day of July, 2014.

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Frances Smith, Mayor

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Steve Silver, Interim CAO/Clerk

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 significant change in your municipality's financial circumstances, or
- 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: Township of Central Frontenac

Address: 1084 Elizabeth St, Sharbot Lake, ON, K0H 2P0

#### Treasurer Information

Name: J. Michael McGovern

Phone Number: 1-613-279-2935

Extension: 224

Email: treasury@centralfrontenac.com

#### 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

## 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 (\$)
Fund Road 38	\$2,000,000			\$2,000,000
Total MNRI	0	0	0	0

- 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.

Assuming that our tax levy will increase annually but at least Consumer Price Index.

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					\$4 million????
Anticipated MNRI Contributions	\$500K???	\$500K???	\$500K???	\$500K???	\$500K???
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?

No

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.

Just the normal draw down every 8 ish years to pay for roadwork

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?

We try to live within our means as much as possible. I don't believe that we will need to draw down MNRI to fund expected 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?

No

## 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)	\$2,000,000	
<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)

## 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)

## **Attachment 3**

INVESTMENT PLAN FOR

# **Township of Central Frontenac**

EFFECTIVE DATE: January 13, 2025



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# 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 Township of Central Frontenac's Money Not Required Immediately (MNRI) as defined in section 5.2 of Central Frontenac's Investment Policy Statement (IPS).

This Plan applies to all investments controlled and managed by ONE JIB on behalf of the Township of Central Frontenac.

# 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 the Township of Central Frontenac'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 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

The Township of Central Frontenac'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 Central Frontenac's current goals, objectives, circumstances, and risk tolerance, and helps direct how investment allocations will be determined. The allocation of Central Frontenac's MNRI in this Plan is consistent with the details as disclosed in Central Frontenac's IPS and MCQ. Section 5.2.1 of Central Frontenac's IPS provides specific information that characterizes the objectives for MNRI as detailed in Table 1 below:

Table 1: The investment objectives for MNRI.

Category	Objective & Risk Tolerance	Investment Horizon
General objectives for MNRI	<ul style="list-style-type: none"> <li>• Preservation of capital</li> <li>• Adequate liquidity</li> <li>• Diversification by asset class, market sector, issuer, credit quality.</li> <li>• Capital appreciation and achieving growth above the inflation rate.</li> <li>• Able to assume a higher risk profile to emphasize longer-term capital growth with some liquidity</li> </ul>	
Specific Requirements for Road 38 Reserves	<ul style="list-style-type: none"> <li>• To be used for ongoing road maintenance over time.</li> <li>• Contributions plus capital appreciation will be required to fund maintenance spending every 8 years.</li> <li>• A high growth rate is required to ensure funding sufficient to meet required spending.</li> <li>• Liquidity is not required every year. Only for planned maintenance.</li> <li>• The timing and amount required are estimated and are not known with certainty.</li> </ul>	Over 10 Years

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 to obtain a progressively higher rate of return for longer-term investment horizons, commensurate with stated risk tolerances.

A single allocation will be used that represent the initial contribution and expected annual contributions. It is hoped that the municipality will not need to draw down the initial capital, but growth on these investments would be available to funds required spending on the Road 38 Reserves. This allocation has a very long investment horizon and will utilize the Long Term / 60% Equity allocation (model F).

# 5

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## INVESTMENT PORTFOLIO

Asset allocations 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 / Model Assigned	Final Allocation
Long Term	Long Term / 60% Equity (model F) assigned.	\$2,800,000
<b>Total</b>		\$2,800,000

#### Other considerations:

- Cashflow planning:
  - o Initial drawdown of \$4 million expected as early as 2029.
  - o Subsequent drawdowns of \$ 8 million expected every 8 years thereafter
  - o Annual contributions of \$500k anticipated every year.
  - o The above cashflow details are projections. The actual timing of spending/drawdowns and amounts may vary.
- Central Frontenac has significant contingency reserves as part of MRI, it is unlikely that MNRI will be required for unexpected contingencies
- Limited ability for the Central Frontenac to absorb spending on roads beyond amounts planned.
- Cost inflation is highly relevant for road spending.

### 5.3 Allocations

#### *Long Term 60% Equity Model (F)*

MNRI Horizon			
Asset Classes	Minimum	Target Weight	Maximum
Cash & Equivalent	0	0	10
Canadian Fixed Income	20	30	40
Global Fixed Income and Credit	0	10	20
Canadian Equities	20	30	40
Global Equities	20	30	40
<b>Total</b>		<b>100%</b>	

# 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.

- ONE JIB Responsible Investing Policy
- 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
- ONE JIB In-Kind Securities 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, , which may be reviewed and updated periodically.

In asset classes where more than one fund is eligible for investment, the OCIO will be responsible for determining 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”).

Asset Classes	Sub-Asset Classes	Eligible Fund Names (Schedule “A” of IMA)
	<b>Fixed Income</b>	
Cash & Equivalent	Money Market	PH&N Canadian Money Market Fund
Canadian Fixed Income	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*
Global Fixed Income and Credit	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
	<b>Equities</b>	
Canadian 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
Global Equities	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
Alternatives	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

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## IMPLEMENTATION

### *9.1 Custodian*

All marketable investments under the control and management of ONE JIB shall be held for safekeeping by ONE Investment's Custodian.

### *9.2 Transition Plan*

Timeline	Expected Transfer to JIB/ONE
January 2025	<ul style="list-style-type: none"> <li>- Treasurer liquidates current Legal List Portfolio Holdings (\$780,000) in early January.</li> <li>- Proceeds plus cash contribution remitted as MNRI to ONE JIB (\$2.8 million)</li> <li>- Funds purchased to implement the Investment Plan.</li> </ul>

If it is not possible to deploy the MNRI immediately into the allocations specified in the Investment Plan, substitute securities may need to be utilized temporarily. Additionally, there may also be circumstances where MNRI is invested in money market instruments temporarily to facilitate a smooth transition.

During the transition to the OCIO Offering, the Chair and Vice-Chair of ONE JIB may be consulted concerning any required temporary adjustment to the investment plan. 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.

### *9.3 Accommodating Cashflow needs*

Income from investments will be automatically reinvested as per the ONE Distribution Policy PI and cashflow needs of Central Frontenac are expected to be financed with the sale of units of the pooled funds. Payment of OCIO Fees and Governance fees will also be financed with the sale of investment pool units.

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: November 27, 2024  
 Re: Municipality of Red Lake's Investment Plan  
 Report: ONE JIB 2024-069

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## 1. RECOMMENDATIONS

It is recommended that the Board:

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

## 2. SUMMARY

The Municipality of Red Lake has decided to join ONE JIB as a Participating Municipality. The Municipality has provided a Municipal Client Questionnaire (MCQ) to provide information on its MNRI and the investment horizons associated with its reserve balances which have informed the recommended allocations.

Red Lake will allocate \$2.2 million in MNRI to be invested under the care and control of ONE JIB. The investment allocation has been determined by reviewing the circumstances, needs and risk tolerance of the municipality. It also incorporates the treasurer's analysis of expected cashflows affecting municipal reserve balances. The resulting allocation described in the Investment Plan is appropriate for the municipality. A 40% allocation to equities has been recommended for Red Lake, Model D, as discussed at the October 1, 2024 New Product Committee Meeting. A summary is shown below:

MID TERM 40% EQUITY - MODEL D		
Asset Classes	Target Weight	Total Invested (\$)
Cash & Equivalent	0%	-
Canadian Fixed Income	45%	\$990,000
Global Fixed Income and Credit	15%	\$330,000
Canadian Equities	20%	\$440,000
Global Equities	20%	\$440,000
Alternatives	0%	-
Total	100%	\$2,200,000

### 3. BACKGROUND

#### Red Lake will be contributing \$2.2 million in MNRI to ONE JIB

Red Lake will contribute \$2.2 million of MNRI to invest in the OCIO model. The treasurer has provided details of the time horizon associated with reserve balances, which has informed the allocation decisions in the Investment Plan. Table 1 below provides a summary of the key reserves. As shown below, the majority of MNRI has an investment horizon estimated to be between 5 to 10 years.

*Table 1: MNRI by reserve and time horizon forecast, adapted from table 3.1 of MCQ*

Investment Horizon of 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 (\$)
Contingency	500,000		500,000	
Airport	1,700,000	825,000	875,000	
Total MNRI	\$2,200,000	\$825,000	1,375,000	

#### Red Lake anticipates meaningful drawdowns of MNRI in 2029

The analysis provided by the treasurer suggested that Red Lake anticipates a large drawdown in 2029 of \$750,000 to fund planned spending for the airport. Additional airport spending of \$75,000 per year on airport is anticipated in 2028, 2030, 2031, 2032, and 2033.

*Table 2: Anticipated Cash Flow Projections, MNRI by year adapted from table 3.3 of MCQ.*

	Next Year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns				75,000	1,050,000
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	\$75,000	\$1,050,000

#### Model portfolios provided by the Phillips, Hager & North Institutional (PH&N) will guide Red Lake's allocations

A set of model portfolios has been developed by PH&N that is designed to be appropriate for a wide range of Participating Municipalities needs. More detail on the decision history related to this report is available the New Products Committee Report ([2024-01](#)) October 1, 2024.

#### 4. ANALYSIS

##### **The mapping of MNRI to the OCIO model in the Investment Plan is consistent with Red Lake's cashflow forecasts, risk tolerance and objectives**

A review of Red Lake's expected cashflows and expected future reserve balances was conducted as part of the annual review process. The municipality has a relatively long investment horizon with the majority of MNRI having an investment horizon between 5 to 10 years. The analysis also indicated an expected drawdown of \$750,000 in five years related to improvements at the Airport. Red Lake also has identified \$500,000 of MNRI as contingency reserves that represent contributions to fund unexpected and infrequent events. These contingency reserves should be invested to provide growth over time and are considered to have a long investment horizon. Overall, the municipality has a long investment horizon. The allocation decisions considered the cyclical nature of the local economy, as the local economy is heavily influenced by mining activity, and municipal cashflows will tend to be affected if the price of gold declines. This cyclical aspect of the local economy which provides a reason to retain financial flexibility. Furthermore, Red Lake's municipal budget is impacted by activity in surrounding areas and communities which creates additional uncertainty for planning purposes.

##### **The Investment Plan recommends Red Lake's MNRI be invested in the model D, which has a 40% allocation to equity within a well-diversified portfolio**

The investment allocations proposed in the Investment Plan reflect that most of the municipality's MNRI has an expected investment horizon of 5 to 10 years with an expectation that about one-third of the MNRI will be required within 5 years. The CIO and OCIO have discussed the allocation and are recommending that an allocation designed for a medium-term investment horizon is most appropriate. The cyclical nature of the local economy is another factor that gives reason to have a relatively conservative investment allocation. The proposed allocation, model D, that has 40% exposure to equities is appropriate considering the municipality's circumstances. Table 3 below provides some summary statistics of model D and Table 4 shows further detail on Red Lake's investment allocations.

*Table 3: Summary statistics for Model D*

Summary Statistics	Model D	Notes:  1 Annual Downside Risk (CVaR95) 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.
Long-Term Return	6.4%	
Annual Downside Risk <sup>1</sup>	-9.6%	
Annual Volatility	6.3%	
Sharpe Ratio	0.48	

Table 4: Proposed Pooled Fund-Level Allocation

MID TERM 40% EQUITY MODEL (D)				
Asset Classes	Minimum (%)	Target Weight (\$)	Maximum (%)	Total Invested (\$)
<b>Cash &amp; Equivalent</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>\$0</b>
<b>Canadian Fixed Income</b>	<b>35</b>	<b>45</b>	<b>55</b>	<b>\$990,000</b>
Short-Term bonds		25		550,000
Universe Bonds		0		-
Corporate Bonds		0		-
Private Placement Corporate Debt		10		220,000
Commercial Mortgage		10		220,000
<b>Global Fixed Income and Credit</b>	<b>0</b>	<b>15</b>	<b>25</b>	<b>\$330,000</b>
High Yield Bonds		0		-
Global Multi-Asset Credit		15		330,000
Global Bonds		0		-
Emerging Markets Bonds		0		-
<b>Canadian Equities</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>\$440,000</b>
Canadian Equities		10		220,000
Canadian Low Volatility Equities		10		220,000
<b>Global Equities</b>	<b>10</b>	<b>20</b>	<b>30</b>	<b>\$440,000</b>
U.S. Equities		5		110,000
U.S. Low Volatility Equities		5		110,000
International Equities		10		220,000
Global Equities		0		-
Global Low Volatility Equities		0		-
<b>Alternatives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>
Real Estate		0		-
Infrastructure		0		-
<b>Total</b>		<b>100</b>		<b>\$2,200,000</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Red Lake's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The Municipality anticipates drawdowns that represent about one-third of MNRI within five years with the remaining MNRI having an investment horizon between five and ten years. The investment allocations can address the future drawdowns of MNRI anticipated by the Municipality if circumstances change. As a result, the Investment Plan is appropriate for the Municipality's time horizons and circumstances.

## **ATTACHMENTS**

Attachment 1: Municipality of Red Lake's Investment Policy Statement

Attachment 2: Municipality of Red Lake's Municipal Client Questionnaire

Attachment 3: Municipality of Red Lake'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 MUNICIPALITY OF REDLAKE (the “Municipality”)**

**OCTOBER 21, 2024**

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# THE MUNICIPALITY OF REDLAKE

## 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 the Municipality of Red Lake.

**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 52-2024 Form of Authorizing and Prudent Investor Enabling By-Law 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

The Municipality has defined MNRI as money from the municipality's own reserves, reserve funds and current ONE Investment investments that will not be required to meet financial obligations that become due more than three (3) 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.

## **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.

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***

Not Applicable to this Municipality

#### **5.2.4 *Local Distribution Corporation (LDC) and Municipal Services Corporation (MSC) Securities***

Not Applicable to this Municipality

#### **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.

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***

For the investment of MRI, Securities Lending is not permitted.

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 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***

Investments are not prohibited, unless they are not compliant under section 418 and section 418.1 of the Municipal Act.

### **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.

#### **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. 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

This IPS amends, and restates as so amended, the existing Investment Policy Statement approved by Council on October 21, 2024.

### 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 October 21, 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.

Rachelle Gagne

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Signed by:




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[Title: Treasurer]

October 21, 2024

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Date

**Schedule A**

**Restricted Special Assets**

Not Applicable to the Municipality

## **Schedule B**

### **Third-Party Trust Funds and Designated Funds**

#### **Third-Party Trust Funds**

Woodlands Cemetery Trust Fund  
Red Lake Cemetery Trust Fund  
Memorial Trust Fund  
Health Care Trust Fund  
Election Trust Fund

#### **Designated Funds**

Not applicable to the Municipality

## **Appendix 1: ONE JIB Agreement**

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: Municipality of Red Lake

Address: 2 Fifth St, Balmertown, ON P0V 1C0

##### Treasurer Information

Name: Rachelle Gagne

Phone Number: (807) 735-2096

Extension: \_\_\_\_\_

Email: rachelle.gagne@redlake.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

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

## 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 (\$)
Contingency	500,000		500,000	
Airport	1,700,000	825,000	875,000	
Total MNRI	0	0	0	0

- 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.

based on 2024 costs

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				75,000	1,050,000
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?

Not presently

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.

yes  
- construction of new arena - funding pending  
- anticipated growth - study underway to determine impact.  
- new landfill site in partnership w/ Pikangikum FN

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?

- Review request & determine financial capacity to achieve
- If not feasible, reduce service level & defer to future year budget
- Unlikely. Categorize funds specifically for unplanned emergency expenditures as MRI

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?

- Anticipating significant growth
  - new mining activity (1,000 - 1,500 new jobs in 5-7 years)
  - Berens River Bridge construction (3 year construction timeline)
- Capacity study to be completed end of July 2025

## 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 Date (A)		
Additional contributions or withdrawal of MNRI and Date fund to be remitted / paid (B)		
<b>Total MNRI under the management and control of ONE JIB (A + B)</b>		<b>0</b>

- 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 30th day of October, 2024

Rachelle Gagne, Treasurer

Rachelle Gagne  
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 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**

INVESTMENT PLAN FOR

# **MUNICIPALITY OF RED LAKE**

EFFECTIVE DATE: January 13, 2025





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# 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 of Red Lake's Money Not Required Immediately (MNRI) as defined in section 5.2 of Red Lake's Investment Policy Statement (IPS).

This Plan applies to all investments controlled and managed by ONE JIB on behalf of the Municipality of Red Lake.

# 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 of Red Lake'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 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

The Municipality of Red Lake's investment needs described in its IPS provide the Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Red Lake's current goals, objectives, circumstances, and risk tolerance, and helps direct how investment allocations will be determined. The allocation of Red Lake's MNRI in this Plan is consistent with the details as disclosed in Red Lake's IPS and MCQ. Section 5.2.1 of Red Lakes IPS provides specific information that characterizes the objectives for MNRI as detailed in Table 1 below:

Table 1: The investment objectives for MNRI.

MNRI Description	Objective & Risk Tolerance	Investment Horizon
Contingency Reserves	<ul style="list-style-type: none"> <li>Represents contributions to fund unexpected and infrequent events</li> <li>Albe to assume a higher risk profile to emphasize longer-term capital growth with some liquidity</li> <li>Timing of drawdowns is highly uncertain.</li> </ul>	Estimated to be 10 Years
Airport Reserves	<ul style="list-style-type: none"> <li>To be used for ongoing maintenance and upgrades over time.</li> <li>Long-term reserves - returns greater than inflation required.</li> <li>spending is planned, so the timing of drawdowns is fairly predictable.</li> </ul>	40% = Year 5 spending. 30% = 3-9 Years. 30% = 10 years or longer.

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 to obtain a progressively higher rate of return for longer-term investment horizons, commensurate with stated risk tolerances.

# 5

## INVESTMENT PORTFOLIO

Asset allocations 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 / Model Assigned	Final Allocation
Consolidated MNRI Holdings	Mid Term / 40% Equity model assigned. (Model D)*	\$2,200,000

#### Other considerations:

- Red Lake's economy is driven by cyclical factors heavily influenced by commodity prices. The price of gold influences the local economy, and the population has tended to rise or decline in response to notable changes in the price of gold. This creates considerable uncertainty about the timing on which reserves will be required.
- The municipality has several large projects under consideration by the council that if approved could lead to earlier drawdowns of MNRI.

### 5.3 Allocations – based on Mid Term 40% Equity Model (Model D)\*

MID TERM 40% EQUITY MODEL (D)				
Asset Classes	Minimum (%)	Target Weight (%)	Maximum (%)	Total Invested (\$)
Cash & Equivalent	0	0	10	\$0
Canadian Fixed Income	35	45	55	\$990,000
Global Fixed Income and Credit	0	15	25	\$330,000
Canadian Equities	10	20	30	\$440,000
Global Equities	10	20	30	\$440,000
Alternatives	0	0	0	\$0
Total		100		\$2,200,000

\* further details on holdings and benchmarks for this model are detailed in an attachment to the New Product Committee report ([2024-003](#))

# 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.

- ONE JIB Responsible Investing Policy
- 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
- ONE JIB In-Kind Securities 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, which may be reviewed and updated periodically.

In asset classes where more than one fund is eligible for investment, the OCIO will be responsible for determining 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”).

Asset Classes	Sub-Asset Classes	Eligible Fund Names (Schedule “A” of IMA)
	<b>Fixed Income</b>	
Cash & Equivalent	Money Market	PH&N Canadian Money Market Fund
Canadian Fixed Income	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*
Global Fixed Income and Credit	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
	<b>Equities</b>	
Canadian 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
Global Equities	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
Alternatives	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

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## IMPLEMENTATION

### *9.1 Custodian*

All marketable investments under the control and management of ONE JIB shall be held for safekeeping by ONE Investment's Custodian.

### *9.2 Transition Plan*

Timeline	Expected Transfer to JIB/ONE
January 2025	<ul style="list-style-type: none"> <li>- Treasurer Liquidates current Legal List Portfolio Holdings (\$1.5 million) in early January.</li> <li>- Proceeds plus cash contribution of \$700,000 remitted as MNRI to ONE JIB</li> <li>- Funds purchased to implement the Investment Plan.</li> </ul>

If it is not possible to deploy the MNRI immediately into the allocations specified in the Investment Plan, substitute securities may need to be utilized temporarily. Additionally, there may also be circumstances where MNRI is invested in money market instruments temporarily to facilitate a smooth transition.

During the transition to the OCIO Offering, the Chair and Vice-Chair of ONE JIB may be consulted concerning any required temporary adjustment to the investment plan. 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.

### *9.3 Accommodating Cashflow needs*

Income from investments will be automatically reinvested as per the ONE Distribution Policy PI and cashflow needs of Red Lake are expected to be financed with the sale of units of the pooled funds. Payment of OCIO Fees and Governance fees will also be financed with the sale of investment pool units.

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: November 27, 2024  
Re: ONE Investment Audit Committee Update – November 27 2024  
Report: ONE JIB 2024-068

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

This report provides a summary of the Audit Committee meeting of September 22, 2024 which provides updates on the following topics:

- Approval of Unaudited Interim Financial Statements for ONE Investment Pooled Funds at June 30, 2024
- Annual Review of ONE JIB Policies
- Discussion on Public Sector Accounting Board (PSAB) 3450 Financial Instruments municipal audit challenges
- Comprehensive enterprise risk assessment update
- Compliance and Cybersecurity update

## 3. BACKGROUND

The Audit Committee is comprised of five representatives as follows:

- James (Jim) Giles (Chair) from ONE JIB
- Vacant position from the ONE Investment Board with Trevor Pinn, Deputy CAO, Finance and Technology/ Treasurer Finance and Technology Department, Municipality of Clarington, joining as an observer pending his formal appointment by the ONE Investment Board
- Heidi Franken from ONE JIB
- Duane Ramkissoon who is the Manager, Investment Portfolio with Durham Region, and
- Anna Lisa Barbon, Deputy City Manager, Finance Supports, City of London

ONE Investment's Audit Committee meeting was held on September 11, 2024.

#### 4. ANALYSIS

**ONE's Unaudited Interim Financial Statements for the ONE Investment Pooled Funds was approved by the Audit Committee and Participating Municipalities were notified of its availability**

The Audit Committee reviewed and approved ONE Investment's Unaudited Interim Financial Statements for the Pooled Funds. Participating Municipalities have received the Statement through email and were notified that it is available on the ONE Investment [website](#).

**A Compliance Task List update report focused on recent updates primarily related to the impact of OCIO**

The Compliance Task List includes monthly, annual and ad hoc functions which are operating as planned. With the change in the OCIO, staff will work with WeirFoulds LLP to issue a new letter attesting to ONE's compliance with applicable legislation.

**CIBC Mellon's Key Performance Indicators were presented with no exceptions beyond industry standards**

CCO Evelyn Foo meets with CIBC Mellon monthly. Quarterly key indicators demonstrated that CIBC Mellon has met all expectations, and all metrics are tracking appropriately.

**Feedback on the draft OCIO Compliance Monitoring Policy and the Policy for Reviewing External Sub Investment Managers was provided**

ONE JIB policies will change under the OCIO model. Staff presented two new policies, namely the OCIO Compliance Monitoring Policy and the Policy for Reviewing External Sub Investment Managers, for feedback from the Audit Committee which will be dealt with in a separate ONE JIB report.

**Audit Committee reviewed self-evaluation questions, which will be distributed and reported on at a future meeting**

Not-for-profit best practice contemplates an annual evaluation of the Committee. 2021 was the inaugural self-evaluation completed by the Audit Committee which was an online survey available during the month of October.

**Updates on Compliance Activities and Cyber Security was presented**

CCO Evelyn Foo provided an update on quarterly compliance activities including the onboarding of ONE's first large investor under the OCIO model, the Regional Municipality of Durham, review of RBC GAM and PH&N Institutional compliance regime and preparation of semi-annual unaudited Financial Statements.

Work on the Cyber security assessment, conducted under the National Institute of Security and Technology (NIST) Cybersecurity (CSF) 800-30 mapped to 800-53, incorporated three

areas as follows:

- Penetration testing
- Maturity assessment
- Strategy and roadmap assessment

Results will be presented at the November Audit Committee meeting.

**A comprehensive enterprise risk assessment was completed, with increased scores/risk related to the new Public Sector Accounting Board 3450 Finance instruments, as well as decreased scores in Ontario Security Commission Exemption and Fraud risks with the implementation of OCIO under PH&N Institutional**

Updates on key risks, trends, and the status of the actions to put the Risk Mitigation Plan into practice was provided. The score related to the PSAB and Provincial Reporting Standards Risk has been increased from 3.4 to 5.0 to reflect the various auditor's inconsistency with implementing PS 3450 Financial Instruments. Trends related to Compliance with Ontario Security Commission (OSC) Exemption and Fraud risks have dropped from stable to low to reflect ONE's maturity and transfer of hands-on work to PH&N Institutional, respectively.

**Audit Committee discussed options related to municipal auditors' inconsistent approach to PSAB 3450 Financial Instruments**

PS 3450 was a new financial reporting requirement for the December 31, 2023 year end and municipal auditors required a variety of audit evidence. Staff presented three options for Audit Committee's review. Unanimously, they recommended that ONE start completing an audit of the Legal List portfolios.

**Updates on the ONE JIB and ONE Investment Board meetings were provided**

Audit Committee received a summary of developments from the recent ONE JIB Board meetings held on May 29, 2024, and September 4, 2024, as well as the developments of the ONE Investment Board at its meeting held on June 6, 2024.

## **5. CONCLUSION**

The Audit Committee provides oversight for ONE Investment which includes the approval of Financial Statements and regular review of compliance and enterprise risks.

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

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

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: November 27, 2024  
Re: Board Skills Matrix Review Fall 2024  
Report: ONE JIB 2024-064

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the ONE JIB Skills Matrix attached as Appendix A (confidential)
2. Direct ONE staff to provide the Board with the next review of the skills matrix in Fall 2025.

## 2. SUMMARY

ONE JIB maintains a defined set of skills for Board recruitment that is made available to Participating Municipalities and the broader public.

ONE JIB requested, and good governance suggests, the skills matrix be reviewed at least annually.

The skills matrix was last reviewed by ONE JIB in Fall 2023.

## 3. BACKGROUND

### **ONE JIB is a skills-based board**

ONE Investment worked with the Founding Municipalities to create ONE JIB, as required by the *Municipal Act, 2001* and Part II of *Ontario Regulation 438/97*. ONE JIB is a skills-based board. In addition to the municipal treasurer perspective, the skills sought for the Board include investment industry experience in a range of products and markets, as well as risk management, compliance and accounting perspectives.

## 4. ANALYSIS

### **Good governance practices suggest reviewing the skills matrix at least annually**

The skills matrix is an effective visual tool in recruiting for a broad range of skills. ONE Investment created a skills matrix specific to its needs, attached as Appendix A, to recruit for ONE JIB. The skills matrix was reviewed by ONE JIB in November 2023 – no changes were made at the time. Currently, ONE Investment is not recommending any changes to the skills matrix.

## **5. CONCLUSION**

ONE JIB is demonstrating good governance practices by annually reviewing the skills matrix.

Drafted by: Judy Dezell, Co-President/CEO

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

Appendix A (confidential) – see Closed Session Agenda

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: November 27, 2024  
 Re: Investment Plan Implementation Report Q3 2024  
 Report: ONE JIB 2024-071

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

Investment Plans for five municipalities were approved at the ONE JIB meeting on September 4, 2024. A second tranche of Durham's Investment Plan was implemented after the September 4, 2024, ONE JIB meeting. This report summarizes the trading activity related to implementing Investment Plans. A summary of the Investment Plan implementation since the last ONE JIB meeting is below:

Municipality	Details	Trading
Aurora	<ul style="list-style-type: none"> <li>No changes in allocations</li> </ul>	N/A
Durham	<ul style="list-style-type: none"> <li>Liquidation of Legal List Equity Portfolio.</li> <li>Implementation of 2nd tranche.</li> <li>Deployment of \$500 million into OCIO offering.</li> </ul>	Yes
Huntsville	<ul style="list-style-type: none"> <li>No changes in allocations</li> </ul>	N/A
Innisfil	<ul style="list-style-type: none"> <li>\$ 5 Million Contribution</li> </ul>	Yes
Muskoka	<ul style="list-style-type: none"> <li>No changes in allocations</li> </ul>	N/A
Thunder Bay	<ul style="list-style-type: none"> <li>No changes in allocations</li> </ul>	N/A

## 3. BACKGROUND

**Investment Plan updates for Aurora, Huntsville, Muskoka and Thunder Bay did not require any trading to implement**

Four of the Investment Plans approved at the September 4, 2024, ONE JIB meeting did not involve contributions or withdrawals of MNRI, nor did they result in a reallocation of MNRI across Outcomes. As the investment horizon of reserves was largely unchanged and there was no significant change in the circumstance, no changes in its Investment

Plan were required. As a result, no changes were required in the investment allocations of these four municipalities and no trading was required.

#### **Durham's initial contribution of \$500 million was deployed into the OCIO model in July 2024**

Durham's initial contribution of \$500 million was deployed into the OCIO model according to Durham's Investment Plan in July 2024, with the details of the implementation previously reported in a ONE JIB implementation report dated September 4, 2024. This report will discuss the implementation of the second \$500 million tranche of MNRI deployed in September 2024.

More detail on the implementation of Durham's initial \$500 million contribution is available in the following report: Investment Plan Implementation Report Q3 2024 [2024-054](#)

## **4. ANALYSIS**

### **The implementation of Innisfil's \$5 million contribution to MNRI was seamless**

Innisfil's Investment Plan involved a \$5 million contribution to MNRI to be invested in the Target Date 3 – 5 Year Outcome. Funds were drawn from Innisfil's Legal List ONE HISA account in early October to fund the purchase of pooled fund units in the Target Date 3 – 5 Year Outcome account. The transactions were straightforward and were implemented seamlessly.

### **Durham contributed a second tranche of approximately \$510.4 million**

As planned, Durham's Investment Plan implementation involved the liquidation of \$253.6 million from the Legal List Equity Portfolio, and cash contributions.

#### **Summary of Durham's second tranche investment activity**

##### **Cash contributions:**

To reduce the market impact, contributions from Durham were staggered over several weeks in September, all of which were deployed into Durham's 'Long' account:

- 1) September 11, 2024,
  - Legal List ONE Equity Portfolio holdings were liquidated
  - Proceeds of \$253.6 million deployed.
- 2) September 19, 2024,
  - cash contribution of \$128.4 million deployed.
- 3) September 26, 2024,
  - cash contribution of \$128.4 million deployed.

### **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

On October 1, 2024, the PH&N Commercial Mortgage Fund opened for contributions, with Durham receiving a partial allocation.

*\* Securities substitutions may lead to compliance breaches until final allocations are achieved*

### **Planning Points for Subsequent Transitions**

- Tranche two contributions totalled \$510.4, exceeding the intended \$500 million target, due to appreciation in the value of the Equity Portfolio.
- The size of the third and final tranche of MNRI to be contributed in Q1 2025 will be reduced from \$442.3 million to \$431.9 million.

## **5. CONCLUSION**

Durham's second tranche of MNRI was deployed into the OCIO Offering in September 2024. This involved a liquidation of the Canadian Equity Portfolio, deployment of proceeds into the OCIO model, and two subsequent cash contributions later in the month. The transactions required coordination to ensure they were implemented seamlessly, especially the liquidation of Durham's holdings in the ONE Canadian Equity Portfolio, as Durham's holdings represented about 20% of the overall portfolio.

Four of the five Investment Plans approved at the September 4, 2024, ONE JIB meeting did not involve changes, and no trading was required. Innisfil's Investment Plan involved a contribution of \$5 million of MNRI that was deployed into the Target Date 3 - 5 Year Outcome in early October.

Drafted by: Keith Taylor, Chief Investment Officer; Evelyn Foo, Chief Compliance Officer  
Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: November 27, 2024  
Re: Municipal Performance Reports Q3 2024  
Report: ONE JIB 2024-070

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

**Quarterly municipal performance packages were distributed to municipalities investing under the ONE Prudent Investment Offering and OCIO model within six weeks of quarter-end**

ONE Investment distributed quarterly reporting packages for the third quarter of 2024 to the eleven Participating Municipalities investing under the ONE Prudent Investment Offering on November 6, 2024. Durham, the first investor in the ONE JIB OCIO model, had its quarterly reporting package distributed on October 23, 2024. These packages allow the Participating Municipalities to monitor the performance of their investments. These reports were distributed to the Participating Municipalities within the expected six weeks of the quarter-end.

## 3. BACKGROUND

**The reporting packages for the ONE Prudent Investor Offering use the standardized reporting 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.

**The reporting package for the OCIO model uses a new reporting format that will be used for all clients as they transition**

A new reporting package has been designed for municipalities investing under the OCIO business model. This package continues to provide all the key information required by municipalities in the reporting packages that have traditionally been used under the ONE

Prudent Investment Offering, but the format has been tailored for use under the OCIO model. When municipalities investing under the ONE Prudent Investment Offering are all transitioned to the OCIO model, all quarterly reporting packages will use this new reporting format.

#### **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 Q3 2024  
Attachment 2: PI-AYLMER - Quarterly Report Q3 2024  
Attachment 3: PI-BRACEBRIDGE - Quarterly Report Q3 2024  
Attachment 4: PI-HUNTSVILLE - Quarterly Report Q3 2024  
Attachment 5: PI-INNISFIL - Quarterly Report Q3 2024  
Attachment 6: PI-KENORA-CPTF - Quarterly Report Q3 2024  
Attachment 7: PI-KEN-GENERAL ACCOUNT - Quarterly Report Q3 2024  
Attachment 8: PI-MUSKOKA - Quarterly Report Q3 2024  
Attachment 9: PI-NEEBING - Quarterly Report Q3 2024  
Attachment 10: PI-QUINTE WEST - Quarterly Report Q3 2024  
Attachment 11: PI-THUNDERBAY - Quarterly Report Q3 2024  
Attachment 12: PI-WHITBY - Quarterly Report Q3 2024  
Attachment 13: Durham Quarterly Report Q3 2024 (OCIO Model)

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 September 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

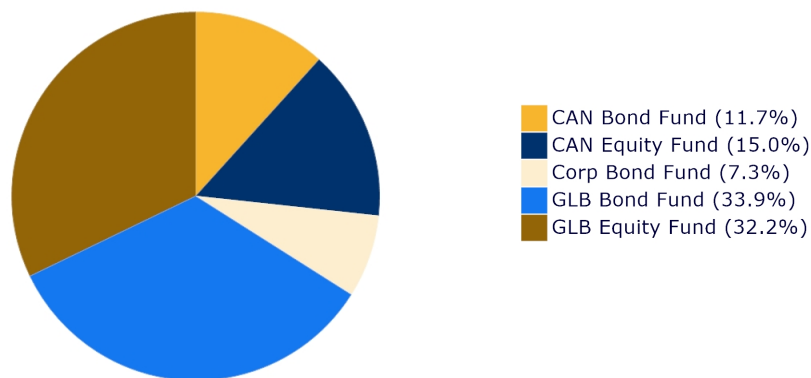
### **Relationship Manager**

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

**Aurora Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended September 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	4.3%	7.9%	14.6%	-	-	-	14.9%	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	5,637,478.99	-	-	129,473.11	-	5,766,952.10
CAN Equity Fund	6,758,903.24	-	-	637,299.07	-	7,396,202.31
Corp Bond Fund	3,437,655.53	-	-	138,968.20	-	3,576,623.73
GLB Bond Fund	15,982,640.05	-	-	713,880.25	-	16,696,520.30
GLB Equity Fund	15,411,551.35	-	-	435,028.44	-	15,846,579.79
<b>Total</b>	<b>47,228,229.16</b>	<b>0.00</b>	<b>0.00</b>	<b>2,054,649.07</b>	<b>0.00</b>	<b>49,282,878.23</b>

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

**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	9.4	17.0	27.1	-	-	-	-	27.9	09/27/2023
ONE Global Equity Fund	2.8	9.4	17.0	-	-	-	-	17.5	09/27/2023
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	-	-	-	-	11.4	09/27/2023
ONE Canadian Government Bond Fund	2.3	3.9	6.5	-	-	-	-	6.5	09/27/2023
ONE Global Bond Fund	4.4	5.0	11.1	-	-	-	-	11.3	09/27/2023

**Performance by Outcome**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIB1AURCONT	4.5	9.0	16.2	-	-	-	-	16.6	09/27/2023
JIB2AURTD35	3.8	5.3	10.6	-	-	-	-	10.8	09/27/2023
JIB3AURTD510	4.4	8.3	15.3	-	-	-	-	15.6	09/27/2023
JIB4AURTD10P	4.6	10.0	17.7	-	-	-	-	18.1	09/27/2023

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

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

Security	Quantity	Unit Cost	Book Value	Price	Market Value	% Weight
CAN Equity Fund	4,688.529	1,277.92	5,991,581.38	1,577.51	7,396,202.31	15.01%
GLB Equity Fund	11,794.279	1,161.51	13,699,229.89	1,343.58	15,846,579.79	32.15%
Corp Bond Fund	3,728.958	875.19	3,263,580.40	959.14	3,576,623.73	7.26%
CAN Bond Fund	5,775.228	936.24	5,407,000.00	998.56	5,766,952.10	11.70%
GLB Bond Fund	18,300.633	849.43	15,545,258.76	912.34	16,696,520.30	33.88%
					<b>49,282,878.23</b>	<b>100.00%</b>

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

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

**For the Quarter Ending**  
**September 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	959.14	883,282.55	5.7%	34,319.57	0.00
CAN Equity Fund	1,932.00	1,277.92	2,468,955.50	1,577.51	3,047,759.17	19.7%	262,612.36	0.00
CAN Bond Fund	845.93	936.23	792,000.00	998.56	844,724.77	5.4%	18,964.81	0.00
GLB Bond Fund	4,517.58	849.43	3,837,409.80	912.34	4,121,600.58	26.7%	176,224.10	0.00
GLB Equity Fund	4,860.07	1,161.51	5,645,052.07	1,343.58	6,529,912.83	42.3%	179,262.52	0.00
			<u>13,549,390.46</u>		<u>15,427,279.90</u>	<u>100.0%</u>	<u>671,383.36</u>	<u>0.00</u>

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.0	16.2	-	-	-	-	16.6	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.0	-	-	-	-	-

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

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

**For the Quarter Ending**  
**September 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	959.14	1,288,119.86	10.5%	50,049.35	0.00
CAN Equity Fund	268.33	1,277.92	342,910.47	1,577.51	423,299.62	3.4%	36,473.91	0.00
CAN Bond Fund	3,583.48	936.24	3,355,000.00	998.56	3,578,346.87	29.3%	80,337.01	0.00
GLB Bond Fund	6,595.99	849.43	5,602,878.85	912.34	6,017,829.05	49.2%	257,299.68	0.00
GLB Equity Fund	675.01	1,161.51	784,035.00	1,343.58	906,931.22	7.4%	24,897.54	0.00
			11,260,201.73		12,214,526.62	100.0%	449,057.49	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.6	-	-	-	-	10.8	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	-	-	-	-	-

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

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

**For the Quarter Ending**  
**September 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	959.14	1,254,661.89	7.2%	48,749.35	0.00
CAN Equity Fund	1,829.55	1,277.92	2,338,026.05	1,577.51	2,886,135.36	16.6%	248,685.92	0.00
CAN Bond Fund	1,201.61	936.24	1,125,000.00	998.56	1,199,893.09	6.9%	26,938.65	0.00
GLB Bond Fund	6,417.01	849.43	5,450,866.17	912.34	5,854,545.47	33.6%	250,318.29	0.00
GLB Equity Fund	4,602.34	1,161.51	5,345,693.26	1,343.58	6,183,630.13	35.5%	169,756.19	0.00
			15,404,433.61		17,378,865.94	100.0%	744,448.40	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.4	8.3	15.3	-	-	-	-	15.6	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.3	-	-	-	-	-

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

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

**For the Quarter Ending**  
**September 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	959.14	150,559.43	3.5%	5,849.93	0.00
CAN Equity Fund	658.63	1,277.92	841,689.36	1,577.51	1,039,008.16	24.3%	89,526.88	0.00
CAN Bond Fund	144.19	936.23	135,000.00	998.56	143,987.37	3.3%	3,232.64	0.00
GLB Bond Fund	770.04	849.43	654,103.94	912.34	702,545.20	16.4%	30,038.18	0.00
GLB Equity Fund	1,656.84	1,161.51	1,924,449.56	1,343.58	2,226,105.61	52.2%	61,112.19	0.00
			<u>3,692,624.63</u>		<u>4,262,205.77</u>	100.0%	189,759.82	0.00

**Aurora Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.0	17.7	-	-	-	-	18.1	09/27/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.0	-	-	-	-	-

## *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 September 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

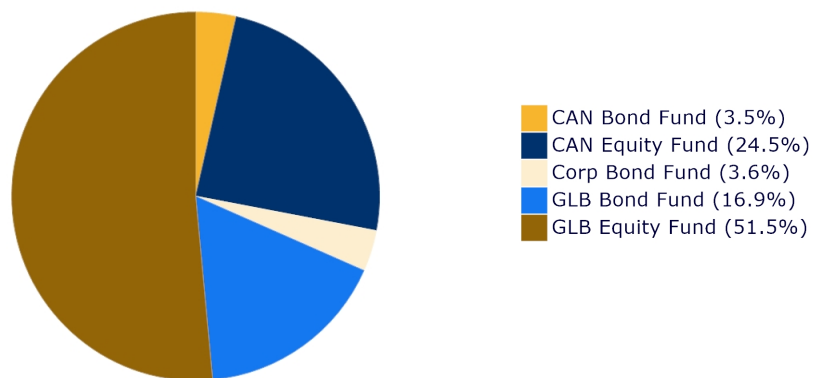
### Relationship Manager

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

**Aylmer Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended September 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	4.6%	10.0%	-	-	-	-	10.9%	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	60,470.43	-	-	1,388.80	-	61,859.23
CAN Equity Fund	390,947.19	-	-	36,862.53	-	427,809.72
Corp Bond Fund	60,435.75	-	-	2,443.14	-	62,878.89
GLB Bond Fund	283,500.39	-	-	12,662.83	-	296,163.22
GLB Equity Fund	875,498.88	-	-	24,713.09	-	900,211.97
<b>Total</b>	<b>1,670,852.64</b>	<b>0.00</b>	<b>0.00</b>	<b>78,070.39</b>	<b>0.00</b>	<b>1,748,923.03</b>

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

**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	9.4	17.0	-	-	-	-	-	20.6	12/11/2023
ONE Global Equity Fund	2.8	9.4	-	-	-	-	-	8.7	12/11/2023
ONE Canadian Corporate Bond Fund	4.0	4.4	-	-	-	-	-	6.3	12/11/2023
ONE Canadian Government Bond Fund	2.3	3.9	-	-	-	-	-	4.6	12/11/2023
ONE Global Bond Fund	4.4	5.0	-	-	-	-	-	7.1	12/11/2023

**Performance by Outcome**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIB1AYLTD10P	4.6	10.0	-	-	-	-	-	10.9	12/11/2023

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Aylmer Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	427,809.72	24.46%
GLB Equity Fund	670.009	1,255.86	841,443.88	1,343.58	900,211.97	51.47%
Corp Bond Fund	65.557	916.80	60,102.79	959.14	62,878.89	3.60%
CAN Bond Fund	61.948	954.15	59,108.04	998.56	61,859.23	3.54%
GLB Bond Fund	324.617	882.46	286,461.56	912.34	296,163.22	16.93%
					<b>1,748,923.03</b>	<b>100.00%</b>

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	65.55	916.80	60,102.79	959.14	62,878.89	3.6%	2,443.14	0.00
CAN Equity Fund	271.19	1,355.84	367,696.38	1,577.51	427,809.72	24.4%	36,862.53	0.00
CAN Bond Fund	61.94	954.15	59,108.04	998.56	61,859.23	3.5%	1,388.80	0.00
GLB Bond Fund	324.61	882.46	286,461.56	912.34	296,163.22	16.9%	12,662.83	0.00
GLB Equity Fund	670.00	1,255.86	841,443.88	1,343.58	900,211.97	51.4%	24,713.09	0.00
			<u>1,614,812.65</u>		<u>1,748,923.03</u>	<u>100.0%</u>	<u>78,070.39</u>	<u>0.00</u>

**Aylmer Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.0	-	-	-	-	-	10.9	12/11/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.0	-	-	-	-	-

**Aylmer Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
September 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 September 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.

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### **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 September 30, 2024**

### **Bracebridge Prudent Investor Portfolio**

1000 Taylor Court  
Bracebridge, ON  
P1L 1R6

Paul Judson  
Director of Finance/Treasurer  
pjudson@bracebridge.ca  
(705) 645-5264 x3300

### **ONE Investment**

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

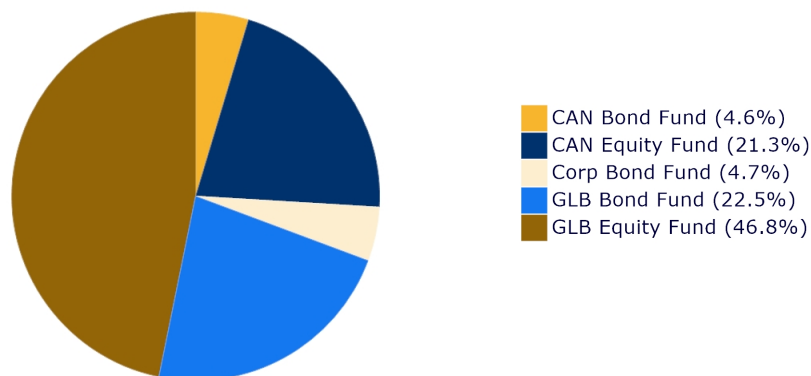
### **Relationship Manager**

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

**Bracebridge Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended September 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	4.5%	9.6%	17.1%	15.2%	5.9%	-	8.2%	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	356,171.14	746.54	-	8,193.36	-	365,111.04
CAN Equity Fund	1,530,596.32	-	-	144,320.40	-	1,674,916.72
Corp Bond Fund	357,305.40	-	-	14,444.17	-	371,749.57
GLB Bond Fund	1,695,059.30	-	-	75,711.48	-	1,770,770.78
GLB Equity Fund	3,577,981.29	-	-	100,997.20	-	3,678,978.49
<b>Total</b>	<b>7,517,113.45</b>	<b>746.54</b>	<b>0.00</b>	<b>343,666.61</b>	<b>0.00</b>	<b>7,861,526.60</b>

## Bracebridge Prudent Investor Portfolio Performance History At September 30, 2024

### 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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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
JIB1BRBCONT	4.5	9.1	16.4	14.2	5.3	7.1	-	7.4	07/02/2020
JIB2BRBTD10P	4.6	10.1	17.8	16.1	6.4	8.6	-	8.9	07/02/2020
JIBBRBCASH	0.0	0.0	0.4	2.5	2.1	1.7	-	1.7	08/06/2020

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Bracebridge Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	1,674,916.72	21.31%
GLB Equity Fund	2,738.187	1,013.27	2,774,529.18	1,343.58	3,678,978.49	46.80%
Corp Bond Fund	387.583	974.55	377,720.85	959.14	371,749.57	4.73%
CAN Bond Fund	365.635	980.86	358,636.77	998.56	365,111.04	4.64%
GLB Bond Fund	1,940.897	966.12	1,875,151.34	912.34	1,770,770.78	22.52%
					<b>7,861,526.60</b>	<b>100.00%</b>

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	226.30	976.96	221,093.95	959.14	217,061.97	5.7%	8,433.85	0.00
CAN Equity Fund	453.22	1,033.79	468,536.44	1,577.51	714,959.17	19.0%	61,604.97	0.00
CAN Bond Fund	216.76	981.13	212,677.70	998.56	216,456.37	5.7%	4,859.63	0.00
GLB Bond Fund	1,147.49	967.17	1,109,819.35	912.34	1,046,908.60	27.9%	44,761.86	0.00
GLB Equity Fund	1,155.81	1,013.25	1,171,139.49	1,343.58	1,552,933.46	41.4%	42,631.93	0.00
			<u>3,183,266.93</u>		<u>3,748,319.57</u>	<u>100.0%</u>	<u>162,292.24</u>	<u>0.00</u>

**Bracebridge Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.1	16.4	14.2	5.3	7.1	-	7.4	07/02/2020

**% Calendar Year Returns**

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

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	161.27	971.17	156,626.90	959.14	154,687.60	3.7%	6,010.32	0.00
CAN Equity Fund	608.52	1,033.79	629,094.00	1,577.51	959,957.55	23.3%	82,715.43	0.00
CAN Bond Fund	148.86	980.45	145,959.07	998.56	148,654.67	3.6%	3,333.73	0.00
GLB Bond Fund	793.40	964.61	765,331.99	912.34	723,862.18	17.6%	30,949.62	0.00
GLB Equity Fund	1,582.37	1,013.28	1,603,389.69	1,343.58	2,126,045.03	51.6%	58,365.27	0.00
			<u>3,300,401.65</u>		<u>4,113,207.03</u>	<u>100.0%</u>	<u>181,374.37</u>	<u>0.00</u>

**Bracebridge Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.1	17.8	16.1	6.4	8.6	-	8.9	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.1	14.8	-9.4	15.9	-	-

**Bracebridge Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended September 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	07/22/2024	07/22/2024	0.76	746.54

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

### Huntsville Prudent Investor Portfolio

37 Main St. East  
Huntsville, ON  
P1H 1A1

Julia McKenzie  
Director of Finance/Treasurer  
[julia.mckenzie@huntsville.ca](mailto:julia.mckenzie@huntsville.ca)  
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### ONE Investment

155 University Ave, Suite 800  
Toronto, Ontario  
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### Relationship Manager

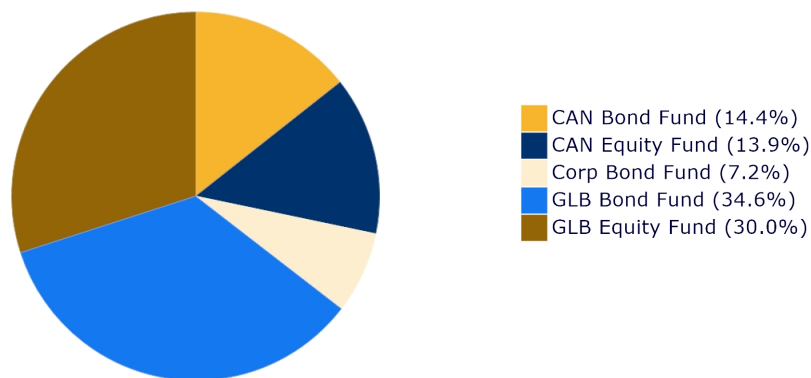
Marie Wong Takishita, Client Service Representative  
416-971-9856  
[one@oneinvestment.ca](mailto:one@oneinvestment.ca)

## Huntsville Prudent Investor Portfolio

### Executive Summary for the Quarter Ended September 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	4.2%	7.7%	14.3%	11.8%	4.2%	-	5.2%	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	1,555,663.15	-	-	35,728.11	-	1,591,391.26
CAN Equity Fund	1,407,411.62	-	-	132,705.28	-	1,540,116.90
Corp Bond Fund	763,122.95	1,054.15	-	30,884.90	-	795,062.00
GLB Bond Fund	3,665,818.33	-	-	163,737.36	-	3,829,555.69
GLB Equity Fund	3,227,870.07	-	-	91,114.46	-	3,318,984.53
<b>Total</b>	<b>10,619,886.12</b>	<b>1,054.15</b>	<b>0.00</b>	<b>454,170.11</b>	<b>0.00</b>	<b>11,075,110.38</b>

## Huntsville Prudent Investor Portfolio Performance History At September 30, 2024

### 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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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	4.5	9.0	16.3	14.1	5.3	7.1	-	7.4	07/02/2020
JIB2HNTTD35	3.8	5.4	10.8	7.8	2.3	2.5	-	2.7	07/02/2020
JIB3HNTTD10P	4.7	10.1	17.8	16.1	6.4	8.6	-	8.9	07/02/2020
JIBHNTCASH	0.0	0.0	0.3	2.4	6.2	8.8	-	8.3	07/02/2020
JIB4HNTTD510	4.5	8.4	15.3	12.9	4.5	-	-	3.9	08/04/2021

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Huntsville Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	1,540,116.90	13.91%
GLB Equity Fund	2,470.251	1,044.57	2,580,366.74	1,343.58	3,318,984.53	29.97%
Corp Bond Fund	828.925	979.24	811,716.95	959.14	795,062.00	7.18%
CAN Bond Fund	1,593.675	958.36	1,527,323.09	998.56	1,591,391.26	14.37%
GLB Bond Fund	4,197.479	981.19	4,118,565.43	912.34	3,829,555.69	34.58%
					<b>11,075,110.38</b>	<b>100.00%</b>

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	274.08	977.24	267,846.65	959.14	262,886.24	5.9%	10,214.33	0.00
CAN Equity Fund	526.17	1,048.40	551,646.55	1,577.51	830,051.16	18.8%	71,521.95	0.00
CAN Bond Fund	259.68	981.13	254,785.69	998.56	259,311.87	5.8%	5,821.77	0.00
GLB Bond Fund	1,344.32	973.70	1,308,985.61	912.34	1,226,493.99	27.8%	52,440.26	0.00
GLB Equity Fund	1,364.46	1,019.79	1,391,479.94	1,343.58	1,833,271.82	41.5%	50,327.92	0.00
			<u>3,774,744.44</u>		<u>4,412,015.08</u>	100.0%	190,326.23	0.00

**Huntsville Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.0	16.3	14.1	5.3	7.1	-	7.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.0	13.0	-9.1	12.6	-	-

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	423.59	982.49	416,181.28	959.14	406,293.30	9.9%	15,786.35	0.00
CAN Equity Fund	96.07	1,115.76	107,200.29	1,577.51	151,564.03	3.7%	13,059.63	0.00
CAN Bond Fund	1,208.51	951.44	1,149,835.33	998.56	1,206,779.20	29.6%	27,093.24	0.00
GLB Bond Fund	2,178.01	985.99	2,147,511.22	912.34	1,987,104.58	48.7%	84,961.10	0.00
GLB Equity Fund	242.36	1,076.36	260,869.52	1,343.58	325,633.20	7.9%	8,939.45	0.00
			<u>4,081,597.64</u>		<u>4,077,374.31</u>	100.0%	149,839.77	0.00

**Huntsville Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.4	10.8	7.8	2.3	2.5	-	2.7	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.4	7.4	-6.1	1.9	-	-

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	52.18	974.25	50,841.51	959.14	50,053.15	3.4%	1,937.90	0.00
CAN Equity Fund	231.56	1,033.79	239,392.13	1,577.51	365,299.30	25.1%	31,476.27	0.00
CAN Bond Fund	48.63	978.76	47,601.10	998.56	48,564.31	3.3%	1,090.31	0.00
GLB Bond Fund	258.89	971.12	251,415.12	912.34	236,197.41	16.2%	10,098.91	0.00
GLB Equity Fund	561.45	1,013.32	568,934.29	1,343.58	754,355.40	51.8%	20,708.95	0.00
			<u>1,158,184.15</u>		<u>1,454,469.57</u>	<u>100.0%</u>	<u>65,312.34</u>	<u>0.00</u>

**Huntsville Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.7	10.1	17.8	16.1	6.4	8.6	-	8.9	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.1	14.8	-9.4	15.9	-	-

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	79.05	972.02	76,847.51	959.14	75,829.31	6.7%	2,946.32	0.00
CAN Equity Fund	122.47	1,315.80	161,150.78	1,577.51	193,202.41	17.0%	16,647.43	0.00
CAN Bond Fund	76.84	977.29	75,100.97	998.56	76,735.88	6.7%	1,722.79	0.00
GLB Bond Fund	416.24	986.56	410,653.48	912.34	379,759.71	33.5%	16,237.09	0.00
GLB Equity Fund	301.97	1,189.12	359,082.99	1,343.58	405,724.11	35.8%	11,138.14	0.00
			<u>1,082,835.73</u>		<u>1,131,251.42</u>	<u>100.0%</u>	<u>48,691.77</u>	<u>0.00</u>

**Huntsville Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	8.4	15.3	12.9	4.5	-	-	3.9	08/04/2021

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.4	11.8	-8.9	-	-	-

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

**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	Corp Bond Fund	07/22/2024	07/22/2024	1.13	1,054.15

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

### **Innisfil Prudent Investor Portfolio**

2101 Innisfil Beach Rd.  
Innisfil, ON  
L9S 1A1

Audrey Webb  
Treasurer  
awebb@innisfil.ca  
(705) 436-3740 x2302

### **ONE Investment**

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

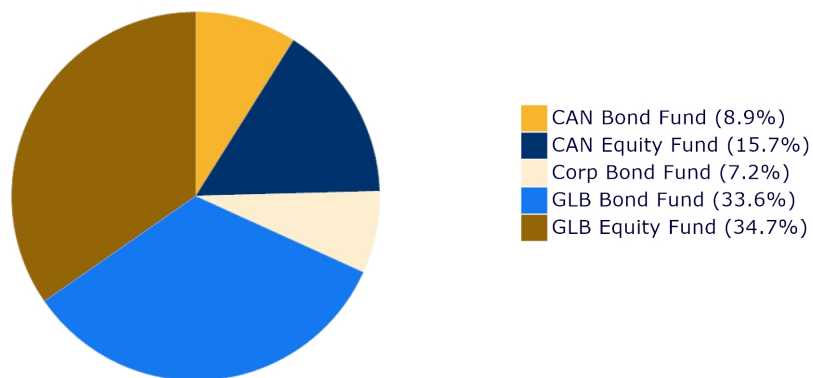
### **Relationship Manager**

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

**Innisfil Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended September 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	4.4%	8.3%	15.3%	13.1%	4.7%	-	7.0%	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	4,898,740.70	-	-	112,506.88	-	5,011,247.58
CAN Equity Fund	8,032,939.60	-	-	757,428.38	-	8,790,367.98
Corp Bond Fund	3,878,344.15	-	-	156,783.15	-	4,035,127.30
GLB Bond Fund	18,033,091.18	5,842.98	-	805,663.33	-	18,844,597.49
GLB Equity Fund	18,924,649.89	-	-	534,194.18	-	19,458,844.07
<b>Total</b>	<b>53,767,765.52</b>	<b>5,842.98</b>	<b>0.00</b>	<b>2,366,575.92</b>	<b>0.00</b>	<b>56,140,184.42</b>

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

**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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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
JIB1INNCONT	4.5	9.0	16.3	14.2	5.3	7.1	-	7.4	07/02/2020
JIBINNCASH	0.0	0.0	0.4	2.6	2.1	1.7	-	1.7	08/06/2020
JIB2INNTD510	4.4	8.4	15.4	12.9	4.5	-	-	4.0	08/04/2021
JIB3INNTD35	3.8	5.3	10.9	-	-	-	-	7.3	06/20/2023

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Innisfil Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	8,790,367.98	15.66%
GLB Equity Fund	14,482.812	1,049.09	15,193,898.12	1,343.58	19,458,844.07	34.66%
Corp Bond Fund	4,206.990	927.83	3,903,398.84	959.14	4,035,127.30	7.19%
CAN Bond Fund	5,018.439	953.39	4,784,564.41	998.56	5,011,247.58	8.93%
GLB Bond Fund	20,655.086	923.12	19,067,292.23	912.34	18,844,597.49	33.57%
					<b>56,140,184.42</b>	<b>100.00%</b>

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

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

**For the Quarter Ending**  
**September 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	959.14	1,230,517.25	6.0%	47,811.22	0.00
CAN Equity Fund	2,434.01	1,033.79	2,516,276.44	1,577.51	3,839,683.49	18.7%	330,849.09	0.00
CAN Bond Fund	1,189.17	980.97	1,166,554.66	998.56	1,187,468.92	5.8%	26,659.72	0.00
GLB Bond Fund	6,096.22	970.07	5,913,801.71	912.34	5,561,871.98	27.2%	237,744.07	0.00
GLB Equity Fund	6,411.57	1,013.25	6,496,575.34	1,343.58	8,614,472.09	42.1%	236,488.91	0.00
			<u>17,341,008.28</u>		<u>20,434,013.73</u>	<u>100.0%</u>	<u>879,553.01</u>	<u>0.00</u>

**Innisfil Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.0	16.3	14.2	5.3	7.1	-	7.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.0	13.1	-9.1	12.7	-	-

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	2,326.46	911.91	2,121,531.13	959.14	2,231,420.15	7.3%	86,700.88	0.00
CAN Equity Fund	3,016.46	1,203.65	3,630,778.30	1,577.51	4,758,509.04	15.7%	410,020.35	0.00
CAN Bond Fund	2,201.94	950.52	2,093,009.75	998.56	2,198,792.61	7.2%	49,364.81	0.00
GLB Bond Fund	11,617.82	912.07	10,596,298.45	912.34	10,599,484.05	35.0%	453,193.97	0.00
GLB Equity Fund	7,766.30	1,073.99	8,340,982.52	1,343.58	10,434,669.52	34.5%	286,457.91	0.00
			26,782,600.15		30,222,875.37	100.0%	1,285,737.92	0.00

**Innisfil Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.4	8.4	15.4	12.9	4.5	-	-	4.0	08/04/2021

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.4	11.8	-8.8	-	-	-

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	597.60	893.68	534,067.58	959.14	573,189.90	10.4%	22,271.05	0.00
CAN Equity Fund	121.82	1,279.41	155,861.27	1,577.51	192,175.45	3.5%	16,558.94	0.00
CAN Bond Fund	1,627.31	937.12	1,525,000.00	998.56	1,624,986.05	29.6%	36,482.35	0.00
GLB Bond Fund	2,941.03	869.48	2,557,192.07	912.34	2,683,241.46	48.9%	114,725.29	0.00
GLB Equity Fund	304.93	1,168.58	356,340.26	1,343.58	409,702.46	7.4%	11,247.36	0.00
			<u>5,128,461.18</u>		<u>5,483,295.32</u>	<u>100.0%</u>	<u>201,284.99</u>	<u>0.00</u>

**Innisfil Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.9	-	-	-	-	7.3	06/20/2023

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	-	-	-	-	-

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

**TRANSACTION SUMMARY**

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

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	07/22/2024	07/22/2024	6.62	5,842.98

**Innisfil Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
September 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 September 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 September 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

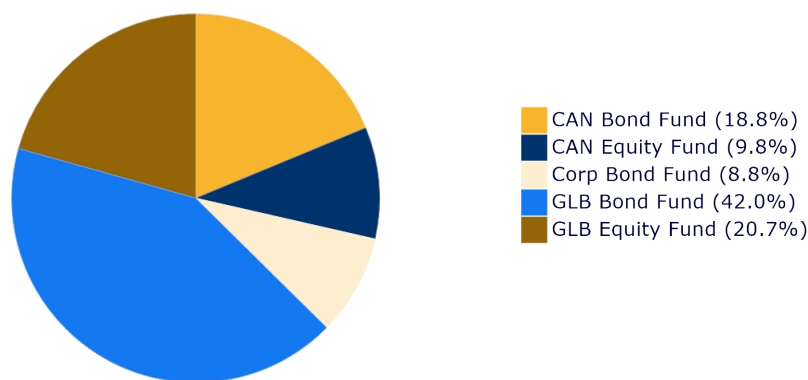
### **Relationship Manager**

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

**Kenora CPTF - Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended September 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	4.1%	6.8%	13.0%	10.2%	3.4%	-	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	7,814,440.03	174,000.00	-	179,701.23	-	8,168,141.26
CAN Equity Fund	3,900,451.93	-	-	367,774.83	-	4,268,226.76
Corp Bond Fund	3,546,596.97	148,226.13	-	148,857.25	-	3,843,680.35
GLB Bond Fund	17,281,412.58	210,000.00	-	776,332.78	-	18,267,745.36
GLB Equity Fund	8,602,307.81	150,000.00	-	245,419.67	-	8,997,727.48
<b>Total</b>	<b>41,145,209.32</b>	<b>682,226.13</b>	<b>0.00</b>	<b>1,718,085.76</b>	<b>0.00</b>	<b>43,545,521.21</b>

## Kenora CPTF - Prudent Investor Portfolio

### Performance History At September 30, 2024

#### 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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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
JIB2KENCSTAB	4.1	6.8	13.0	10.2	3.4	4.3	-	4.6	07/02/2020

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

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

Security	Quantity	Unit Cost	Book Value	Price	Market Value	% Weight
CAN Equity Fund	2,705.673	1,085.30	2,936,479.26	1,577.51	4,268,226.76	9.80%
GLB Equity Fund	6,696.821	1,067.76	7,150,635.43	1,343.58	8,997,727.48	20.66%
Corp Bond Fund	4,007.389	973.29	3,900,373.47	959.14	3,843,680.35	8.83%
CAN Bond Fund	8,179.863	957.45	7,831,877.96	998.56	8,168,141.26	18.76%
GLB Bond Fund	20,022.813	976.32	19,548,813.53	912.34	18,267,745.36	41.95%
					<b>43,545,521.21</b>	<b>100.00%</b>

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

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

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	4,007.38	973.29	3,900,373.47	959.14	3,843,680.35	8.8%	148,857.25	0.00
CAN Equity Fund	2,705.67	1,085.30	2,936,479.26	1,577.51	4,268,226.76	9.8%	367,774.83	0.00
CAN Bond Fund	8,179.86	957.45	7,831,877.96	998.56	8,168,141.26	18.7%	179,701.23	0.00
GLB Bond Fund	20,022.81	976.32	19,548,813.53	912.34	18,267,745.36	41.9%	776,332.78	0.00
GLB Equity Fund	6,696.82	1,067.76	7,150,635.43	1,343.58	8,997,727.48	20.6%	245,419.67	0.00
			41,368,179.65		43,545,521.21	100.0%	1,718,085.76	0.00

**Kenora CPTF - Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.1	6.8	13.0	10.2	3.4	4.3	-	4.6	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	6.8	9.5	-7.5	6.2	-	-

**Kenora CPTF - Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended September 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	09/18/2024	09/18/2024	174.48	174,000.00
Buy	Corp Bond Fund	07/10/2024	07/10/2024	154.62	143,000.00
Buy	Corp Bond Fund	07/22/2024	07/22/2024	5.63	5,226.13
Buy	GLB Bond Fund	07/10/2024	07/10/2024	125.41	110,000.00
Buy	GLB Bond Fund	09/18/2024	09/18/2024	109.63	100,000.00
Buy	GLB Equity Fund	07/10/2024	07/10/2024	113.57	150,000.00

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

Identifier	Description	Maturity	Price	Quantity	Market Value
CA13509PHJ53	CANADA HSG TR NO 1 1.8 15DEC24 144A	2024-12-15	99.531	80,000.00	79,624.80
CA13509PHN65	CANADA HSG TR NO 0.95 15JUN25 144A	2025-06-15	98.234	89,000.00	87,428.26
CA626209JP62	MUNICIPAL FIN AUTH BRI 2.95 14OCT24	2024-10-14	99.946	93,000.00	92,949.78
CA68333ZAK36	ONTARIO PROV MED TERM 1.75 08SEP25	2025-09-08	98.518	140,000.00	137,925.20
Total Bonds=					397,928.04
Cash =					439.39

## 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 September 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

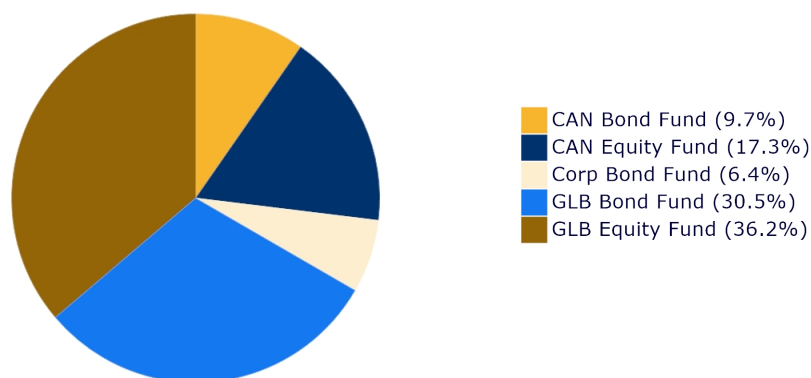
### **Relationship Manager**

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

**Kenora General Account - Prudent Investor Portfolio**  
Executive Summary for the Quarter Ended September 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	4.4%	8.4%	15.2%	13.0%	4.7%	-	6.5%	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	2,108,969.38	-	-	48,435.62	-	2,157,405.00
CAN Equity Fund	3,520,062.90	-	-	331,907.82	-	3,851,970.72
Corp Bond Fund	1,375,294.34	-	-	55,596.66	-	1,430,891.00
GLB Bond Fund	6,503,327.01	2,730.24	-	290,570.02	-	6,796,627.27
GLB Equity Fund	7,861,143.93	-	-	221,899.87	-	8,083,043.80
<b>Total</b>	<b>21,368,797.56</b>	<b>2,730.24</b>	<b>0.00</b>	<b>948,409.99</b>	<b>0.00</b>	<b>22,319,937.79</b>

**Kenora General Account - Prudent Investor Portfolio**  
**Performance History At**  
**September 30, 2024**

**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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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
JIB1KENCONT	4.5	9.1	16.3	14.2	5.3	7.1	-	7.4	07/02/2020
JIB3KENTD35	3.8	5.3	10.7	7.7	2.2	2.5	-	2.7	07/02/2020

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Kenora General Account - Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	3,851,970.72	17.26%
GLB Equity Fund	6,016.041	1,013.74	6,098,728.45	1,343.58	8,083,043.80	36.21%
Corp Bond Fund	1,491.835	976.94	1,457,435.67	959.14	1,430,891.00	6.41%
CAN Bond Fund	2,160.501	964.13	2,083,018.57	998.56	2,157,405.00	9.67%
GLB Bond Fund	7,449.611	972.78	7,246,871.68	912.34	6,796,627.27	30.45%
					<b>22,319,937.79</b>	<b>100.00%</b>

**Kenora General Account - Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Kenora - Contingency Outcome**  
**Account Number: 570050161**

**For the Quarter Ending**  
**September 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	959.14	1,011,298.15	5.5%	39,293.56	0.00
CAN Equity Fund	2,352.14	1,033.79	2,431,636.51	1,577.51	3,710,528.00	20.3%	319,720.31	0.00
CAN Bond Fund	960.82	981.44	942,992.07	998.56	959,443.14	5.2%	21,540.33	0.00
GLB Bond Fund	5,287.19	973.46	5,146,894.82	912.34	4,823,752.56	26.4%	206,245.47	0.00
GLB Equity Fund	5,781.01	1,013.25	5,857,660.14	1,343.58	7,767,268.46	42.5%	213,231.04	0.00
			15,410,261.22		18,272,290.31	100.0%	800,030.71	0.00

**Kenora General Account - Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.1	16.3	14.2	5.3	7.1	-	7.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.1	13.0	-9.1	12.7	-	-

**Kenora General Account - Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Kenora - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050187**

**For the Quarter Ending**  
**September 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	959.14	419,592.85	10.3%	16,303.10	0.00
CAN Equity Fund	89.66	1,054.58	94,556.28	1,577.51	141,442.72	3.4%	12,187.51	0.00
CAN Bond Fund	1,199.68	950.27	1,140,026.50	998.56	1,197,961.86	29.6%	26,895.29	0.00
GLB Bond Fund	2,162.41	971.12	2,099,976.86	912.34	1,972,874.71	48.7%	84,324.55	0.00
GLB Equity Fund	235.02	1,025.71	241,068.31	1,343.58	315,775.34	7.8%	8,668.83	0.00
			4,001,985.94		4,047,647.48	100.0%	148,379.28	0.00

**Kenora General Account - Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.7	7.7	2.2	2.5	-	2.7	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	7.3	-6.1	1.9	-	-

**Kenora General Account - Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended September 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	GLB Bond Fund	07/22/2024	07/22/2024	3.09	2,730.24

**Kenora General Account - Prudent Investor Portfolio**  
**COMPLIANCE CERTIFICATE**  
**September 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 September 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 September 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**

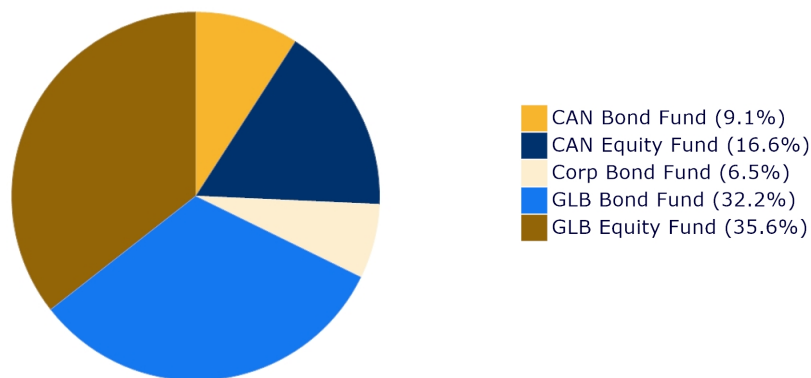
Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

## Muskoka Prudent Investor Portfolio

### Executive Summary for the Quarter Ended September 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	4.4%	8.3%	15.2%	12.9%	5.2%	-	6.1%	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	14,396,407.91	35,000.66	-	331,269.16	-	14,762,677.73
CAN Equity Fund	24,545,228.01	-	-	2,314,377.19	-	26,859,605.20
Corp Bond Fund	10,153,630.53	-	-	410,463.38	-	10,564,093.91
GLB Bond Fund	49,902,187.08	-	-	2,228,929.97	-	52,131,117.05
GLB Equity Fund	55,975,304.18	-	-	1,580,038.82	-	57,555,343.00
<b>Total</b>	<b>154,972,757.71</b>	<b>35,000.66</b>	<b>0.00</b>	<b>6,865,078.52</b>	<b>0.00</b>	<b>161,872,836.89</b>

## Muskoka Prudent Investor Portfolio Performance History At September 30, 2024

### 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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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
JIB1MUSCONT	4.5	9.0	16.3	14.1	5.2	7.0	-	7.4	07/02/2020
JIB2MUSTD35	3.8	5.3	10.6	7.7	2.2	2.5	-	2.7	07/02/2020
JIB3MUSTD510	4.5	8.3	15.3	12.9	4.5	6.1	-	6.4	07/02/2020
JIBMUSCASH	2.3	3.9	6.7	5.8	8.5	6.5	-	6.1	07/02/2020
JIB4MUSTD10P	4.6	10.0	17.6	15.9	-	-	-	13.5	07/04/2022

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Muskoka Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	26,859,605.20	16.59%
GLB Equity Fund	42,837.242	1,030.19	44,130,636.15	1,343.58	57,555,343.00	35.56%
Corp Bond Fund	11,014.036	972.12	10,706,989.82	959.14	10,564,093.91	6.53%
CAN Bond Fund	14,783.863	964.86	14,264,495.32	998.56	14,762,677.73	9.12%
GLB Bond Fund	57,139.597	969.01	55,369,311.62	912.34	52,131,117.05	32.20%
					<b>161,872,836.89</b>	<b>100.00%</b>

**Muskoka Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Muskoka - Contingency Outcome**  
**Account Number: 570050088**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,354.28	971.23	1,315,321.52	959.14	1,298,959.20	5.9%	50,470.51	0.00
CAN Equity Fund	2,573.87	1,224.45	3,151,585.72	1,577.51	4,060,310.91	18.7%	349,859.61	0.00
CAN Bond Fund	1,259.58	978.61	1,232,653.80	998.56	1,257,780.01	5.8%	28,238.25	0.00
GLB Bond Fund	6,680.57	982.73	6,565,214.07	912.34	6,094,996.24	28.1%	260,599.06	0.00
GLB Equity Fund	6,669.91	1,131.26	7,545,436.46	1,343.58	8,961,578.41	41.3%	246,017.85	0.00
			<u>19,810,211.57</u>		<u>21,673,624.77</u>	<u>100.0%</u>	<u>935,185.28</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.0	16.3	14.1	5.2	7.0	-	7.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.0	12.9	-9.1	12.6	-	-

**Muskoka Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Muskoka - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050096**

**For the Quarter Ending**  
**September 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	959.14	2,262,710.45	10.4%	87,916.65	0.00
CAN Equity Fund	452.71	1,043.15	472,252.90	1,577.51	714,167.26	3.3%	61,536.73	0.00
CAN Bond Fund	6,460.10	950.51	6,140,404.27	998.56	6,450,843.68	29.8%	144,661.24	0.00
GLB Bond Fund	11,626.75	961.96	11,184,510.80	912.34	10,607,629.48	49.1%	453,542.23	0.00
GLB Equity Fund	1,159.64	1,018.86	1,181,519.27	1,343.58	1,558,079.38	7.2%	42,773.20	0.00
			21,267,291.80		21,593,430.25	100.0%	790,430.05	0.00

**Muskoka Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.6	7.7	2.2	2.5	-	2.7	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	7.3	-6.1	2.0	-	-

**Muskoka Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Muskoka - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050104**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	6,211.41	989.75	6,147,791.08	959.14	5,957,670.06	6.6%	231,482.74	0.00
CAN Equity Fund	9,594.96	1,033.79	9,919,235.98	1,577.51	15,136,148.85	16.9%	1,304,217.15	0.00
CAN Bond Fund	5,969.68	983.85	5,873,297.80	998.56	5,961,126.45	6.6%	133,832.49	0.00
GLB Bond Fund	33,474.82	984.47	32,955,184.06	912.34	30,540,644.60	34.1%	1,305,802.79	0.00
GLB Equity Fund	23,785.75	1,013.25	24,101,103.52	1,343.58	31,958,111.24	35.6%	877,330.47	0.00
			<u>78,996,612.44</u>		<u>89,553,701.20</u>	<u>100.0%</u>	<u>3,852,665.64</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	8.3	15.3	12.9	4.5	6.1	-	6.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.3	11.8	-8.9	10.5	-	-

**Muskoka Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Muskoka - Cash Outcome**  
**Account Number: 570050757**

**For the Quarter Ending**  
**September 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	998.56	86,540.81	100.0%	1,942.92	0.00
			81,139.45		86,540.81	100.0%	1,942.92	0.00

**Muskoka Prudent Investor Portfolio**  
**Performance History**  
**At September 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	2.3	3.9	6.7	5.8	8.5	6.5	-	6.1	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	3.9	6.7	15.2	0.5	-	-

**Muskoka Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Muskoka - Target Date 10 Year Plus Outcome**  
**Account Number: 570050625**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,089.25	876.99	955,272.66	959.14	1,044,754.20	3.6%	40,593.48	0.00
CAN Equity Fund	4,405.02	1,134.87	4,999,137.85	1,577.51	6,948,978.18	23.9%	598,763.70	0.00
CAN Bond Fund	1,007.83	929.71	937,000.00	998.56	1,006,386.78	3.4%	22,594.26	0.00
GLB Bond Fund	5,357.44	870.63	4,664,402.69	912.34	4,887,846.73	16.8%	208,985.89	0.00
GLB Equity Fund	11,221.92	1,007.18	11,302,576.90	1,343.58	15,077,573.97	52.0%	413,917.30	0.00
			<u>22,858,390.10</u>		<u>28,965,539.86</u>	<u>100.0%</u>	<u>1,284,854.63</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.0	17.6	15.9	-	-	-	13.5	07/04/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.0	14.7	-	-	-	-

**Muskoka Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended September 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Muskoka - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050096**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	07/22/2024	07/22/2024	35.68	35,000.66

**Muskoka Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
September 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 September 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 September 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	100.521	216,334.34 <sup>(4)</sup>	11.3
<b>Total Cash and Equivalents</b>				<b>237,691.50</b>		<b>216,334.34</b>	<b>11.3</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	102.747	110,013.12 <sup>(4)</sup>	5.8
DISTRICT MUN OF MUSKOKA BEO 5.05% 5MAY27	SEG	295,000	112.065	330,590.50	104.300	313,725.63 <sup>(4)</sup>	16.4
DISTRICT MUN OF MUSKOKA BEO 5.05% 5MAY28	SEG	360,000	109.856	395,482.00	105.969	388,860.02 <sup>(4)</sup>	20.4
DISTRICT MUN OF MUSKOKA BEO 5.1% 5MAY29	SEG	400,000	104.270	417,080.00	107.466	438,135.78 <sup>(4)</sup>	23.0
DISTRICT MUN OF MUSKOKA BEO 5.1% 5MAY30	SEG	137,000	116.369	159,425.00	108.277	151,172.57 <sup>(4)</sup>	7.9
DISTRICT MUN OF MUSKOKA ONT 2.95% 27NOV30	SEG	100,000	98.240	98,240.00	96.525	97,543.36 <sup>(4)</sup>	5.1
DISTRICT MUN OF MUSKOKA ONT 3% 27NOV31	SEG	100,000	98.120	98,120.00	95.482	96,517.62 <sup>(4)</sup>	5.1
DISTRICT MUN OF MUSKOKA ONT 3.05% 27NOV32	SEG	100,000	98.010	98,010.00	94.447	95,499.88 <sup>(4)</sup>	5.0
<b>Total Fixed Income Securities and Fixed Income Funds</b>				<b>1,715,588.50</b>		<b>1,691,467.98</b>	<b>88.7</b>
<b>Total Account Value - CAD Cash</b>				<b>1,953,280.00</b>		<b>1,907,802.32</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 September 30, 2024

### **Neebing Prudent Investor Portfolio**

4766 Highway 61  
Neebing, ON  
P7L 0B5

Erika Kromm  
Clerk/Treasurer  
clerk@neebing.org  
(807) 474-5331

### **ONE Investment**

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

### **Relationship Manager**

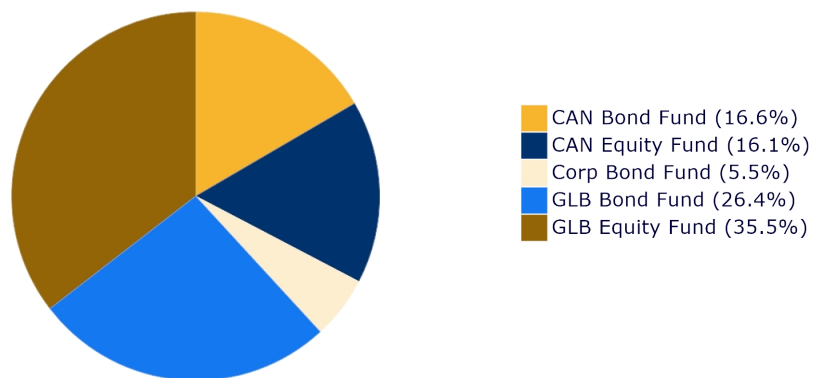
Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

## Neebing Prudent Investor Portfolio

### Executive Summary for the Quarter Ended September 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	4.2%	8.2%	14.9%	12.7%	-	-	4.7%	01/07/2022

### Overall Asset Allocation



### Consolidated Portfolio Activity for Quarter

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	461,237.89	-	-	10,593.01	-	471,830.90
CAN Equity Fund	417,434.83	-	-	39,360.06	-	456,794.89
Corp Bond Fund	149,909.84	-	-	6,060.14	-	155,969.98
GLB Bond Fund	718,363.38	-	-	32,086.41	-	750,449.79
GLB Equity Fund	980,448.88	-	-	27,675.55	-	1,008,124.43
<b>Total</b>	<b>2,727,394.82</b>	<b>0.00</b>	<b>0.00</b>	<b>115,775.17</b>	<b>0.00</b>	<b>2,843,169.99</b>

## Neebing Prudent Investor Portfolio Performance History At September 30, 2024

### 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	9.4	17.0	27.1	21.3	-	-	-	9.1	01/07/2022
ONE Global Equity Fund	2.8	9.4	17.0	18.0	-	-	-	6.2	01/07/2022
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	-	-	-	1.1	01/07/2022
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	-	-	-	1.2	01/07/2022
ONE Global Bond Fund	4.4	5.0	11.1	7.5	-	-	-	1.1	01/07/2022

### Performance by Outcome

#### % Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIBNEECASH	2.3	3.9	6.9	6.0	-	-	-	4.7	01/07/2022
JIB1NEECONT	4.5	9.1	16.3	14.0	-	-	-	4.8	01/07/2022
JIB2NEETD35	3.8	5.3	10.7	7.7	-	-	-	2.5	01/07/2022
JIB3NEETD510	4.4	8.4	15.4	12.8	-	-	-	4.2	01/07/2022
JIB4NEETD10P	4.6	10.1	17.7	15.9	-	-	-	5.6	01/07/2022

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Neebing Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	456,794.89	16.07%
GLB Equity Fund	750.326	1,170.39	878,181.07	1,343.58	1,008,124.43	35.46%
Corp Bond Fund	162.613	937.00	152,369.37	959.14	155,969.98	5.49%
CAN Bond Fund	472.508	944.66	446,361.21	998.56	471,830.90	16.60%
GLB Bond Fund	822.549	927.75	763,120.52	912.34	750,449.79	26.39%
					<b>2,843,169.99</b>	<b>100.00%</b>

**Neebing Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Neebing - Cash Outcome**  
**Account Number: 570050773**

**For the Quarter Ending**  
**September 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	998.56	223,232.65	100.0%	5,011.77	0.00
			209,309.13		223,232.65	100.0%	5,011.77	0.00

**Neebing Prudent Investor Portfolio**  
**Performance History**  
**At September 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	2.3	3.9	6.9	6.0	-	-	-	4.7	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	3.9	7.1	-	-	-	-

**Neebing Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Neebing - Contingency Outcome**  
**Account Number: 570050443**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	25.44	942.91	23,989.71	959.14	24,402.65	5.9%	948.15	0.00
CAN Equity Fund	48.68	1,296.62	63,131.17	1,577.51	76,807.39	18.7%	6,618.16	0.00
CAN Bond Fund	23.41	965.27	22,600.00	998.56	23,379.45	5.7%	524.89	0.00
GLB Bond Fund	125.64	940.96	118,227.87	912.34	114,631.79	28.0%	4,901.22	0.00
GLB Equity Fund	126.57	1,171.73	148,309.67	1,343.58	170,061.19	41.5%	4,668.61	0.00
			<u>376,258.42</u>		<u>409,282.47</u>	<u>100.0%</u>	<u>17,661.03</u>	<u>0.00</u>

**Neebing Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.1	16.3	14.0	-	-	-	4.8	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.1	12.9	-	-	-	-

**Neebing Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Neebing - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050450**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	52.08	922.11	48,026.46	959.14	49,955.32	10.2%	1,940.99	0.00
CAN Equity Fund	11.17	1,259.64	14,070.25	1,577.51	17,620.79	3.6%	1,518.31	0.00
CAN Bond Fund	144.73	942.75	136,452.08	998.56	144,529.59	29.6%	3,244.81	0.00
GLB Bond Fund	260.31	899.30	234,101.37	912.34	237,495.68	48.6%	10,154.42	0.00
GLB Equity Fund	28.37	1,136.43	32,244.14	1,343.58	38,121.45	7.8%	1,046.53	0.00
			<u>464,894.30</u>		<u>487,722.83</u>	100.0%	17,905.06	0.00

**Neebing Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.7	7.7	-	-	-	2.5	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	7.3	-	-	-	-

**Neebing Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Neebing - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050468**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	40.33	946.53	38,176.60	959.14	38,685.33	6.9%	1,503.10	0.00
CAN Equity Fund	56.90	1,296.63	73,782.16	1,577.51	89,765.06	16.0%	7,734.67	0.00
CAN Bond Fund	38.84	965.27	37,500.00	998.56	38,793.33	6.9%	870.94	0.00
GLB Bond Fund	215.37	942.04	202,895.64	912.34	196,499.39	35.1%	8,401.58	0.00
GLB Equity Fund	145.91	1,171.72	170,976.32	1,343.58	196,052.78	35.0%	5,382.14	0.00
			<u>523,330.72</u>		<u>559,795.89</u>	<u>100.0%</u>	<u>23,892.43</u>	<u>0.00</u>

**Neebing Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.4	8.4	15.4	12.8	-	-	-	4.2	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.4	11.7	-	-	-	-

**Neebing Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Neebing - Target Date 10 Year Plus Outcome**  
**Account Number: 570050476**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	44.75	942.38	42,176.60	959.14	42,926.68	3.6%	1,667.90	0.00
CAN Equity Fund	172.80	1,296.63	224,065.44	1,577.51	272,601.65	23.4%	23,488.92	0.00
CAN Bond Fund	41.95	965.29	40,500.00	998.56	41,895.88	3.6%	940.60	0.00
GLB Bond Fund	221.21	939.79	207,895.64	912.34	201,822.93	17.3%	8,629.19	0.00
GLB Equity Fund	449.46	1,171.73	526,650.94	1,343.58	603,889.01	51.9%	16,578.27	0.00
			<u>1,041,288.62</u>		<u>1,163,136.15</u>	<u>100.0%</u>	<u>51,304.88</u>	<u>0.00</u>

**Neebing Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.1	17.7	15.9	-	-	-	5.6	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.1	14.6	-	-	-	-

**Neebing Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
September 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 September 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 September 30, 2024**

### **Quinte West Prudent Investor Portfolio**

7 Creswell Dr., P O Box 490  
Trenton, ON  
K8V 5R6

Caleb DenOuden  
Director of Finance/Treasurer  
calebd@quintewest.ca  
6133922841x4580

### **ONE Investment**

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

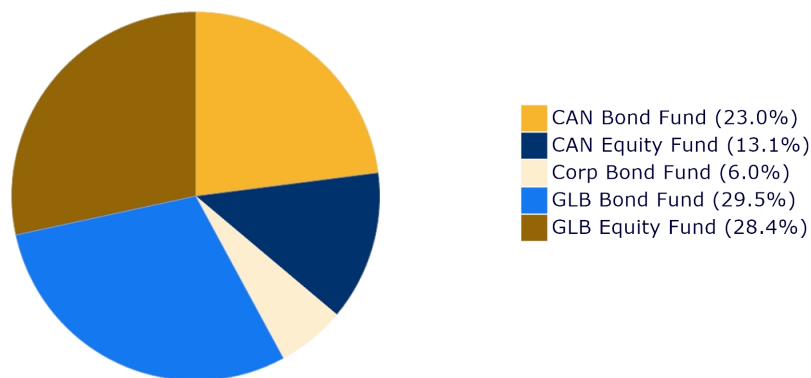
### **Relationship Manager**

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

**Quinte West Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended September 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	4.0%	7.5%	13.7%	11.4%	-	-	4.2%	01/07/2022

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	8,428,733.08	-	-	193,578.42	-	8,622,311.50
CAN Equity Fund	4,505,270.92	-	-	424,803.40	-	4,930,074.32
Corp Bond Fund	2,155,700.72	-	-	87,144.80	-	2,242,845.52
GLB Bond Fund	10,603,102.68	-	-	473,597.95	-	11,076,700.63
GLB Equity Fund	10,359,308.54	-	-	292,416.64	-	10,651,725.18
<b>Total</b>	<b>36,052,115.94</b>	<b>0.00</b>	<b>0.00</b>	<b>1,471,541.21</b>	<b>0.00</b>	<b>37,523,657.15</b>

**Quinte West Prudent Investor Portfolio**  
**Performance History At**  
**September 30, 2024**

**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	9.4	17.0	27.1	21.3	-	-	-	9.1	01/07/2022
ONE Global Equity Fund	2.8	9.4	17.0	18.0	-	-	-	6.2	01/07/2022
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	-	-	-	1.1	01/07/2022
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	-	-	-	1.2	01/07/2022
ONE Global Bond Fund	4.4	5.0	11.1	7.5	-	-	-	1.1	01/07/2022

**Performance by Outcome**

**% Annualized Returns**

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIBQUICASH	2.3	3.9	6.9	5.9	-	-	-	4.7	01/07/2022
JIB1QUICONT	4.5	9.1	16.3	14.0	-	-	-	4.8	01/07/2022
JIB2QUITD35	3.8	5.3	10.7	7.7	-	-	-	2.5	01/07/2022
JIB3QUITD510	4.4	8.4	15.4	12.8	-	-	-	4.2	01/07/2022
JIB4QUITD10P	4.6	10.1	17.7	15.9	-	-	-	5.7	01/07/2022

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Quinte West Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	4,930,074.32	13.14%
GLB Equity Fund	7,927.857	1,171.73	9,289,352.70	1,343.58	10,651,725.18	28.39%
Corp Bond Fund	2,338.372	945.96	2,212,020.85	959.14	2,242,845.52	5.98%
CAN Bond Fund	8,634.685	943.79	8,149,348.14	998.56	8,622,311.50	22.98%
GLB Bond Fund	12,140.891	943.15	11,450,756.25	912.34	11,076,700.63	29.52%
					<b>37,523,657.15</b>	<b>100.00%</b>

**Quinte West Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Quinte West - Cash Outcome**  
**Account Number: 570050781**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
CAN Bond Fund	5,035.87	936.28	4,714,998.14	998.56	5,028,655.60	100.0%	112,897.71	0.00
			4,714,998.14		5,028,655.60	100.0%	112,897.71	0.00

**Quinte West Prudent Investor Portfolio**  
**Performance History**  
**At September 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	2.3	3.9	6.9	5.9	-	-	-	4.7	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	3.9	6.9	-	-	-	-

**Quinte West Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Quinte West - Contingency Outcome**  
**Account Number: 570050484**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	274.70	944.03	259,330.13	959.14	263,482.83	5.7%	10,237.51	0.00
CAN Equity Fund	550.45	1,296.63	713,745.57	1,577.51	868,354.69	19.0%	74,822.41	0.00
CAN Bond Fund	255.88	965.28	247,000.00	998.56	255,515.32	5.6%	5,736.54	0.00
GLB Bond Fund	1,394.75	941.05	1,312,532.06	912.34	1,272,497.25	27.9%	54,407.19	0.00
GLB Equity Fund	1,405.49	1,171.73	1,646,865.31	1,343.58	1,888,393.61	41.5%	51,841.15	0.00
			<u>4,179,473.07</u>		<u>4,548,243.70</u>	100.0%	197,044.80	0.00

**Quinte West Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.1	16.3	14.0	-	-	-	4.8	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.1	12.9	-	-	-	-

**Quinte West Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Quinte West - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050492**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	736.29	946.56	696,951.72	959.14	706,219.93	10.1%	27,439.87	0.00
CAN Equity Fund	157.52	1,296.64	204,249.34	1,577.51	248,492.56	3.5%	21,411.54	0.00
CAN Bond Fund	2,069.98	946.19	1,958,600.00	998.56	2,067,019.71	29.6%	46,406.40	0.00
GLB Bond Fund	3,743.46	946.07	3,541,615.82	912.34	3,415,336.65	48.9%	146,026.91	0.00
GLB Equity Fund	400.91	1,171.73	469,763.37	1,343.58	538,658.11	7.7%	14,787.52	0.00
			<u>6,871,180.25</u>		<u>6,975,726.96</u>	<u>100.0%</u>	<u>256,072.24</u>	<u>0.00</u>

**Quinte West Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.7	7.7	-	-	-	2.5	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	7.3	-	-	-	-

**Quinte West Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Quinte West - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050500**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,125.26	946.56	1,065,126.71	959.14	1,079,291.22	6.9%	41,935.41	0.00
CAN Equity Fund	1,615.20	1,296.63	2,094,332.52	1,577.51	2,548,000.79	16.3%	219,550.32	0.00
CAN Bond Fund	1,083.88	965.28	1,046,250.00	998.56	1,082,328.80	6.9%	24,299.23	0.00
GLB Bond Fund	5,987.43	942.35	5,642,288.41	912.34	5,462,612.32	34.9%	233,560.71	0.00
GLB Equity Fund	4,054.70	1,171.73	4,751,043.64	1,343.58	5,447,830.94	34.8%	149,556.66	0.00
			<u>14,599,041.28</u>		<u>15,620,064.07</u>	<u>100.0%</u>	<u>668,902.33</u>	<u>0.00</u>

**Quinte West Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.4	8.4	15.4	12.8	-	-	-	4.2	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.4	11.7	-	-	-	-

**Quinte West Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Quinte West - Target Date 10 Year Plus Outcome**  
**Account Number: 570050518**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	202.10	943.12	190,612.29	959.14	193,851.54	3.6%	7,532.01	0.00
CAN Equity Fund	802.04	1,296.63	1,039,954.43	1,577.51	1,265,226.28	23.6%	109,019.13	0.00
CAN Bond Fund	189.06	965.28	182,500.00	998.56	188,792.07	3.5%	4,238.54	0.00
GLB Bond Fund	1,015.24	939.99	954,319.96	912.34	926,254.41	17.3%	39,603.14	0.00
GLB Equity Fund	2,066.74	1,171.73	2,421,680.38	1,343.58	2,776,842.52	51.8%	76,231.31	0.00
			<u>4,789,067.06</u>		<u>5,350,966.82</u>	<u>100.0%</u>	<u>236,624.13</u>	<u>0.00</u>

**Quinte West Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.1	17.7	15.9	-	-	-	5.7	01/07/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.1	14.6	-	-	-	-

**Quinte West Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
September 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 September 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 September 30, 2024

### Thunder Bay Prudent Investor Portfolio

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Keri Greaves  
City Treasurer  
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### ONE Investment

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### Relationship Manager

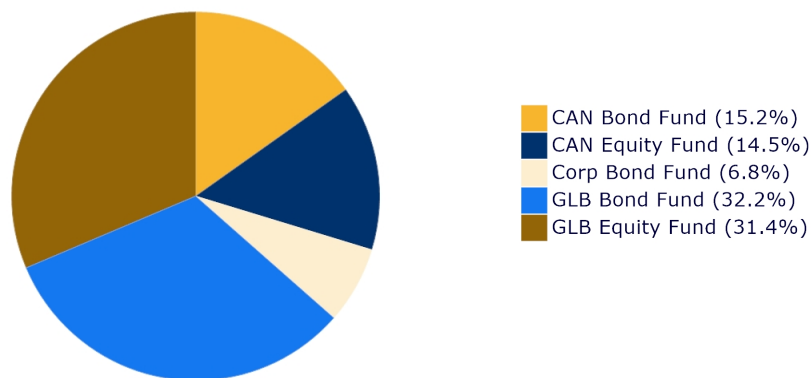
Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

## Thunder Bay Prudent Investor Portfolio

### Executive Summary for the Quarter Ended September 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	4.2%	7.8%	14.3%	11.8%	-	-	5.9%	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	19,191,742.28	-	-	440,766.96	-	19,632,509.24
CAN Equity Fund	17,128,423.83	-	-	1,615,044.40	-	18,743,468.23
Corp Bond Fund	8,425,557.20	-	-	340,605.55	-	8,766,162.75
GLB Bond Fund	39,757,765.93	12,677.83	-	1,776,248.43	-	41,546,692.19
GLB Equity Fund	39,412,376.20	-	-	1,112,509.97	-	40,524,886.17
<b>Total</b>	<b>123,915,865.44</b>	<b>12,677.83</b>	<b>0.00</b>	<b>5,285,175.31</b>	<b>0.00</b>	<b>129,213,718.58</b>

## Thunder Bay Prudent Investor Portfolio Performance History At September 30, 2024

### 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	9.4	17.0	27.1	21.3	-	-	-	10.6	04/01/2022
ONE Global Equity Fund	2.8	9.4	17.0	18.0	-	-	-	9.0	04/01/2022
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	-	-	-	2.9	04/01/2022
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	-	-	-	2.3	04/01/2022
ONE Global Bond Fund	4.4	5.0	11.1	7.5	-	-	-	2.7	04/01/2022

### Performance by Outcome

#### % Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIB1THUCONT	4.5	9.0	16.2	14.0	-	-	-	6.8	04/01/2022
JIB2THUTD35	3.7	5.3	10.7	7.7	-	-	-	3.9	04/01/2022
JIB3THUTD510	4.4	8.3	15.3	12.8	-	-	-	6.1	04/01/2022
JIB4THUTD10P	4.6	10.1	17.7	15.9	-	-	-	7.9	04/01/2022
JIBTHUCASH	2.3	3.9	6.9	5.9	-	-	-	5.1	04/04/2022

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Thunder Bay Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	18,743,468.23	14.51%
GLB Equity Fund	30,161.828	1,115.54	33,646,727.23	1,343.58	40,524,886.17	31.36%
Corp Bond Fund	9,139.528	907.79	8,296,790.60	959.14	8,766,162.75	6.78%
CAN Bond Fund	19,660.683	938.44	18,450,410.73	998.56	19,632,509.24	15.19%
GLB Bond Fund	45,538.277	916.43	41,733,016.46	912.34	41,546,692.19	32.15%
					<b>129,213,718.58</b>	<b>100.00%</b>

**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Thunder Bay - Contingency Outcome**  
**Account Number: 570050567**

**For the Quarter Ending**  
**September 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	959.14	1,582,510.29	5.5%	61,487.77	0.00
CAN Equity Fund	3,572.98	1,279.09	4,570,188.25	1,577.51	5,636,420.28	19.5%	485,666.20	0.00
CAN Bond Fund	1,548.95	941.28	1,458,000.00	998.56	1,546,731.35	5.3%	34,725.46	0.00
GLB Bond Fund	8,468.97	914.39	7,744,002.57	912.34	7,726,638.72	26.8%	330,230.48	0.00
GLB Equity Fund	9,152.52	1,115.38	10,208,547.63	1,343.58	12,297,172.30	42.7%	337,588.28	0.00
			25,478,729.81		28,789,472.94	100.0%	1,249,698.19	0.00

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.0	16.2	14.0	-	-	-	6.8	04/01/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.0	12.9	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Thunder Bay - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050575**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	3,699.61	907.95	3,359,062.56	959.14	3,548,476.56	10.2%	137,874.55	0.00
CAN Equity Fund	769.49	1,279.09	984,251.77	1,577.51	1,213,878.32	3.5%	104,594.69	0.00
CAN Bond Fund	10,594.12	937.90	9,936,307.64	998.56	10,578,944.62	30.6%	237,506.54	0.00
GLB Bond Fund	18,080.95	918.43	16,606,126.97	912.34	16,496,093.26	47.7%	705,310.74	0.00
GLB Equity Fund	2,030.90	1,115.60	2,265,694.83	1,343.58	2,728,684.51	7.8%	74,909.25	0.00
			<u>33,151,443.77</u>		<u>34,566,077.27</u>	<u>100.0%</u>	<u>1,260,195.77</u>	<u>0.00</u>

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.7	5.3	10.7	7.7	-	-	-	3.9	04/01/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	7.3	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Thunder Bay - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050583**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	3,095.69	907.49	2,809,339.38	959.14	2,969,231.56	7.0%	115,368.24	0.00
CAN Equity Fund	4,423.34	1,279.09	5,657,880.50	1,577.51	6,977,873.43	16.6%	601,253.48	0.00
CAN Bond Fund	2,876.39	941.28	2,707,500.00	998.56	2,872,273.13	6.8%	64,485.04	0.00
GLB Bond Fund	15,420.29	915.61	14,119,108.66	912.34	14,068,657.36	33.5%	601,522.73	0.00
GLB Equity Fund	11,193.19	1,115.60	12,487,238.64	1,343.58	15,038,974.21	35.8%	412,857.64	0.00
			37,781,067.18		41,927,009.69	100.0%	1,795,487.13	0.00

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.4	8.3	15.3	12.8	-	-	-	6.1	04/01/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.3	11.7	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Thunder Bay - Target Date 10 Year Plus Outcome**  
**Account Number: 570050591**

**For the Quarter Ending**  
**September 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	959.14	665,944.34	3.3%	25,874.99	0.00
CAN Equity Fund	3,115.85	1,278.30	3,983,022.33	1,577.51	4,915,296.20	24.6%	423,530.03	0.00
CAN Bond Fund	657.34	941.28	618,750.00	998.56	656,406.02	3.2%	14,736.89	0.00
GLB Bond Fund	3,568.05	914.72	3,263,778.26	912.34	3,255,302.85	16.3%	139,184.48	0.00
GLB Equity Fund	7,785.20	1,115.60	8,685,246.13	1,343.58	10,460,055.15	52.4%	287,154.80	0.00
			<u>17,181,194.02</u>		<u>19,953,004.56</u>	<u>100.0%</u>	<u>890,481.19</u>	<u>0.00</u>

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.1	17.7	15.9	-	-	-	7.9	04/01/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.1	14.6	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Thunder Bay - Cash Outcome**  
**Account Number: 570050799**

**For the Quarter Ending**  
**September 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	998.56	3,978,154.12	100.0%	89,313.03	0.00
			3,729,853.09		3,978,154.12	100.0%	89,313.03	0.00

**Thunder Bay Prudent Investor Portfolio**  
**Performance History**  
**At September 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	2.3	3.9	6.9	5.9	-	-	-	5.1	04/04/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	3.9	6.9	-	-	-	-

**Thunder Bay Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended September 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Thunder Bay - Contingency Outcome**  
**Account Number: 570050567**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	07/22/2024	07/22/2024	14.36	12,677.83

**Thunder Bay Prudent Investor Portfolio**  
**COMPLIANCE CERTIFICATE**  
**September 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 September 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 September 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**

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

### **Relationship Manager**

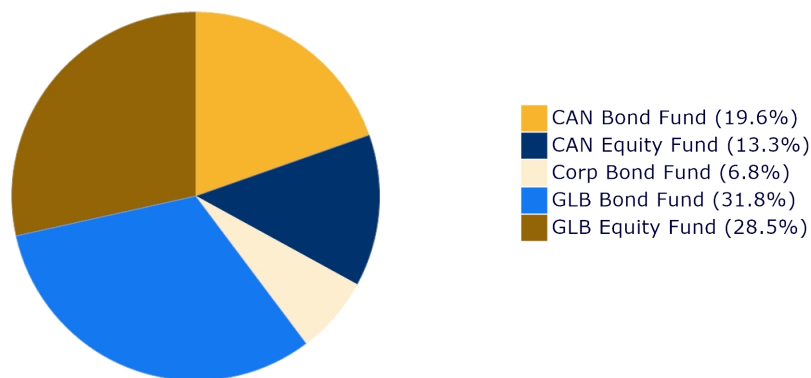
Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

## Whitby Prudent Investor Portfolio

### Executive Summary for the Quarter Ended September 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	4.1%	7.5%	13.8%	11.8%	4.2%	-	5.4%	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	37,561,638.96	-	-	862,659.01	-	38,424,297.97
CAN Equity Fund	23,887,073.33	-	-	2,252,319.59	-	26,139,392.92
Corp Bond Fund	12,764,249.09	-	-	515,998.39	-	13,280,247.48
GLB Bond Fund	59,529,719.57	45,645.89	-	2,660,496.53	-	62,235,861.99
GLB Equity Fund	54,228,017.43	-	-	1,530,717.40	-	55,758,734.83
<b>Total</b>	<b>187,970,698.38</b>	<b>45,645.89</b>	<b>0.00</b>	<b>7,822,190.92</b>	<b>0.00</b>	<b>195,838,535.19</b>

## Whitby Prudent Investor Portfolio Performance History At September 30, 2024

### 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	9.4	17.0	27.1	21.3	10.5	14.1	-	14.7	07/02/2020
ONE Global Equity Fund	2.8	9.4	17.0	18.0	7.2	9.5	-	9.8	07/02/2020
ONE Canadian Corporate Bond Fund	4.0	4.4	11.1	5.7	0.7	0.0	-	0.1	07/02/2020
ONE Canadian Government Bond Fund	2.3	3.9	6.5	3.8	0.8	0.4	-	0.6	07/02/2020
ONE Global Bond Fund	4.4	5.0	11.1	7.5	0.7	1.3	-	1.7	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
JIB1WHICONT	4.5	9.0	16.2	14.1	5.3	7.0	-	7.4	07/02/2020
JIB2WHITD35	3.8	5.3	10.7	7.7	2.2	2.5	-	2.7	07/02/2020
JIB3WHITD510	4.4	8.3	15.3	12.9	4.5	6.1	-	6.4	07/02/2020
JIB4WHIAMR	4.7	11.0	19.1	17.8	7.5	10.0	-	10.4	07/02/2020
JIB5WHITD10P	4.6	10.0	17.7	15.9	6.3	8.5	-	8.8	07/02/2020
JIBWHICASH	2.3	3.9	6.9	5.9	-	-	-	5.3	06/13/2022

## **QUARTERLY REVIEW**

Canadian equities had strong performance in the third quarter amid increased market volatility. Performance across the market sectors varied considerably, but all sectors of the Canadian equity market generated positive returns. The ONE Canadian Equity Fund generated returns of 9.4% in the quarter. This follows robust portfolio performance over the last year of 27.1%.

Interest-sensitive companies performed well in the quarter with the Real Estate, Financial and Utilities sectors leading other sectors. These sectors all produced returns above 16% in the quarter. While the Real Estate and Utility sectors directly benefit from lower interest rates, firms in the financial sector reacted to the changing interest rate outlook in a different way. Banks and lending institutions typically generate higher profits when long-term interest rates exceed short-term interest rates. During the quarter short-term yields dropped more than longer-term yields, which contributed to the strength in the shares of Canadian banks.

The energy sector lagged others in the quarter as oil prices moved lower, and the ONE portfolios underweight allocation to the energy sector limited the impact. Portfolio holdings in the energy sector did not perform as well as the broader sector primarily due to the absence of holdings in TC Energy, which rallied 25% in the quarter. The portfolios large overweight exposure to the industrial sector, the second weakest market sector, also hurt fund performance.

## **QUARTERLY REVIEW**

Equity market performance remained strong in the third quarter with interest rate-sensitive sectors such as real estate, utilities, and financials performing well, which led several stock market indices across the globe to new all-time highs. Overall performance was strong in the quarter, but equity market volatility spiked in late July/early August when the U.S. posted weaker economic data, and the Bank of Japan hiked interest rates. The market reacted poorly to these developments, leading to a sharp drop in equity indexes and large movements in currency markets. Markets rapidly recovered from these events with almost all global equity markets generating positive returns in the quarter. The ONE Global Equity Fund produced returns of 2.8% in the quarter, with returns of 17% over the 12 months ending September 30, 2024.

The Chinese equity markets had very strong performance in the quarter with returns of about 18% in response to stimulus measures announced by the government to bolster growth and address ongoing issues in the residential property market. The Japanese equity market was one of the few markets to experience negative returns in the quarter as investors reacted to rising local interest rates, although this weakness was more than offset by the strength of the yen.

Overall global equity markets were higher in the quarter, but not all market sectors participated, with the energy and information technology sector experiencing soft returns. The ONE Global Equity Fund has no exposure to the energy sector and has significantly less exposure to the information technology sector than its benchmark, which limited the effect of weak sector performance on fund returns.

## **QUARTERLY REVIEW**

In the third quarter, global bond markets had strong returns, as most major global central banks cut interest rates, sending bond prices higher. The prospects of further rate cuts continued to push bond prices higher. The ONE Canadian Government Bond Fund had returns of 2.3% in the quarter, while the ONE Canadian Corporate Bond Fund had returns of 4.0% and the ONE Global Bond Fund had returns of 4.4%. These returns have contributed to strong performance over the last year, with returns of 6.5% for the ONE Canadian Government Bond and 11.1% for both the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund. These returns reflect the recurring income yield produced by bond holdings, plus a significant portion of returns attributable to capital gains on bonds held in the period.

The Bank of Canada started cutting interest rates in June, being the first major global central bank to do so. This first cut was followed by two more 25 basis point cuts in the third quarter and an additional 50 basis point cuts after quarter end. Within only a few months the overnight interest rate dropped from 5.00% in early June to 3.75% by October 2024. The U.S. Federal Reserve joined the rate-cutting activity with a lag versus other major global central banks, delivering its first rate cut in more than four years, with a 0.5% rate cut in September.

The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund each have a longer maturity profile and more credit exposure than the ONE Canadian Government Bond Fund. Both factors contributed to their strong performance relative to the ONE Government Bond Fund over the last year.

**Whitby Prudent Investor Portfolio**  
**Consolidated Portfolio Holdings in CAD**  
**As of September 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	1,577.51	26,139,392.92	13.35%
GLB Equity Fund	41,500.064	1,058.27	43,918,414.19	1,343.58	55,758,734.83	28.47%
Corp Bond Fund	13,845.875	967.64	13,397,900.73	959.14	13,280,247.48	6.78%
CAN Bond Fund	38,479.439	949.02	36,517,869.52	998.56	38,424,297.97	19.62%
GLB Bond Fund	68,215.152	962.50	65,657,202.44	912.34	62,235,861.99	31.78%
					<b>195,838,535.19</b>	<b>100.00%</b>

**Whitby Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Whitby - Contingency Outcome**  
**Account Number: 570050112**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	789.06	923.03	728,333.33	959.14	756,828.44	5.6%	29,406.25	0.00
CAN Equity Fund	1,678.80	1,093.77	1,836,237.47	1,577.51	2,648,335.17	19.8%	228,195.71	0.00
CAN Bond Fund	739.84	952.66	704,827.96	998.56	738,788.80	5.5%	16,586.46	0.00
GLB Bond Fund	3,871.34	916.89	3,549,629.00	912.34	3,532,012.10	26.5%	151,015.52	0.00
GLB Equity Fund	4,202.72	1,013.42	4,259,155.73	1,343.58	5,646,706.58	42.3%	155,016.28	0.00
			11,078,183.49		13,322,671.09	100.0%	580,220.22	0.00

**Whitby Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.5	9.0	16.2	14.1	5.3	7.0	-	7.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	9.0	12.9	-9.2	12.7	-	-

**Whitby Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Whitby - Target Date 3 to 5 Year Outcome**  
**Account Number: 570050120**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	7,992.92	961.75	7,687,229.56	959.14	7,666,395.63	10.4%	297,874.55	0.00
CAN Equity Fund	1,614.13	1,069.63	1,726,533.07	1,577.51	2,546,311.27	3.4%	219,404.74	0.00
CAN Bond Fund	21,713.73	948.43	20,594,090.45	998.56	21,682,620.22	29.6%	486,793.74	0.00
GLB Bond Fund	39,380.70	952.70	37,518,019.72	912.34	35,928,855.96	49.0%	1,536,182.39	0.00
GLB Equity Fund	4,046.27	1,040.01	4,208,176.04	1,343.58	5,436,495.13	7.4%	149,245.45	0.00
			71,734,048.84		73,260,678.21	100.0%	2,689,500.87	0.00

**Whitby Prudent Investor Portfolio**  
**Performance History**  
**At September 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	3.8	5.3	10.7	7.7	2.2	2.5	-	2.7	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	5.3	7.3	-6.2	2.0	-	-

**Whitby Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Whitby - Target Date 5 to 10 Year Outcome**  
**Account Number: 570050138**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	3,643.81	989.76	3,606,504.70	959.14	3,494,956.09	7.2%	135,795.04	0.00
CAN Equity Fund	5,140.23	1,033.79	5,313,954.09	1,577.51	8,108,769.99	16.7%	698,698.00	0.00
CAN Bond Fund	3,402.86	983.83	3,347,860.69	998.56	3,397,985.70	7.0%	76,287.74	0.00
GLB Bond Fund	17,823.96	988.41	17,617,546.66	912.34	16,261,629.30	33.4%	695,285.94	0.00
GLB Equity Fund	12,878.15	1,013.25	13,048,888.83	1,343.58	17,302,851.93	35.6%	475,006.77	0.00
			42,934,754.97		48,566,193.01	100.0%	2,081,073.49	0.00

**Whitby Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.4	8.3	15.3	12.9	4.5	6.1	-	6.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	8.3	11.8	-8.9	10.5	-	-

**Whitby Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Whitby - Asset Management Reserve Outcome**  
**Account Number: 570050146**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	249.51	919.76	229,497.04	959.14	239,324.77	1.3%	9,298.87	0.00
CAN Equity Fund	3,171.96	1,212.96	3,847,483.14	1,577.51	5,003,803.99	28.9%	431,156.37	0.00
CAN Bond Fund	233.55	952.25	222,400.30	998.56	233,217.32	1.3%	5,235.93	0.00
GLB Bond Fund	1,223.06	926.55	1,133,240.75	912.34	1,115,861.02	6.4%	47,710.01	0.00
GLB Equity Fund	7,945.61	1,084.66	8,618,364.93	1,343.58	10,675,581.81	61.8%	293,071.55	0.00
			14,050,986.16		17,267,788.91	100.0%	786,472.73	0.00

**Whitby Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.7	11.0	19.1	17.8	7.5	10.0	-	10.4	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	11.0	16.4	-9.7	19.2	-	-

**Whitby Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Whitby - Target Date 10 Year Plus Outcome**  
**Account Number: 570050153**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,170.56	979.30	1,146,336.10	959.14	1,122,742.55	3.4%	43,623.68	0.00
CAN Equity Fund	4,964.89	1,186.97	5,893,225.36	1,577.51	7,832,172.50	24.3%	674,864.77	0.00
CAN Bond Fund	1,142.04	979.31	1,118,424.61	998.56	1,140,406.45	3.5%	25,603.12	0.00
GLB Bond Fund	5,916.06	986.93	5,838,766.31	912.34	5,397,503.61	16.7%	230,302.67	0.00
GLB Equity Fund	12,427.30	1,109.15	13,783,828.66	1,343.58	16,697,099.38	51.8%	458,377.35	0.00
			<u>27,780,581.04</u>		<u>32,189,924.49</u>	<u>100.0%</u>	<u>1,432,771.59</u>	<u>0.00</u>

**Whitby Prudent Investor Portfolio**  
**Performance History**  
**At September 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	4.6	10.0	17.7	15.9	6.3	8.5	-	8.8	07/02/2020

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	10.0	14.6	-9.4	15.8	-	-

**Whitby Prudent Investor Portfolio**  
**Holdings by Account**  
**At September 30, 2024**

**Account Name: Whitby - Cash Outcome**  
**Account Number: 570050765**

**For the Quarter Ending**  
**September 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	998.56	11,231,279.48	100.0%	252,152.02	0.00
			10,530,265.51		11,231,279.48	100.0%	252,152.02	0.00

**Whitby Prudent Investor Portfolio**  
**Performance History**  
**At September 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	2.3	3.9	6.9	5.9	-	-	-	5.3	06/13/2022

**% Calendar Year Returns**

	2024	2023	2022	2021	2020	2019
Return Net of Fees	3.9	6.9	-	-	-	-

**Whitby Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended September 30, 2024**

**TRANSACTION SUMMARY**

**Account Name: Whitby - Target Date 10 Year Plus Outcome**  
**Account Number: 570050153**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	07/22/2024	07/22/2024	51.72	45,645.89

**Whitby Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
September 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 September 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.



## **Attachment 13**

### **Investment Management Report for Regional Municipality of Durham**

For Period Ending September 30, 2024

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# Executive Summary - Durham Long

## Summary of Assets

### Summary of Assets for ONE INVESTMENT DURHAM LONG as of September 30, 2024

	Market Value (\$) September 30, 2024	Market Value (%)
BlueBay Total Return Credit Fund (Canada)	130,039,415	15.0
PH&N Enhanced Total Return Bond Fund	151,777,154	17.5
PH&N Private Placement Corporate Debt Fund	86,577,623	10.0
PH&N Short Term Bond & Mortgage Fund	219,082,203	25.3
RBC Commercial Mortgage Fund	18,735,335	2.2
PH&N Canadian Equity Fund	21,689,580	2.5
PH&N Canadian Equity Value Fund	21,700,038	2.5
RBC QUBE Canadian Equity Fund	21,671,587	2.5
RBC QUBE Low Volatility Canadian Equity Fund	64,838,799	7.5
PH&N U.S. Equity Fund	21,765,200	2.5
RBC QUBE Low Volatility U.S. Equity Fund (CAD)	43,620,814	5.0
RBC QUBE U.S. Equity Fund	21,761,706	2.5
PH&N Overseas Equity Fund	21,694,146	2.5
RBC International Equity Fund (CAD)	21,791,958	2.5
<b>Total Portfolio</b>	<b>866,745,559</b>	<b>100.0</b>

All fund units are Series O unless otherwise stated in the name of the fund.

## Account Performance

### Performance for ONE INVESTMENT DURHAM LONG as of September 30, 2024 (%)

	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	-	-	-	-	-	-	-	-	<b>3.30</b>

\* Performance inception date for ONE INVESTMENT DURHAM LONG is July 17, 2024.

Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

## Asset Mix

### Asset Mix for One Investment - Durham Long as of September 30, 2024 (%)

Sector Allocations	Minimum	Maximum	Target	Current Quarter	Previous Quarter
Cash	-	-	-	0.0	0.0
BlueBay Total Return Credit Fund (Canada)	13.5	16.5	15.0	15.0	0.0
PH&N Enhanced Total Return Bond Fund	16.0	19.0	17.5	17.5	0.0
PH&N Private Placement Corporate Debt Fund	9.0	11.0	10.0	10.0	0.0
PH&N Short Term Bond & Mortgage Fund	16.0	19.0	17.5	25.3	0.0
RBC Commercial Mortgage Fund	9.0	11.0	10.0	2.2	0.0
PH&N Canadian Equity Value Fund	1.5	3.5	2.5	2.5	0.0
PH&N Canadian Equity Fund	1.5	3.5	2.5	2.5	0.0
RBC QUBE Canadian Equity Fund	1.5	3.5	2.5	2.5	0.0

## Asset Mix

### Asset Mix for One Investment - Durham Long as of September 30, 2024 (%)

Sector Allocations	Minimum	Maximum	Target	Current Quarter	Previous Quarter
RBC QUBE Low Volatility Canadian Equity Fund	6.5	8.5	7.5	7.5	0.0
PH&N U.S. Equity Fund	1.5	3.5	2.5	2.5	0.0
RBC QUBE Low Volatility U.S. Equity Fund (CAD)	4.0	6.0	5.0	5.0	0.0
RBC QUBE U.S. Equity Fund	1.5	3.5	2.5	2.5	0.0
RBC International Equity Fund (CAD)	1.5	3.5	2.5	2.5	0.0
PH&N Overseas Equity Fund	1.5	3.5	2.5	2.5	0.0

Due to rounding some data may not add to 100%.

# Executive Summary - Durham Medium

## Summary of Assets

### Summary of Assets for ONE INVESTMENT DURHAM MEDIUM as of September 30, 2024

	Market Value (\$) September 30, 2024	Market Value (%)
BlueBay Total Return Credit Fund (Canada)	9,868,352	15.0
PH&N Private Placement Corporate Debt Fund	6,601,110	10.0
PH&N Short Term Bond & Mortgage Fund	27,496,236	41.8
RBC Commercial Mortgage Fund	1,947,269	3.0
PH&N Canadian Equity Fund	1,676,024	2.5
PH&N Canadian Equity Value Fund	1,682,374	2.6
RBC QUBE Canadian Equity Fund	1,692,411	2.6
RBC QUBE Low Volatility Canadian Equity Fund	5,099,940	7.7
PH&N U.S. Equity Fund	1,599,426	2.4
RBC QUBE Low Volatility U.S. Equity Fund (CAD)	3,342,728	5.1
RBC QUBE U.S. Equity Fund	1,608,403	2.4
PH&N Overseas Equity Fund	1,632,299	2.5
RBC International Equity Fund (CAD)	1,599,068	2.4
<b>Total Portfolio</b>	<b>65,845,639</b>	<b>100.0</b>

All fund units are Series O unless otherwise stated in the name of the fund.

## Account Performance

### Performance for ONE INVESTMENT DURHAM MEDIUM as of September 30, 2024 (%)

	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	-	-	-	-	-	-	-	-	<b>3.12</b>

\* Performance inception date for ONE INVESTMENT DURHAM MEDIUM is July 17, 2024.

Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

## Asset Mix

### Asset Mix for One Investment - Durham Medium as of September 30, 2024 (%)

Sector Allocations	Minimum	Maximum	Target	Current Quarter	Previous Quarter
Cash	-	-	-	0.0	0.0
BlueBay Total Return Credit Fund (Canada)	13.5	16.5	15.0	15.0	0.0
PH&N Private Placement Corporate Debt Fund	9.0	11.0	10.0	10.0	0.0
PH&N Short Term Bond & Mortgage Fund	33.0	37.0	35.0	41.8	0.0
RBC Commercial Mortgage Fund	9.0	11.0	10.0	3.0	0.0
PH&N Canadian Equity Value Fund	1.5	3.5	2.5	2.6	0.0
PH&N Canadian Equity Fund	1.5	3.5	2.5	2.6	0.0
RBC QUBE Canadian Equity Fund	1.5	3.5	2.5	2.6	0.0
RBC QUBE Low Volatility Canadian Equity Fund	6.5	8.5	7.5	7.8	0.0
PH&N U.S. Equity Fund	1.5	3.5	2.5	2.4	0.0

## Asset Mix

### Asset Mix for One Investment - Durham Medium as of September 30, 2024 (%)

Sector Allocations	Minimum	Maximum	Target	Current Quarter	Previous Quarter
RBC QUBE Low Volatility U.S. Equity Fund (CAD)	4.0	6.0	5.0	5.1	0.0
RBC QUBE U.S. Equity Fund	1.5	3.5	2.5	2.4	0.0
RBC International Equity Fund (CAD)	1.5	3.5	2.5	2.4	0.0
PH&N Overseas Equity Fund	1.5	3.5	2.5	2.5	0.0

Due to rounding some data may not add to 100%.

# Executive Summary - Durham Short

## Summary of Assets

### Summary of Assets for ONE INVESTMENT DURHAM SHORT as of September 30, 2024

	Market Value (\$) September 30, 2024	Market Value (%)
BlueBay Total Return Credit Fund (Canada)	14,727,498	15.0
PH&N Corporate Bond Trust	19,661,805	20.1
PH&N Private Placement Corporate Debt Fund	4,925,738	5.0
PH&N Short Term Bond & Mortgage Fund	52,267,155	53.4
RBC Commercial Mortgage Fund	1,445,697	1.5
RBC High Yield Bond Fund	4,894,549	5.0
<b>Total Portfolio</b>	<b>97,922,441</b>	<b>100.0</b>

All fund units are Series O unless otherwise stated in the name of the fund.

## Account Performance

### Performance for ONE INVESTMENT DURHAM SHORT as of September 30, 2024 (%)

	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	-	-	-	-	-	-	-	-	<b>2.85</b>

\* Performance inception date for ONE INVESTMENT DURHAM SHORT is July 17, 2024.

Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

## Asset Mix

### Asset Mix for One Investment - Durham Short as of September 30, 2024 (%)

Sector Allocations	Minimum	Maximum	Target	Current Quarter	Previous Quarter
Cash	-	-	-	0.0	0.0
BlueBay Total Return Credit Fund (Canada)	13.5	16.5	15.0	15.0	0.0
PH&N Corporate Bond Trust	18.5	21.5	20.0	20.1	0.0
PH&N Private Placement Corporate Debt Fund	4.0	6.0	5.0	5.0	0.0
PH&N Short Term Bond & Mortgage Fund	48.0	52.0	50.0	53.4	0.0
RBC Commercial Mortgage Fund	4.0	6.0	5.0	1.5	0.0
RBC High Yield Bond Fund	1.5	3.5	2.5	5.0	0.0
PH&N High Yield Bond Fund	1.5	3.5	2.5	0.0	0.0

Due to rounding some data may not add to 100%.

## Executive Summary - Durham In-Kind

### Summary of Assets

#### Summary of Account(s) as of September 30, 2024

	Market Value (\$) September 30, 2024
One Investment - Durham In-Kind	15,789,432
<b>Total Portfolio</b>	<b>15,789,432</b>

Total market value for segregated accounts includes accrued income.

### Account Performance

#### Performance for One Investment - Durham In-Kind as of September 30, 2024 (%)

	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	-	-	-	-	-	-	-	-	<b>6.80</b>

\* Performance inception date for One Investment - Durham In-Kind is July 17, 2024.

Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

## Executive Summary - Overall

### Summary of Assets

#### Summary of Account(s) as of September 30, 2024

	Market Value (\$) September 30, 2024
One Investment Durham Consolidated	1,046,303,075
<b>Total Portfolio</b>	<b>1,046,303,075</b>

Total market value for segregated accounts includes accrued income.

### Account Performance

#### Performance for One Investment Durham Consolidated as of September 30, 2024 (%)

	3 Mo	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	SI*
<b>Account</b>	-	-	-	-	-	-	-	-	<b>3.26</b>

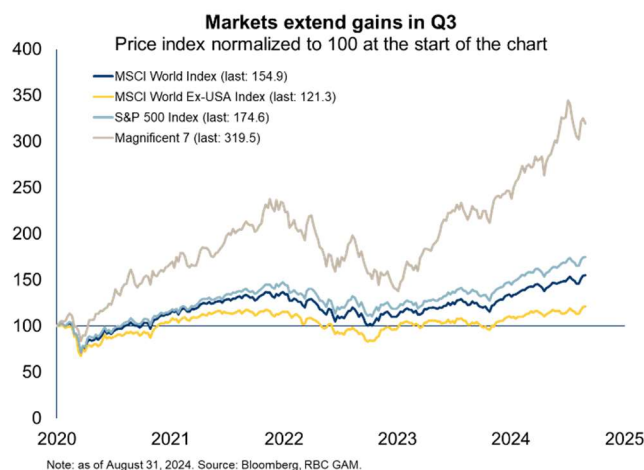
\* Performance inception date for One Investment Durham Consolidated is July 17, 2024.

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

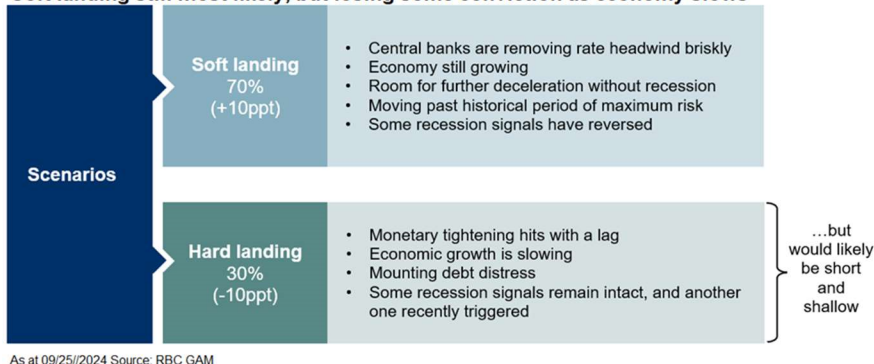
The following commentary summarizes meaningful trends and events that we've observed over the past quarter.

**Global equity markets** witnessed a roller-coaster rally in the third quarter, ending the period with strong returns despite several bouts of volatility. Weaker U.S. economic data, a rate hike from the Bank of Japan, and thin summer liquidity battered stocks in early August. However, the long-anticipated start of the U.S. Federal Reserve's rate cutting cycle in September and new stimulus in China soothed investor concerns and drove stocks higher into the end of the period.



In terms of **economic activity**, the global economy largely continued to decelerate; while a mild recession is possible given deterioration in labour markets, we think the most likely scenario is of economic expansion over our forecast horizon. Slowing economic growth, diminishing consumer-price pressures, and falling interest rates should lead to a macroeconomic environment in a few years that is more in line with historical norms. Our base case is one where developed-world economies expand at a modest pace over the next few quarters, accelerating slightly into 2025 helped by the lagged benefit of rate cuts. We expect emerging markets to follow a similar trajectory, though growth is likely to be faster in India and China. Our outlook is subject to a variety of risks, and the key sources of uncertainty include

### Soft landing still most likely, but losing some conviction as economy slows



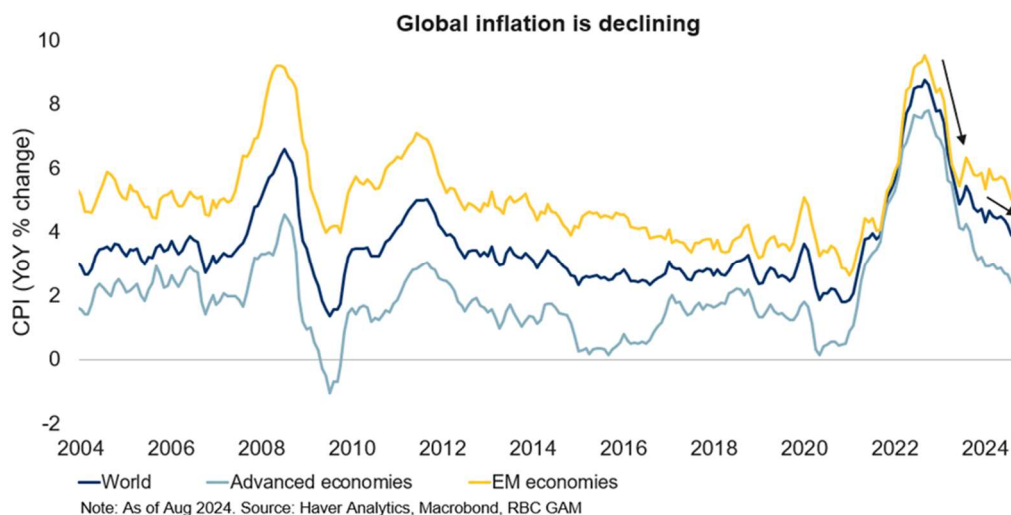
geopolitical tensions in the Middle East, Ukraine, and China, as well as the U.S. election in November.

**U.S. economic growth** remained strong, expanding at a healthy 3% annual pace from April through June versus 1.6% in the previous quarter, driven by consumer spending and investment. Despite the surge in borrowing rates, the economy kept growing and employers kept hiring. However, the job market has shown signs of weakness in recent months. From June through August, employers in the U.S. added an average of just 116,000 jobs a month, the lowest three-month average since mid-2020. The unemployment rate ticked up from a half-century low of 3.4% last year to 4.2% in August, though it

remains relatively low. The U.S. presidential election on November 5 is set to be impactful, in part due to the yawning policy divide between the two presidential platforms and in part due to the high degree of uncertainty over who will win. That said, given that neither of the two presidential candidates appears to be very focused on the large U.S. fiscal deficit, an imminent fiscal drag – whether from large tax hikes or sharp spending cuts – is unlikely. Of course, which party controls the Senate and the House of Representatives will play a large part in how much of a president's agenda may be enacted. Overall, the election remains too close to call, and its subsequent impact on the economy and markets is difficult to forecast with certainty.

The **Canadian economy** continued to disappoint, growing a mere 0.2% in July. Businesses are cautious, the unemployment rate has increased significantly, and youth unemployment is now historically high. In fact, the economy very likely would have shrunk in 2023 were it not for unprecedented immigration propping up demand. While the additional population has cushioned the blow for government and business revenues, the average Canadian is producing and earning less, and is confronted with elevated housing costs due in part to the higher population. Immigration rules are now being tightened, which should slow the rate of population growth and hopefully stabilize unemployment and restore some measure of productivity growth. The Canadian economy can probably continue to grow over the next six quarters given that declining interest rates are providing relief in a country with especially high levels of household debt.

**Inflation** continued its gradual descent toward normality and is becoming less of a concern. U.S. headline consumer-price inflation fell to 2.5% in August from a high of 9.1% in mid-2022, and a variety of other inflation measures have also eased meaningfully. Moreover, key inflation drivers provide encouraging signals about the future. The U.S. economy is no longer overheating, wage growth continues to slow, and corporations are less inclined to raise prices. Inflation expectations remain well anchored as a result. Shelter inflation, which measures the cost of housing, remains among the more elevated inflation



components, but it too is gradually diminishing. As such, we forecast a further gradual deceleration in inflation, with figures that look increasingly normal in 2025. The risks to this base-case inflation forecast revolve primarily around scenarios in which the economy is stronger or weaker than anticipated, with the

result that inflation might deviate moderately in the same direction. A more acute if temporary risk is the possibility of an upward inflation shock, likely via the price of oil, in the event of an escalation of geopolitical turmoil.

With interest rates starting from elevated levels and inflation falling toward 2%, rate cuts are now justified to provide relief for consumers and businesses. Many of the world’s major **central banks** have already started lowering rates, including the European Central Bank, the Bank of Canada, and the Bank of England. The U.S. Federal Reserve, which had been sitting on sidelines for the longest, also undertook its first rate cut in four years, slashing its benchmark interest rate by an unusually large half-point in September. While central banks may not manage to lower rates all the way back to neutral over our one-year forecast horizon, significant progress in that direction is likely. The actual magnitude and speed of easing will ultimately depend on the economy’s trajectory.

**Global equity markets** rallied across geographies over the three-month period. The MSCI World Net Index performed well during the third quarter, finishing the period with a return of 5.0% on the back of increasing odds of a soft landing, progress in the fight against inflation, and the Fed’s long-awaited reduction in interest rates. Notably, the quarter showed signs of “broadening out” of returns, with the beginning of a rotation out of technology stocks into market segments that had fallen by the wayside. As tech stocks struggled, other segments of the market came to the fore in the third quarter, including small-cap stocks.

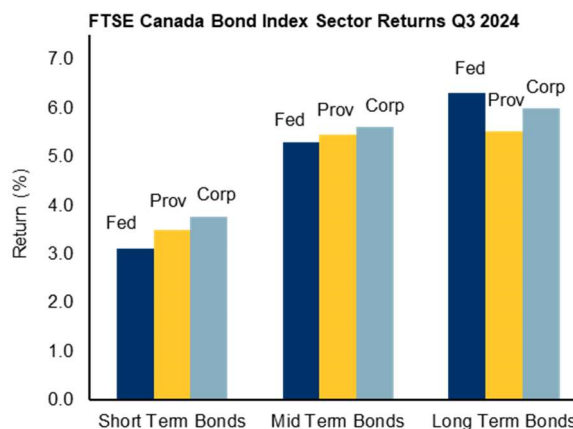
Equity Indices Performance Comparison as of September 30, 2024 (%)		
	3 Mo	1 Yr
S&P/TSX Composite Index (C\$)	10.54%	26.73%
S&P 500 Index (C\$)	4.68%	35.77%
MSCI World Net Index (C\$)	5.01%	32.32%
MSCI EAFE Net Index (C\$)	5.90%	24.67%
MSCI Emerging Markets Net Index (C\$)	7.34%	25.95%

Source: RBC GAM

The **Canadian equity market** performed strongly in the third quarter and outperformed the U.S., with the S&P/TSX Composite Index returning 10.5% over the period. The performance was driven by the Financials, Information Technology, and Materials sectors; Energy and Industrials were among the weakest-performing sectors. The case for equities to extend their gains will likely require further monetary easing and the avoidance of a hard landing.

In **emerging markets** (EM), the MSCI Emerging Markets Net Index posted positive returns during the three-month period ending September. Having treaded water for much of the quarter, Asian stocks rallied strongly toward the end of September after Chinese policymakers announced a raft of new stimulus measures. Outside China, we expect GDP for emerging market economies to improve heading into year-end and in 2025, particularly in Taiwan and India, driven by steady domestic demand and the benefits for Asian exporters from solid global demand for consumer goods.

**Global fixed income markets** saw strong performance during the third quarter, buoyed by the growing likelihood of lower rates. In terms of the **Canadian fixed income market**, returns were positive at 4.7%, while the yield of the FTSE Canada Universe Bond Index ended the third quarter at 3.5%, down 0.6% from where it began the quarter. Yields remained volatile over the quarter, with 14 days where the yield of the index changed by more than 5 bps (one standard deviation event). Yields ultimately ended the quarter lower, largely a result of persistent softening in economic data and the bond market's expectation of further policy rate cuts. Following its first cut in early June, the BoC further lowered its policy rate by 0.25% at each of its subsequent two meetings during the third quarter, with the policy rate now at 4.25%.



Looking ahead, the bond market continues to price meaningfully lower short-term yields over the next 12 months in conjunction with expectations for further policy rate cuts, while long-term yields are expected to remain relatively unchanged, near 3% for Government of Canada bonds. We observe that yield volatility exhibits some relationship with policy rate moves and the market's expectations of those moves, and we also recognize that downside risks to the "soft-landing" scenario remain a possibility. As such, we expect volatility in yields to remain a theme in the short term and we will continue to look for opportunities to be tactical while remaining prudent in our interest rate positioning.

## RBC GAM ESG Spotlight: Modern Slavery

There is a growing recognition of the business risks related to modern slavery within a company's operations and supply chains, as well as increasing regulatory expectations. As a result, this important issue is increasingly front of mind for many companies and investors.

Modern slavery generally refers to situations of forced labour or child labour. It is both a human rights and employee rights issue, and occurs when a person faces a situation of exploitation and cannot refuse or leave due to threats, violence, coercion, deception, and/or abuse of power.<sup>1</sup> According to the Global Slavery Index, in 2021 an estimated 50 million people were living in modern slavery on any given day, which is an increase of 10 million people since 2016.<sup>2</sup> In addition to the moral and ethical issues associated with modern slavery, we believe companies also face business risks. These can include reputational risks (e.g., boycotts, protests, or customer backlash), legal risks (e.g., fines, criminal charges, and litigation, depending on jurisdiction), financial risks (e.g., increased operating costs, decreased productivity, higher cost of capital, loss of market share), and/or supply chain risks (e.g., disruption in the flow of goods and services, lack of efficiency, and performance of supply chains).

The United Nations (UN) established the UN Guiding Principles on Business and Human Rights (UNGPs) in 2011 to set common human rights expectations for governments and corporations. While the UNGPs are not binding, since their establishment, various countries have put in place legislation that requires companies of a certain size to prepare and publish an annual statement outlining the actions they are taking to address modern slavery in their operations and/or supply chains. Canada is one of the most recent countries to put in place its own act to address modern slavery in supply chains (the Act), which was passed in 2023 and came into force as of January 2024. Corporate entities covered by the Act must publish and submit to the government a report regarding modern slavery risks and mitigating actions by May 31, 2024, and annually thereafter. Unlike in some other jurisdictions, failure to comply with this Act comes with a fine of up to \$250,000 per offence and may lead to personal liability for board members.<sup>3</sup>

While most of the regulatory actions for corporations focus on transparency and disclosure, we believe that these statements in and of themselves are not sufficient to address modern slavery. They can, however, provide investors and others with insights on the policies and practices companies have in place to identify and address the risks of modern slavery in their operations and/or supply chains. They can also serve to inform engagement with companies on these issues. While often thought to be more prevalent in developing nations, modern slavery occurs in every country in the world and many cases in low-income countries are in fact linked directly to demand from higher-income countries. Some of the products imported from developing countries that are most at risk of using modern slavery are electronics, garments, palm oil, solar panels, and textiles.<sup>4</sup>

<sup>1</sup> International Labour Office, Global Estimates of Modern Slavery, page 9.  
[https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms\\_575479.pdf](https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@dgreports/@dcomm/documents/publication/wcms_575479.pdf)

<sup>2</sup> Walk Free, Global Slavery Index. <https://www.walkfree.org/global-slavery-index/>

<sup>3</sup> Government of Canada, Fighting Against Forced Labour and Child Labour in Supply Chains Act.  
<https://laws.justice.gc.ca/eng/acts/F-10.6/>

<sup>4</sup> Walk Free, Global Slavery Index. <https://www.walkfree.org/global-slavery-index/>

For Canadian investors, improving transparency and disclosure on policies, practices, and actions related to modern slavery and supply chain risks is welcomed. As companies continue to expand reporting on these issues, it will be important to assess the depth and quality of such reporting in order to identify best practices and to engage with companies where gaps are identified. Ultimately, addressing modern slavery in supply chains will require concerted and coordinated efforts by governments and private sectors, which must go beyond disclosures.

### **What is RBC GAM<sup>5</sup> doing?**

As described in the Royal Bank of Canada's (RBC) Approach to Human Rights, RBC and its subsidiaries, including RBC GAM, are committed to respecting human rights, and taking actions to meet businesses' responsibilities to respect human rights, as set out in the UNGPs. As part of this commitment, RBC has a focus on those rights set out in the Universal Declaration on Human Rights; the International Covenant on Civil and Political Rights; the International Covenant on Economic, Social, and Cultural Rights; the International Labour Organization's Declaration on Fundamental Principles and Rights at Work; and the United Nations Declaration on the Rights of Indigenous Peoples. In addition, RBC has published an annual Modern Slavery Act Statement since 2016, and does not tolerate slavery or human trafficking in its organization or in those of its suppliers and sub-contractors.

At RBC GAM, investment teams consider material ESG factors<sup>6</sup> when making investment-related decisions within the portfolios that they manage, for applicable types of investments.<sup>7</sup> Material ESG factors may include human rights, employee relations and working conditions, discrimination, modern slavery, and/or supply chain risks. The extent to which an ESG factor is considered material depends on the issuer, the industries and geographies in which it operates, and the nature of the investment vehicle for which it is purchased. As active stewards of our clients' capital, our investment teams may engage with issuers on topics that they deem to be material to their investments<sup>8</sup>. Through proxy voting, we generally support shareholder proposals that call on companies to respect internationally recognized human rights and comply with relevant international agreements regarding the protection of those rights. For example, we will generally support shareholder proposals that call on companies to disclose their practices, policies, and oversight for assessing, preventing, and mitigating human rights risks. This includes within the company's investments, operations, and/or its activities in countries with historical or current evidence of labour and human rights abuses.

<sup>5</sup> References to RBC Global Asset Management (RBC GAM) include the following affiliates: RBC Global Asset Management Inc. (including PH&N Institutional), RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of the Royal Bank of Canada (RBC).

<sup>6</sup> Material ESG factors refer to ESG factors that in our judgment are most likely to have an impact on the financial performance of an issuer/security and may depend on different factors such as the sector and industry of the issuer.

<sup>7</sup> Certain fund products do not integrate ESG factors, including but not limited to money market funds, index funds and certain third-party sub-advised funds.

<sup>8</sup> In some instances involving certain fixed income investments, quantitative investment, buy- and maintain, passive and certain third-party sub-advised strategies, there is no engagement with issuers by RBC GAM.

## Third quarter engagements

### *Corporate culture, community, and labour relations*

- The PH&N Canadian Equity team recently engaged with a Canadian recreational products manufacturer. The team toured a Quebec-based plant and were impressed with the company's focus on its community relations and employee culture. The company serves as an important employer and investor to the local community. It has invested in building the town's ice rink, recreation center, library, and golf course. Furthermore, the company has a strong employee culture and relationship with its employees. Employees elect a committee, which represents them in discussions with management. Such goodwill has resulted in excellent labour relations and has afforded the company great flexibility to quickly make changes when required. The company has also achieved a less than 1% turnover rate in its employee base. Overall, the visit raised the team's conviction in the company's ability to attract and retain talent, maintain high production standards due to its highly experienced workforce, and quickly make the necessary labour changes when required.

### *Board approach to governance and executive compensation*

- The RBC North American Equity team engaged with a Canadian factory automation systems company to discuss the board's approach to governance. The team inquired about the future growth and direction of the business, as well as how the board would support the CEO if the direction of the business changed, given the potential for the business to increase in complexity. The board stated it is confident in management quality and their framework for building the business. The board has also created a strategic opportunities committee to support management with inorganic growth.

Compensation was also discussed, with a focus on long-term total compensation and the importance of attracting a strong CEO. ESG is being addressed by the company through a sustainability committee and governance committee, while health and safety appears to be a top priority. Environmental disclosures are improving and continue to look towards reducing greenhouse gas emissions. Additionally, these factors are assessed when considering potential acquisition targets. Overall, the investment team is satisfied with the company's performance and will continue to monitor its progress on these items moving forward.

### *Emissions reduction progress, water scarcity, and gender diversity*

- The RBC Emerging Markets Equity team<sup>9</sup> met with the CEO of a South American mining company and engaged on various ESG topics. Notably, on climate change, the company recently updated its environmental targets to include a 50% reduction in Scope 1 and 2 emissions by 2035 and a 10% reduction in Scope 3 emissions by 2030. The country in which the company has its operations has a commitment to be net-zero by 2050. The company is currently following this target but will continue to look to improve where possible.

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<sup>9</sup> Employees of RBC Global Asset Management (UK) Limited.

In terms of water scarcity, which is a key risk in the country of operation and the copper mining industry more broadly, currently 65% of the water used in the company's mines is sea water. This is set to increase to 90% once the expansion of a specific mine is completed by 2027. With respect to gender diversity, the company has made substantial progress in recent years. In 2018, only 8% of its workforce was made up of women. This has increased to approximately 25% currently, with a longer-term target of 30%. The team is pleased to see the company continuing to drive progress in various ESG areas and consider the copper miner an industry leader in terms of ESG.

### *Consultation on biodiversity measurement framework*

- In September, the BlueBay Fixed Income team<sup>10</sup> consulted with a Danish renewable energy company on the issuer's Biodiversity Measurement Framework. The framework was created to enable the implementation of its goal of net positive biodiversity impacts by 2030. The framework has been informed by both internal and external stakeholders, including the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD). While there will be additional costs to implementing the framework, the company believes they will not be material and that these efforts could reduce the risk of project failure, support the maintenance of its social license to operate, and create a potential competitive advantage in the tendering process.

It was evident the company is taking a thoughtful approach, and its balancing of top-down and bottom-up practices of both subject matter and operational practices should position the company to succeed in its goals. The team had already grown more confident in its investment earlier this year, ahead of the company's revised strategy announcement in February. Following its recent engagement, the investment team remained comfortable with its exposure to the company across some of its investment grade corporate bond strategies.

### *Environmental targets*

- The RBC European Equity team<sup>11</sup> recently met with a UK home appliances and products company to help ensure sustainability measures remain a priority for the company. The company explained that it is ahead of its zero-waste-to-landfill goals in its manufacturing and logistics operations, as well as across its 800 depots. Additionally, the company is on its way to achieving net-zero in its manufacturing. The company recognizes most emissions come from the upstream of their supply chain, and is working with high-quality suppliers. The company also holds conferences with its suppliers each year to discuss emissions reduction plans. The depot managers also push for lower emissions as they realize clients are seeking progress on such initiatives.

Overall, the team is comfortable with the improvements the company is making in their net-zero targets and it's clear these efforts are part of the reason it is a best-in-class operator in the UK.

<sup>10</sup> Employees of RBC Global Asset Management (UK) Limited and RBC Global Asset Management (U.S.) Inc.

<sup>11</sup> Employees of RBC Global Asset Management (UK) Limited

### *Indigenous communities' participation in energy-related infrastructure projects*

- The PH&N Fixed Income team recently held a call with various members of the Indigenous Community Relations group at a North American energy company. The goal was to understand the various challenges and opportunities for Indigenous communities when it comes to owning energy-related infrastructure. The team also wanted to hear more about notable areas of concern, common questions, and points of hesitation for Indigenous communities as they consider participation in these types of transactions. The team learned about the economic benefits these opportunities can provide for Indigenous communities, as well as typical points of hesitation with regards to pipeline asset ownership.

They were pleased to hear about the company's efforts to address a variety of topics brought by communities during a transaction process. For example, many communities were uncertain regarding what a project participation could mean for their current and future land rights. The team plans to continue engaging with the company to hear more about their Indigenous relations and hands-on experience as these transactions close and are implemented. Finally, the team encouraged the company to disclose quantifiable economic outcomes reported by these communities as part of their project participation.

### *Plastic waste & health care access and affordability*

- The RBC Global Equity team<sup>12</sup> led a collaborative engagement with the Head of Sustainability at a Danish health care company. They engaged on several key issues including how the company is furthering its commitment on its use of plastic waste, and access & affordability of its products.

On plastic, the company is working to use less and fewer types of plastic, and reusable devices as well as less frequent devices, to minimize waste. The company highlighted this multi-pronged waste management strategy only works if there is a cross-industry solution. As such, it is working with governments as well as other companies to scale innovation and change policy to better enable change.

The team also engaged on drug pricing. Ensuring access and affordability of drugs, especially to vulnerable patients, is crucial for the company to maintain its social license to operate. However, this is often more difficult for specific countries where there are supply chain and cold chain issues. The company has developed drugs such as thermal insulin, which do not need a cold chain, enabling greater access to those in need. The team will continue to engage with the company on these issues.

### *Environmental impact and corporate governance*

- The RBC Asian Equity team<sup>13</sup> recently met with a Japanese real estate developer and operator to discuss key ESG issues, namely their environmental footprint and corporate governance. On the environmental front, the company has reduced Scope 1 and 2 emissions by 53% compared to fiscal 2019, and has a target to achieve a 70% reduction by 2030. The company has a target to reduce

<sup>12</sup> Employees of RBC Global Asset Management (UK) Limited.

<sup>13</sup> Employees of RBC Global Asset Management (Asia) Limited.

Scope 3 emissions by 50% by 2030 and has achieved a 42% reduction. The company also aims to achieve a waste recycling rate of 90% by 2030 and currently stands at 60%.

On the corporate governance front, the company has increased its ratio of independent non-executive directors to 50% and plans to increase this further. The company also plans to increase the number of women directors, currently at 14%. The composition of the board of directors has become more diverse, with more outside directors, more women directors, and more directors from various backgrounds. The company also outlined their plan to reduce strategic shareholdings in other Japanese companies and return capital to investors.

Transactions

July 1, 2024 - September 30, 2024

Account Name	One Investment - Durham In-Kind	Portfolio Manager	Paul Purcell
Account Number	ML101	Contact Number	(416)-974-7698
Custodian / Nominee	RBC Investor & Treasury Services		
Custodian Account	234452002		

TRADE DATE	TRAN TYPE	SECURITY			# SHARES OR PAR VALUE	UNIT PRICE (\$)	ACCRUED INTEREST (\$)	NET AMOUNT (\$)
DATE DE TRANSACTION	TYPE DE TRANSACTION	TITRE			NOMBRE D' ACTIONS OU VALEUR NOMINALE	PRIX UNITAIRE (\$)	INTÉRÊTS COURUS (\$)	MONTANT NET (\$)
CASH								
Canadian Dollar								
Contribution								
07/16/2024	CONTRIBUTI	Canadian Dollar			199,200,000	1.000	0.00	199,200,000.00
Income								
08/01/2024	INCOME	Canadian Dollar			42	1.000	0.00	42.35
Withdrawal								
07/18/2024	WITHDRAWA	Canadian Dollar			1,300	1.000	0.00	1,300.00
07/18/2024	WITHDRAWA	Canadian Dollar			870	1.000	0.00	870.00
07/18/2024	WITHDRAWA	Canadian Dollar			4,670	1.000	0.00	4,670.00
08/01/2024	WITHDRAWA	Canadian Dollar			8	1.000	0.00	8.06
08/01/2024	WITHDRAWA	Canadian Dollar			5	1.000	0.00	5.40
08/01/2024	WITHDRAWA	Canadian Dollar			29	1.000	0.00	28.89
								6,882.35
SHORT TERM NOTES								
Canadian Dollar								
Buy								
07/16/2024	BUY	Government of Canada T-Bill Aug 01, 2024			49,200,000	99.797	0.00	49,100,124.00
07/16/2024	BUY	Government of Canada T-Bill Aug 01, 2024			50,000,000	99.797	0.00	49,898,500.00
07/16/2024	BUY	Government of Canada T-Bill Aug 01, 2024			50,000,000	99.796	0.00	49,898,000.00
07/16/2024	BUY	Government of Canada T-Bill Aug 01, 2024			50,000,000	99.796	0.00	49,898,000.00
07/17/2024	BUY	Government of Canada T-Bill Aug 15, 2024			400,000	99.634	0.00	398,536.00
								199,193,160.00
Withdrawal In Kind								
07/17/2024	WITHDRAWA	Government of Canada T-Bill Aug 01, 2024			199,200,000	99.796	0.00	198,794,624.00
07/17/2024	WITHDRAWA	Government of Canada T-Bill Aug 15, 2024			400,000	99.634	0.00	398,536.00
								199,193,160.00
BONDS								
Canadian Dollar								
Contribution In Kind								
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.150	OCT 16 29	1,538,000	113.102	0.00	1,739,510.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.200	OCT 16 30	1,602,000	113.067	0.00	1,811,334.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.250	OCT 16 31	1,669,000	92.047	0.00	1,536,260.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.300	OCT 16 32	1,740,000	86.082	0.00	1,497,819.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.300	OCT 16 33	1,814,000	86.208	0.00	1,563,810.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.700	JUL 05 38	1,500,000	109.683	0.00	1,645,251.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.700	JUL 05 39	1,571,000	109.671	0.00	1,722,939.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.750	JUL 05 40	1,647,000	97.139	0.00	1,599,885.00
07/29/2024	CONTRIBUTI	Corp of The Regional Municipality of Durham	4.750	JUL 05 41	1,726,000	96.601	0.00	1,667,334.00
								14,784,142.00

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### 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 Short Term Bond &amp; Mortgage Fund - O</b>						
	Opening Balance		9.6031			0.00
Jul-16-24	Purchase <i>Purchase</i>	31,259,250.00	9.6787	3,229,695.104	3,229,695.104	
Jul-19-24	Purchase <i>Purchase</i>	4,670.00	9.6700	482.937	3,230,178.041	
Jul-23-24	Purchase <i>Purchase</i>	31,259,250.00	9.6789	3,229,628.367	6,459,806.408	
Jul-24-24	Purchase <i>Purchase</i>	9,162.78	9.6914	945.455	6,460,751.863	
Jul-30-24	Purchase <i>Purchase</i>	31,259,250.00	9.7330	3,211,676.770	9,672,428.633	
Jul-31-24	Purchase <i>Purchase</i>	172,544.40	9.7493	17,698.132	9,690,126.765	
Aug-01-24	Purchase <i>Purchase</i>	56,144.87	9.7709	5,746.131	9,695,872.896	
Sep-11-24	Purchase <i>Purchase</i>	61,650,600.00	9.8882	6,234,764.669	15,930,637.565	
Sep-11-24	Purchase <i>Purchase</i>	3,162,500.00	9.8882	319,825.651	16,250,463.216	
Sep-12-24	Purchase <i>Purchase</i>	4,826,223.07	9.8929	487,847.150	16,738,310.366	
Sep-19-24	Purchase <i>Purchase</i>	35,899,939.00	9.9166	3,620,186.253	20,358,496.619	
Sep-26-24	Purchase <i>Purchase</i>	16,880,200.00	9.9080	1,703,693.985	22,062,190.604	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	1,800,274.75	9.8473	182,819.123	22,245,009.727	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### 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		9.8486		22,245,009.727	219,082,202.80
<b>PH&amp;N Enhanced Total Return Bond Fund - O</b>						
	Opening Balance		8.6571			0.00
Jul-16-24	Purchase <i>Purchase</i>	19,892,250.00	8.7540	2,272,361.206	2,272,361.206	
Jul-23-24	Purchase <i>Purchase</i>	19,892,250.00	8.7321	2,278,060.260	4,550,421.466	
Jul-30-24	Purchase <i>Purchase</i>	19,892,250.00	8.8256	2,253,926.079	6,804,347.545	
Sep-11-24	Purchase <i>Purchase</i>	38,593,500.00	9.0512	4,263,909.758	11,068,257.303	
Sep-11-24	Purchase <i>Purchase</i>	2,012,500.00	9.0512	222,346.208	11,290,603.511	
Sep-12-24	Purchase <i>Purchase</i>	3,133,500.00	9.0573	345,964.029	11,636,567.540	
Sep-19-24	Purchase <i>Purchase</i>	23,073,500.00	9.0564	2,547,756.283	14,184,323.823	
Sep-26-24	Purchase <i>Purchase</i>	23,071,400.00	9.0195	2,557,946.671	16,742,270.494	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	1,511,827.03	8.9746	168,456.202	16,910,726.696	
	Closing Balance		8.9752		16,910,726.696	151,777,154.24
<b>BlueBay Total Return Credit Fund (Canada) - O</b>						
	Opening Balance		8.7465			0.00
Jul-16-24	Purchase <i>Purchase</i>	51,151,500.00	8.8903	5,753,630.361	5,753,630.361	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Sep-11-24	Purchase <i>Purchase</i>	34,013,100.00	9.0227	3,769,725.249	9,523,355.610	
Sep-11-24	Purchase <i>Purchase</i>	1,725,000.00	9.0227	191,184.457	9,714,540.067	
Sep-12-24	Purchase <i>Purchase</i>	2,628,900.00	9.0403	290,797.872	10,005,337.939	
Sep-19-24	Purchase <i>Purchase</i>	18,922,100.00	9.1409	2,070,047.807	12,075,385.746	
Sep-26-24	Purchase <i>Purchase</i>	19,269,800.00	9.1444	2,107,278.772	14,182,664.518	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	1,887,712.65	9.0290	209,072.173	14,391,736.691	
	Closing Balance		9.0357		14,391,736.691	130,039,415.22
<b>PH&amp;N Private Placement Corporate Debt Fund - O</b>						
	Opening Balance		9.1059			0.00
Jul-16-24	Purchase <i>Purchase</i>	11,367,000.00	9.2246	1,232,248.553	1,232,248.553	
Jul-23-24	Purchase <i>Purchase</i>	11,367,000.00	9.2094	1,234,282.364	2,466,530.917	
Jul-30-24	Purchase <i>Purchase</i>	11,367,000.00	9.3184	1,219,844.609	3,686,375.526	
Sep-11-24	Purchase <i>Purchase</i>	21,982,100.00	9.5672	2,297,652.396	5,984,027.922	
Sep-11-24	Purchase <i>Purchase</i>	1,150,000.00	9.5672	120,202.358	6,104,230.280	
Sep-12-24	Purchase <i>Purchase</i>	1,786,500.00	9.5736	186,606.919	6,290,837.199	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Sep-19-24	Purchase <i>Purchase</i>	13,155,500.00	9.5756	1,373,856.469	7,664,693.668	
Sep-26-24	Purchase <i>Purchase</i>	13,163,000.00	9.5413	1,379,581.399	9,044,275.067	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	865,537.12	9.4926	91,180.195	9,135,455.262	
	Closing Balance		9.4771		9,135,455.262	86,577,623.06
<b>RBC Commercial Mortgage Fund - O</b>						
	Opening Balance		10.0201			0.00
Sep-27-24	Purchase <i>Purchase</i>	18,728,900.00	10.1864	1,838,618.158	1,838,618.158	
	Closing Balance		10.1899		1,838,618.158	18,735,335.17
<b>RBC QUBE Low Volatility Canadian Equity Fund - O</b>						
	Opening Balance		17.6929			0.00
Jul-16-24	Purchase <i>Purchase</i>	25,575,750.00	18.4420	1,386,820.844	1,386,820.844	
Sep-11-24	Purchase <i>Purchase</i>	16,426,300.00	19.2726	852,313.647	2,239,134.491	
Sep-11-24	Purchase <i>Purchase</i>	862,500.00	19.2726	44,752.654	2,283,887.145	
Sep-12-24	Purchase <i>Purchase</i>	1,123,700.00	19.4941	57,643.082	2,341,530.227	
Sep-19-24	Purchase <i>Purchase</i>	9,553,900.00	19.4981	489,991.332	2,831,521.559	
Sep-26-24	Purchase <i>Purchase</i>	9,191,000.00	19.6949	466,669.036	3,298,190.595	
	Closing Balance		19.6589		3,298,190.595	64,838,799.09

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### 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 Equity Value Fund - O</b>						
	Opening Balance		19.4646			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	20.4004	417,896.218	417,896.218	
Sep-11-24	Purchase <i>Purchase</i>	5,706,000.00	20.7915	274,439.074	692,335.292	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	20.7915	13,827.766	706,163.058	
Sep-12-24	Purchase <i>Purchase</i>	364,500.00	20.9951	17,361.194	723,524.252	
Sep-19-24	Purchase <i>Purchase</i>	3,053,600.00	21.3636	142,934.711	866,458.963	
Sep-26-24	Purchase <i>Purchase</i>	3,048,800.00	21.4937	141,846.215	1,008,305.178	
	Closing Balance		21.5213		1,008,305.178	21,700,038.23
<b>PH&amp;N Canadian Equity Fund - O</b>						
	Opening Balance		118.9002			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	124.9127	68,249.666	68,249.666	
Sep-11-24	Purchase <i>Purchase</i>	5,756,500.00	126.6547	45,450.346	113,700.012	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	126.6547	2,269.951	115,969.963	
Sep-12-24	Purchase <i>Purchase</i>	358,600.00	128.0586	2,800.280	118,770.243	
Sep-19-24	Purchase <i>Purchase</i>	3,048,500.00	130.4997	23,360.207	142,130.450	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Sep-26-24	Purchase <i>Purchase</i>	3,028,400.00	131.1713	23,087.367	165,217.817	
	Closing Balance		131.2787		165,217.817	21,689,580.23
<b>RBC QUBE Canadian Equity Fund - O</b>						
	Opening Balance		13.2783			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	13.8604	615,079.651	615,079.651	
Sep-11-24	Purchase <i>Purchase</i>	5,714,000.00	14.1382	404,153.287	1,019,232.938	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	14.1382	20,334.979	1,039,567.917	
Sep-12-24	Purchase <i>Purchase</i>	349,100.00	14.2996	24,413.270	1,063,981.187	
Sep-19-24	Purchase <i>Purchase</i>	3,023,000.00	14.5803	207,334.554	1,271,315.741	
Sep-26-24	Purchase <i>Purchase</i>	2,974,539.00	14.7240	202,019.764	1,473,335.505	
	Closing Balance		14.7092		1,473,335.505	21,671,586.61
<b>RBC QUBE Low Volatility U.S. Equity Fund (CAD) - O</b>						
	Opening Balance		29.4787			0.00
Jul-16-24	Purchase <i>Purchase</i>	17,050,500.00	30.3135	562,472.166	562,472.166	
Sep-11-24	Purchase <i>Purchase</i>	10,852,500.00	31.4082	345,530.785	908,002.951	
Sep-11-24	Purchase <i>Purchase</i>	575,000.00	31.4082	18,307.321	926,310.272	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Sep-12-24	Purchase <i>Purchase</i>	999,700.00	31.5574	31,678.782	957,989.054	
Sep-19-24	Purchase <i>Purchase</i>	6,301,600.00	31.6604	199,037.283	1,157,026.337	
Sep-26-24	Purchase <i>Purchase</i>	6,786,200.00	31.4174	216,001.324	1,373,027.661	
	Closing Balance		31.7698		1,373,027.661	43,620,814.18
<b>PH&amp;N U.S. Equity Fund - O</b>						
	Opening Balance		160.3540			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	165.5994	51,481.165	51,481.165	
Sep-11-24	Purchase <i>Purchase</i>	6,094,600.00	161.1934	37,809.240	89,290.405	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	161.1934	1,783.572	91,073.977	
Sep-12-24	Purchase <i>Purchase</i>	366,200.00	162.3418	2,255.735	93,329.712	
Sep-19-24	Purchase <i>Purchase</i>	3,099,000.00	165.1825	18,761.067	112,090.779	
Sep-26-24	Purchase <i>Purchase</i>	3,131,700.00	165.1934	18,957.779	131,048.558	
	Closing Balance		166.0850		131,048.558	21,765,199.76
<b>RBC QUBE U.S. Equity Fund - O</b>						
	Opening Balance		23.5505			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	24.3429	350,215.052	350,215.052	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Sep-11-24	Purchase <i>Purchase</i>	6,114,500.00	23.6658	258,368.616	608,583.668	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	23.6658	12,148.332	620,732.000	
Sep-12-24	Purchase <i>Purchase</i>	356,600.00	23.8604	14,945.265	635,677.265	
Sep-19-24	Purchase <i>Purchase</i>	3,056,600.00	24.3675	125,437.571	761,114.836	
Sep-26-24	Purchase <i>Purchase</i>	3,058,800.00	24.4192	125,262.089	886,376.925	
	Closing Balance		24.5513		886,376.925	21,761,705.80
<b>RBC International Equity Fund (CAD) - O</b>						
	Opening Balance		31.7489			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	33.0537	257,921.201	257,921.201	
Sep-11-24	Purchase <i>Purchase</i>	6,111,000.00	32.0021	190,956.218	448,877.419	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	32.0021	8,983.785	457,861.204	
Sep-12-24	Purchase <i>Purchase</i>	394,200.00	32.3296	12,193.160	470,054.364	
Sep-19-24	Purchase <i>Purchase</i>	3,155,800.00	33.0448	95,500.654	565,555.018	
Sep-26-24	Purchase <i>Purchase</i>	3,082,800.00	33.5254	91,954.160	657,509.178	
	Closing Balance		33.1432		657,509.178	21,791,958.19
<b>PH&amp;N Overseas Equity Fund - O</b>						

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

### 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		19.5173			0.00
Jul-16-24	Purchase <i>Purchase</i>	8,525,250.00	20.3778	418,359.686	418,359.686	
Sep-11-24	Purchase <i>Purchase</i>	5,985,300.00	20.0903	297,919.892	716,279.578	
Sep-11-24	Purchase <i>Purchase</i>	287,500.00	20.0903	14,310.389	730,589.967	
Sep-12-24	Purchase <i>Purchase</i>	368,900.00	20.3456	18,131.684	748,721.651	
Sep-19-24	Purchase <i>Purchase</i>	3,088,900.00	20.7870	148,597.681	897,319.332	
Sep-26-24	Purchase <i>Purchase</i>	3,016,400.00	21.1250	142,788.166	1,040,107.498	
	Closing Balance		20.8576		1,040,107.498	21,694,146.15

All transaction values are reported in Canadian dollars.

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. is acting as agent in these transactions. Listed above, your Portfolio Manager is acting as the dealing representative in these transactions.

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM MEDIUM
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804561
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452004

### 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 Short Term Bond &amp; Mortgage Fund - O</b>						
	Opening Balance		9.6031			0.00
Jul-16-24	Purchase <i>Purchase</i>	9,568,500.00	9.6787	988,614.173	988,614.173	
Jul-19-24	Purchase <i>Purchase</i>	870.00	9.6700	89.969	988,704.142	
Jul-23-24	Purchase <i>Purchase</i>	9,568,500.00	9.6789	988,593.745	1,977,297.887	
Jul-24-24	Purchase <i>Purchase</i>	8,685.97	9.6914	896.255	1,978,194.142	
Jul-30-24	Purchase <i>Purchase</i>	9,568,500.00	9.7330	983,098.736	2,961,292.878	
Jul-31-24	Purchase <i>Purchase</i>	25,679.19	9.7493	2,633.952	2,963,926.830	
Aug-01-24	Purchase <i>Purchase</i>	10,503.23	9.7709	1,074.950	2,965,001.780	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	241,944.15	9.8473	24,569.593	2,989,571.373	
Sep-27-24	Redemption <i>Redemption</i>	-1,946,600.00	9.8473	-197,678.551	2,791,892.822	
	Closing Balance		9.8486		2,791,892.822	27,496,235.65
<b>BlueBay Total Return Credit Fund (Canada) - O</b>						
	Opening Balance		8.7465			0.00
Jul-16-24	Purchase <i>Purchase</i>	9,568,500.00	8.8903	1,076,285.390	1,076,285.390	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	143,253.59	9.0290	15,865.942	1,092,151.332	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM MEDIUM
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804561
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452004

### 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		9.0357		1,092,151.332	9,868,351.79
<b>PH&amp;N Private Placement Corporate Debt Fund - O</b>						
	Opening Balance		9.1059			0.00
Jul-16-24	Purchase <i>Purchase</i>	2,126,333.33	9.2246	230,506.833	230,506.833	
Jul-23-24	Purchase <i>Purchase</i>	2,126,333.33	9.2094	230,887.281	461,394.114	
Jul-30-24	Purchase <i>Purchase</i>	2,126,333.33	9.3184	228,186.527	689,580.641	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	65,992.87	9.4926	6,952.033	696,532.674	
	Closing Balance		9.4771		696,532.674	6,601,109.80
<b>RBC Commercial Mortgage Fund - O</b>						
	Opening Balance		10.0201			0.00
Sep-27-24	Purchase <i>Purchase</i>	1,946,600.00	10.1864	191,097.935	191,097.935	
	Closing Balance		10.1899		191,097.935	1,947,268.85
<b>RBC QUBE Low Volatility Canadian Equity Fund - O</b>						
	Opening Balance		17.6929			0.00
Jul-16-24	Purchase <i>Purchase</i>	4,784,250.00	18.4420	259,421.429	259,421.429	
	Closing Balance		19.6589		259,421.429	5,099,939.93
<b>RBC QUBE Canadian Equity Fund - O</b>						
	Opening Balance		13.2783			0.00
Jul-16-24	Purchase <i>Purchase</i>	1,594,750.00	13.8604	115,058.007	115,058.007	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM MEDIUM
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804561
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452004

### 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		14.7092		115,058.007	1,692,411.24
	<b>PH&amp;N Canadian Equity Value Fund - O</b>					
	Opening Balance		19.4646			0.00
Jul-16-24	Purchase <i>Purchase</i>	1,594,750.00	20.4004	78,172.487	78,172.487	
	Closing Balance		21.5213		78,172.487	1,682,373.54
	<b>PH&amp;N Canadian Equity Fund - O</b>					
	Opening Balance		118.9002			0.00
Jul-16-24	Purchase <i>Purchase</i>	1,594,750.00	124.9127	12,766.916	12,766.916	
	Closing Balance		131.2787		12,766.916	1,676,024.14
	<b>RBC QUBE Low Volatility U.S. Equity Fund (CAD) - O</b>					
	Opening Balance		29.4787			0.00
Jul-16-24	Purchase <i>Purchase</i>	3,189,500.00	30.3135	105,217.147	105,217.147	
	Closing Balance		31.7698		105,217.147	3,342,727.72
	<b>RBC QUBE U.S. Equity Fund - O</b>					
	Opening Balance		23.5505			0.00
Jul-16-24	Purchase <i>Purchase</i>	1,594,750.00	24.3429	65,511.915	65,511.915	
	Closing Balance		24.5513		65,511.915	1,608,402.68
	<b>PH&amp;N U.S. Equity Fund - O</b>					
	Opening Balance		160.3540			0.00
Jul-16-24	Purchase <i>Purchase</i>	1,594,750.00	165.5994	9,630.168	9,630.168	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM MEDIUM
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804561
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452004

### 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		166.0850		9,630.168	1,599,426.45
	<b>PH&amp;N Overseas Equity Fund - O</b>					
	Opening Balance		19.5173			0.00
Jul-16-24	Purchase	1,594,750.00	20.3778	78,259.184	78,259.184	
	<i>Purchase</i>					
	Closing Balance		20.8576		78,259.184	1,632,298.76
	<b>RBC International Equity Fund (CAD) - O</b>					
	Opening Balance		31.7489			0.00
Jul-16-24	Purchase	1,594,750.00	33.0537	48,247.246	48,247.246	
	<i>Purchase</i>					
	Closing Balance		33.1432		48,247.246	1,599,068.12

All transaction values are reported in Canadian dollars.

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## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM SHORT
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804553
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452003

### 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 Short Term Bond &amp; Mortgage Fund - O</b>						
	Opening Balance		9.6031			0.00
Jul-16-24	Purchase <i>Purchase</i>	17,453,333.33	9.6787	1,803,272.478	1,803,272.478	
Jul-19-24	Purchase <i>Purchase</i>	1,300.00	9.6700	134.436	1,803,406.914	
Jul-23-24	Purchase <i>Purchase</i>	17,453,333.33	9.6789	1,803,235.216	3,606,642.130	
Jul-24-24	Purchase <i>Purchase</i>	5,424.67	9.6914	559.741	3,607,201.871	
Jul-30-24	Purchase <i>Purchase</i>	17,453,333.33	9.7330	1,793,212.096	5,400,413.967	
Jul-31-24	Purchase <i>Purchase</i>	68,102.93	9.7493	6,985.417	5,407,399.384	
Aug-01-24	Purchase <i>Purchase</i>	15,674.25	9.7709	1,604.177	5,409,003.561	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	441,374.69	9.8473	44,821.899	5,453,825.460	
Sep-27-24	Redemption <i>Redemption</i>	-1,445,200.00	9.8473	-146,761.041	5,307,064.419	
	Closing Balance		9.8486		5,307,064.419	52,267,154.64
<b>PH&amp;N Corporate Bond Trust - O</b>						
	Opening Balance		9.1733			0.00
Jul-16-24	Purchase <i>Purchase</i>	6,346,666.67	9.2761	684,195.585	684,195.585	
Jul-23-24	Purchase <i>Purchase</i>	6,346,666.67	9.2659	684,948.755	1,369,144.340	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM SHORT
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804553
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452003

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Jul-30-24	Purchase <i>Purchase</i>	6,346,666.67	9.3555	678,388.827	2,047,533.167	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	199,224.98	9.5074	20,954.728	2,068,487.895	
	Closing Balance		9.5054		2,068,487.895	19,661,804.84
<b>BlueBay Total Return Credit Fund (Canada) - O</b>						
	Opening Balance		8.7465			0.00
Jul-16-24	Purchase <i>Purchase</i>	14,280,000.00	8.8903	1,606,245.009	1,606,245.009	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	213,791.21	9.0290	23,678.282	1,629,923.291	
	Closing Balance		9.0357		1,629,923.291	14,727,497.88
<b>PH&amp;N Private Placement Corporate Debt Fund - O</b>						
	Opening Balance		9.1059			0.00
Jul-16-24	Purchase <i>Purchase</i>	1,586,666.67	9.2246	172,003.845	172,003.845	
Jul-23-24	Purchase <i>Purchase</i>	1,586,666.67	9.2094	172,287.735	344,291.580	
Jul-30-24	Purchase <i>Purchase</i>	1,586,666.67	9.3184	170,272.436	514,564.016	
Sep-27-24	Income Distribution <i>Payment Type : Reinvested</i>	49,243.78	9.4926	5,187.597	519,751.613	
	Closing Balance		9.4771		519,751.613	4,925,738.01
<b>RBC High Yield Bond Fund - O</b>						
	Opening Balance		9.5995			0.00
Jul-16-24	Purchase <i>Purchase</i>	4,760,000.00	9.7005	490,696.356	490,696.356	

## Transactions

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM SHORT
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804553
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452003

### Your Investment Account Transaction(s)

Trade Date	Fund Name and Transaction Details	Transaction Amount (\$)	Unit Price (\$)	Units Transacted	New Unit Balance	Market Value (\$)
Sep-30-24	Income Distribution <i>Payment Type : Reinvested</i>	67,274.47	9.8376	6,838.504	497,534.860	
	Closing Balance		9.8376		497,534.860	4,894,548.94
	<b>RBC Commercial Mortgage Fund - O</b>					
	Opening Balance		10.0201			0.00
Sep-27-24	Purchase <i>Purchase</i>	1,445,200.00	10.1864	141,875.442	141,875.442	
	Closing Balance		10.1899		141,875.442	1,445,696.57

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# Portfolio Valuation - Summary

As of September 30, 2024

Account Name	One Investment - Durham In-Kind	Portfolio Manager	Paul Purcell
Account Number	ML101	Contact Number	(416)-974-7698
Custodian / Nominee	RBC Investor & Treasury Services		
Custodian Account	234452002		

PAR VALUE OR NO. OF SHARES  VALEUR NOMINALE OU NOMBRE D'ACTIONS	SECURITY  TITRE	AVERAGE COST PRICE (\$)  COURS MOYEN D'ACHAT	BOOK COST (\$)  VALEUR COMPTABLE	MARKET PRICE (\$)  COURS BOURSIER	MARKET VALUE (\$)  VALEUR BOURSIÈRE	% OF TOTAL  % DU TOTAL
	BONDS					
	MUNICIPAL		14,784,142		15,554,477	100.0
	BONDS TOTALS		14,784,142		15,554,477	100.0
	PORTFOLIO TOTALS IN CANADIAN DOLLARS		14,784,142		15,554,477	100.0
	ACCRUED INCOME				234,956	
	TOTAL INCLUDING ACCRUED INCOME				15,789,432	

Portfolio Valuation - Detailed

As of September 30, 2024

Account Name	One Investment - Durham In-Kind	Portfolio Manager	Paul Purcell
Account Number	ML101	Contact Number	(416)-974-7698
Custodian / Nominee	RBC Investor & Treasury Services		
Custodian Account	234452002		

PAR VALUE OR NO. OF SHARES  VALEUR NOMINALE OU NOMBRE D'ACTIONS	SECURITY  TITRE	AVERAGE COST PRICE (\$)  COURS MOYEN D'ACHAT	BOOK COST (\$)  VALEUR COMPTABLE	MARKET PRICE (\$)  COURS BOURSIER	MARKET VALUE (\$)  VALEUR BOURSIÈRE	% OF TOTAL  % DU TOTAL
	BONDS					
	MUNICIPAL					
1,538,000	Corp of The Regional Municipality of Durham 4.150 OCT 16 29	113.102	1,739,510	104.427	1,606,081	10.3
1,602,000	Corp of The Regional Municipality of Durham 4.200 OCT 16 30	113.067	1,811,334	104.720	1,677,606	10.8
1,669,000	Corp of The Regional Municipality of Durham 4.250 OCT 16 31	92.047	1,536,260	104.785	1,748,863	11.2
1,740,000	Corp of The Regional Municipality of Durham 4.300 OCT 16 32	86.082	1,497,819	104.826	1,823,974	11.7
1,814,000	Corp of The Regional Municipality of Durham 4.300 OCT 16 33	86.208	1,563,810	104.316	1,892,292	12.2
1,500,000	Corp of The Regional Municipality of Durham 4.700 JUL 05 38	109.683	1,645,251	105.698	1,585,469	10.2
1,571,000	Corp of The Regional Municipality of Durham 4.700 JUL 05 39	109.671	1,722,939	105.309	1,654,404	10.6
1,647,000	Corp of The Regional Municipality of Durham 4.750 JUL 05 40	97.139	1,599,885	105.760	1,741,864	11.2
1,726,000	Corp of The Regional Municipality of Durham 4.750 JUL 05 41	96.601	1,667,334	105.673	1,823,923	11.7
	MUNICIPAL TOTALS		14,784,142		15,554,477	100.0
	BONDS TOTALS		14,784,142		15,554,477	100.0
	PORTFOLIO TOTALS IN CANADIAN DOLLARS		14,784,142		15,554,477	100.0
	ACCRUED INCOME				234,956	
	TOTAL INCLUDING ACCRUED INCOME				15,789,432	
	IMPORTANT DISCLOSURES					
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# Statement of Account

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

## Portfolio Summary by Fund

as at September 30, 2024

Fund	Unit Balance	Unit Price (\$)	Market Value (\$)	Market Value (%)**
PH&N Short Term Bond & Mortgage Fund - O	22,245,009.727	9.8486	219,082,202.80	25.3
PH&N Enhanced Total Return Bond Fund - O	16,910,726.696	8.9752	151,777,154.24	17.5
BlueBay Total Return Credit Fund (Canada) - O	14,391,736.691	9.0357	130,039,415.22	15.0
PH&N Private Placement Corporate Debt Fund - O	9,135,455.262	9.4771	86,577,623.06	10.0
RBC Commercial Mortgage Fund - O	1,838,618.158	10.1899	18,735,335.17	2.2
RBC QUBE Low Volatility Canadian Equity Fund - O	3,298,190.595	19.6589	64,838,799.09	7.5
PH&N Canadian Equity Value Fund - O	1,008,305.178	21.5213	21,700,038.23	2.5
PH&N Canadian Equity Fund - O	165,217.817	131.2787	21,689,580.23	2.5
RBC QUBE Canadian Equity Fund - O	1,473,335.505	14.7092	21,671,586.61	2.5
RBC QUBE Low Volatility U.S. Equity Fund (CAD) - O	1,373,027.661	31.7698	43,620,814.18	5.0
PH&N U.S. Equity Fund - O	131,048.558	166.0850	21,765,199.76	2.5
RBC QUBE U.S. Equity Fund - O	886,376.925	24.5513	21,761,705.80	2.5
RBC International Equity Fund (CAD) - O	657,509.178	33.1432	21,791,958.19	2.5
PH&N Overseas Equity Fund - O	1,040,107.498	20.8576	21,694,146.15	2.5
<b>Total</b>			<b>866,745,558.73</b>	<b>100.0</b>

All figures are reported in Canadian dollars.

\*\*Total may not add due to rounding.

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# Statement of Account

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM LONG
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804520
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452005

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## Statement of Account

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM MEDIUM
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804561
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452004

## Portfolio Summary by Fund

as at September 30, 2024

<b>Fund</b>	<b>Unit Balance</b>	<b>Unit Price (\$)</b>	<b>Market Value (\$)</b>	<b>Market Value (%)**</b>
PH&N Short Term Bond & Mortgage Fund - O	2,791,892.822	9.8486	27,496,235.65	41.8
BlueBay Total Return Credit Fund (Canada) - O	1,092,151.332	9.0357	9,868,351.79	15.0
PH&N Private Placement Corporate Debt Fund - O	696,532.674	9.4771	6,601,109.80	10.0
RBC Commercial Mortgage Fund - O	191,097.935	10.1899	1,947,268.85	3.0
RBC QUBE Low Volatility Canadian Equity Fund - O	259,421.429	19.6589	5,099,939.93	7.7
RBC QUBE Canadian Equity Fund - O	115,058.007	14.7092	1,692,411.24	2.6
PH&N Canadian Equity Value Fund - O	78,172.487	21.5213	1,682,373.54	2.6
PH&N Canadian Equity Fund - O	12,766.916	131.2787	1,676,024.14	2.5
RBC QUBE Low Volatility U.S. Equity Fund (CAD) - O	105,217.147	31.7698	3,342,727.72	5.1
RBC QUBE U.S. Equity Fund - O	65,511.915	24.5513	1,608,402.68	2.4
PH&N U.S. Equity Fund - O	9,630.168	166.0850	1,599,426.45	2.4
PH&N Overseas Equity Fund - O	78,259.184	20.8576	1,632,298.76	2.5
RBC International Equity Fund (CAD) - O	48,247.246	33.1432	1,599,068.12	2.4
<b>Total</b>			<b>65,845,638.67</b>	<b>100.0</b>

All figures are reported in Canadian dollars.

\*\*Total may not add due to rounding.

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# Statement of Account

July 1, 2024 to September 30, 2024

<b>Portfolio Manager</b>	PAUL PURCELL	<b>Account Name</b>	ONE INVESTMENT DURHAM MEDIUM
<b>Contact Number</b>	(416) 974-7698	<b>Account Number</b>	6804561
		<b>Custodian / Nominee</b>	ROYAL TRUST POOLED FUNDS GROUP*****
		<b>Custodian Account</b>	234452004

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## Statement of Account

July 1, 2024 to September 30, 2024

**Portfolio Manager** PAUL PURCELL  
**Contact Number** (416) 974-7698

**Account Name** ONE INVESTMENT DURHAM SHORT  
**Account Number** 6804553  
**Custodian / Nominee** ROYAL TRUST POOLED FUNDS GROUP\*\*\*\*\*  
**Custodian Account** 234452003

## Portfolio Summary by Fund

as at September 30, 2024

Fund	Unit Balance	Unit Price (\$)	Market Value (\$)	Market Value (%)**
PH&N Short Term Bond & Mortgage Fund - O	5,307,064.419	9.8486	52,267,154.64	53.4
PH&N Corporate Bond Trust - O	2,068,487.895	9.5054	19,661,804.84	20.1
BlueBay Total Return Credit Fund (Canada) - O	1,629,923.291	9.0357	14,727,497.88	15.0
PH&N Private Placement Corporate Debt Fund - O	519,751.613	9.4771	4,925,738.01	5.0
RBC High Yield Bond Fund - O	497,534.860	9.8376	4,894,548.94	5.0
RBC Commercial Mortgage Fund - O	141,875.442	10.1899	1,445,696.57	1.5
<b>Total</b>			<b>97,922,440.88</b>	<b>100.0</b>

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## TORONTO

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# REPORT

To: ONE Joint Investment Board  
From: Evelyn Foo, Chief Compliance Officer, ONE Investment  
Date: November 27, 2024  
Re: Compliance Reports Asset Class and Target Weight Allocations Q3 2024 and OCIO Allocation Report  
Report: ONE JIB 2024-060

---

## 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 for the Prudent Investor funds. PH&N International (PH&N) is providing one report which displays the allocation weights for the holdings under the Outsourced Chief Investment Officer offering.

## 3. BACKGROUND

### **The portfolio management system generates reports to monitor allocation weights for the ONE Investment Prudent Investor Funds**

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 September 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 the 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.

### **PH&N’s system produces a report to monitor allocation weights under the Outsourced Chief Investment Officer (OCIO) offering**

This Allocation report (Attachment 3) is like the current Allocation Drift Monitoring Report and will be provided for each municipality’s investment profile. It will eventually replace the Allocation Drift Monitoring report once all the investors in the Prudent Investment funds have moved over to the OCIO. The column on the far right indicates the variance from the absolute value above or below by more than two percentage points. This report is reviewed by the Chief Investment Officer and Chief Compliance Officer on a regular basis in their oversight responsibilities.

## **4. ANALYSIS**

### **Allocation weights for various Outcomes were slightly outside their intended targets for the Prudent Investor funds**

Rebalancing was performed on October 8 to bring allocation weights for each Participating Municipality back to their intended target weights and within the expected tolerance bands.

### **Allocation weights for the OCIO offering were outside their intended targets**

Currently Durham is the only municipality invested under the OCIO model. Durham’s Investment Plan included target allocations to certain funds that do not offer daily activity. MNRI has been deployed to attain the asset class weightings detailed in Durham’s Investment Plan while positions are being built in these funds that do not offer daily liquidity. The CIO and CCO have reviewed the allocations and holdings and have no concerns.

## **5. CONCLUSION**

ONE Investment uses its portfolio management system to monitor municipal account allocations in relation to ONE JIB's Outcomes framework for the Prudent Investor funds. The Allocation report provides the ability to monitor allocations with the associated investment model under the OCIO.

The attached reports provide ONE JIB with the tools to monitor the positioning of asset classes and individual holdings relative to their intended targets.

## **ATTACHMENTS**

Attachment 1: Allocation Drift Monitoring Report

Attachment 2: Portfolio Asset

Attachment 3: OCIO Allocation Report

Drafted by: Evelyn Foo, Chief Compliance Officer

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

## Attachment 1

Allocation Drift Monitoring Report - Template-09302024.xlsx

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account	as_of	security	Current Weight	Target Weight	10% from Target	2% drift from target
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	19.07	18	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	41.43	42	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.79	6	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.77	6	na	na
Bracebridge - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	27.93	28	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	23.34	22.5	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	51.69	52.5	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.76	3.75	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.61	3.75	na	na
Bracebridge - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	17.6	17.5	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	18.81	18	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	41.55	42	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.96	6	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.88	6	na	na
Huntsville - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	27.8	28	na	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.72	3	(0.72)	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.99	7	(0.99)	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	9.96	10.5	na	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.6	30.5	na	na
Huntsville - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	48.73	49	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	25.12	22.5	(2.62)	(2.62)
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	51.86	52.5	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.44	3.75	na	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.34	3.75	0.41	na
Huntsville - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	16.24	17.5	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	17.08	15	(2.08)	(2.08)
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	35.87	35	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	6.7	7.5	0.80	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	6.78	7.5	na	na
Huntsville - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	33.57	35	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	18.79	18	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	42.16	42	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	6.02	6	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.81	6	na	na
Innisfil - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	27.22	28	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.5	3	(0.50)	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.47	7	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.45	10.5	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.64	30.5	na	na
Innisfil - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	48.93	49	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	15.74	15	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	34.53	35	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	7.38	7.5	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	7.28	7.5	na	na
Innisfil - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	35.07	35	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	20.31	18	(2.31)	(2.31)
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	42.51	42	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.53	6	na	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.25	6	0.75	na
Kenora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	26.4	28	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	9.8	9	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	20.66	21	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	8.83	9	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	18.76	19	na	na
Kenora - Stable Return Outcome vs. Stable Return Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	41.95	42	na	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.49	3	(0.49)	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.8	7	(0.80)	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.37	10.5	na	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.6	30.5	na	na
Kenora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	48.74	49	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	18.73	18	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	41.35	42	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.99	6	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.8	6	na	na
Muskoka - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	28.12	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	9/30/2024	ONE Canadian Equity Fund	3.31	3	(0.31)	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.22	7	0.85	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.48	10.5	na	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.87	30.5	na	na
Muskoka - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	49.12	49	na	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	16.9	15	(1.90)	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	35.69	35	na	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	6.65	7.5	0.85	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	6.66	7.5	0.84	na
Muskoka - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	34.1	35	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	23.99	22.5	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	52.05	52.5	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.61	3.75	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.47	3.75	na	na
Muskoka - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	16.87	17.5	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	18.77	18	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	41.55	42	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.96	6	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.71	6	na	na
Neebing - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	28.01	28	na	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.61	3	(0.61)	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.82	7	(0.82)	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.24	10.5	na	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.63	30.5	na	na
Neebing - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	48.69	49	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	16.04	15	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	35.02	35	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	6.91	7.5	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	6.93	7.5	na	na
Neebing - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	35.1	35	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	23.44	22.5	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	51.92	52.5	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.69	3.75	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.6	3.75	na	na
Neebing - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	17.35	17.5	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	19.09	18	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	41.52	42	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.79	6	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.62	6	na	na
Quinte West - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	27.98	28	na	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.56	3	(0.56)	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.72	7	(0.72)	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.12	10.5	na	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.63	30.5	na	na
Quinte West - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	48.96	49	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	16.31	15	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	34.88	35	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	6.91	7.5	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	6.93	7.5	na	na
Quinte West - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	34.97	35	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	23.64	22.5	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	51.89	52.5	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.62	3.75	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.53	3.75	na	na
Quinte West - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	17.31	17.5	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	19.58	18	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	42.71	42	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.5	6	na	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.37	6	0.63	na
Thunder Bay - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	26.84	28	na	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.51	3	(0.51)	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.89	7	(0.89)	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.27	10.5	na	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	30.6	30.5	na	na
Thunder Bay - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	47.72	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	9/30/2024	ONE Canadian Equity Fund	16.64	15	(1.64)	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	35.87	35	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	7.08	7.5	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	6.85	7.5	na	na
Thunder Bay - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	33.56	35	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	24.63	22.5	na	(2.13)
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	52.42	52.5	na	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.34	3.75	0.41	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.29	3.75	0.46	na
Thunder Bay - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	16.31	17.5	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	19.88	18	(1.88)	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	42.38	42	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.68	6	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.55	6	na	na
Whitby - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	26.51	28	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.48	3	(0.48)	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.42	7	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.46	10.5	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.6	30.5	na	na
Whitby - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	49.04	49	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	16.7	15	(1.70)	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	35.63	35	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	7.2	7.5	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	7	7.5	na	na
Whitby - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	33.48	35	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	9/30/2024	ONE Canadian Equity Fund	28.98	27	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	9/30/2024	ONE Global Equity Fund	61.82	63	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	1.39	1.5	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	1.35	1.5	na	na
Whitby - Asset Management Reserve Outcome vs. Asset Management Reserves Asset Mix	9/30/2024	ONE Global Bond Fund	6.46	7	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	24.33	22.5	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	51.87	52.5	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.49	3.75	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.54	3.75	na	na
Whitby - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	16.77	17.5	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	19.76	18	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	42.33	42	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	5.73	6	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	5.48	6	na	na
Aurora - Contingency Outcome vs. Contingency Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	26.72	28	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	3.47	3	(0.47)	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	7.43	7	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	10.55	10.5	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	29.3	30.5	na	na
Aurora - Target Date 3 to 5 Year Outcome vs. Target Date 3-5 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	49.27	49	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	16.61	15	(1.61)	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	35.58	35	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	7.22	7.5	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	6.9	7.5	na	na
Aurora - Target Date 5 to 10 Year Outcome vs. Target Date 5-10 Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	33.69	35	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	24.38	22.5	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	52.23	52.5	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.53	3.75	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.38	3.75	na	na
Aurora - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	16.48	17.5	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Equity Fund	24.46	22.5	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Equity Fund	51.47	52.5	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Corporate Bond Fund	3.6	3.75	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	3.54	3.75	na	na
Aylmer - Target Date 10 Year Plus Outcome vs. Target Date 10+ Year Outcome Asset Mix	9/30/2024	ONE Global Bond Fund	16.93	17.5	na	na
Muskoka - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	100	100	na	na
Innisfil - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	-	100	na	100.00
Huntsville - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	-	100	na	100.00
Bracebridge - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	-	100	na	100.00
Neebing - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	100	100	na	na
Quinte West - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	100	100	na	na
Thunder Bay - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	100	100	na	na
Whitby - Cash Outcome vs. Cash Outcome Asset Mix	9/30/2024	ONE Canadian Government Bond Fund	100	100	na	na

# Attachment 2



ONE Investment  
**Portfolio Asset Mix**  
 As of September 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	60.50
	Fixed Income Funds	35.00	45.00	40.00	39.49
570050039	Bracebridge - Target Date 10 Year Plus				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.03
	Fixed Income Funds	21.00	29.00	25.00	24.97
570050047	Huntsville - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.36
	Fixed Income Funds	35.00	45.00	40.00	39.64
570050054	Huntsville - Target Date 3 to 5 Year Out				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.71
	Fixed Income Funds	88.00	92.00	90.00	88.29
570050062	Huntsville - Target Date 10 Year Plus O				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.98
	Fixed Income Funds	21.00	29.00	25.00	23.02
570050070	Innisfil - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.95
	Fixed Income Funds	35.00	45.00	40.00	39.05
570050088	Muskoka - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.08
	Fixed Income Funds	35.00	45.00	40.00	39.91
570050096	Muskoka - Target Date 3 to 5 Year Outc				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.53
	Fixed Income Funds	88.00	92.00	90.00	89.47
570050104	Muskoka - Target Date 5 to 10 Year Out				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.59
	Fixed Income Funds	45.00	55.00	50.00	47.41
570050112	Whitby - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.26
	Fixed Income Funds	35.00	45.00	40.00	37.74

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	10.90
	Fixed Income Funds	88.00	92.00	90.00	89.10
570050138	Whitby - Target Date 5 to 10 Year Outc				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.33
	Fixed Income Funds	45.00	55.00	50.00	47.68
570050146	Whitby - Asset Management Reserve O				
	Asset Management Reserves				
	Equity Funds	88.00	92.00	90.00	90.80
	Fixed Income Funds	8.00	12.00	10.00	9.20
570050153	Whitby - Target Date 10 Year Plus Outc				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.20
	Fixed Income Funds	21.00	29.00	25.00	23.80
570050161	Kenora - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.82
	Fixed Income Funds	35.00	45.00	40.00	37.18
570050179	Kenora - Stable Return Outcome				
	Stable Return Outcome				
	Equity Funds	26.00	34.00	30.00	30.46
	Fixed Income Funds	66.00	74.00	70.00	69.54
570050187	Kenora - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.29
	Fixed Income Funds	88.00	92.00	90.00	88.71
570050377	Huntsville - Target Date 5 to 10 Year O				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.95
	Fixed Income Funds	45.00	55.00	50.00	47.05
570050385	Innisfil - Target Date 5 to 10 Year Outc				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	50.27
	Fixed Income Funds	45.00	55.00	50.00	49.73
570050443	Neebing - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.32
	Fixed Income Funds	35.00	45.00	40.00	39.68

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	11.43
	Fixed Income Funds	88.00	92.00	90.00	88.56
570050468	Neebing - Target Date 5 to 10 Year Out				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	51.06
	Fixed Income Funds	45.00	55.00	50.00	48.94
570050476	Neebing - Target Date 10 Year Plus Out				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.36
	Fixed Income Funds	21.00	29.00	25.00	24.64
570050484	Quinte West - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	60.61
	Fixed Income Funds	35.00	45.00	40.00	39.39
570050492	Quinte West - Target Date 3 to 5 Year O				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.28
	Fixed Income Funds	88.00	92.00	90.00	88.71
570050500	Quinte West - Target Date 5 to 10 Year				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	51.19
	Fixed Income Funds	45.00	55.00	50.00	48.81
570050518	Quinte West - Target Date 10 Year Plus				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	75.53
	Fixed Income Funds	21.00	29.00	25.00	24.46
570050567	Thunder Bay - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.29
	Fixed Income Funds	35.00	45.00	40.00	37.71
570050575	Thunder Bay - Target Date 3 to 5 Year				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	11.40
	Fixed Income Funds	88.00	92.00	90.00	88.59
570050583	Thunder Bay - Target Date 5 to 10 Year				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.51
	Fixed Income Funds	45.00	55.00	50.00	47.49

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	77.05
	Fixed Income Funds	21.00	29.00	25.00	22.94
570050625	Muskoka - Target Date 10 Year Plus Ou				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.04
	Fixed Income Funds	21.00	29.00	25.00	23.95
570050666	Innisfil - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.97
	Fixed Income Funds	88.00	92.00	90.00	89.02
570050682	Aurora - Contingency Outcome				
	Contingency Outcome				
	Equity Funds	55.00	65.00	60.00	62.09
	Fixed Income Funds	35.00	45.00	40.00	37.93
570050690	Aurora - Target Date 3 to 5 Year Outco				
	Target Date 3-5 Year Outcome				
	Equity Funds	8.00	12.00	10.00	10.90
	Fixed Income Funds	88.00	92.00	90.00	89.12
570050708	Aurora - Target Date 5 to 10 Year Outc				
	Target Date 5-10 Year Outcome				
	Equity Funds	45.00	55.00	50.00	52.19
	Fixed Income Funds	45.00	55.00	50.00	47.81
570050716	Aurora - Target Date 10 Year Plus Outc				
	Target Date 10+ Year Outcome				
	Equity Funds	71.00	79.00	75.00	76.61
	Fixed Income Funds	21.00	29.00	25.00	23.39
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

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	75.93
	Fixed Income Funds	21.00	29.00	25.00	24.07

# Attachment 3

## Durham -Short

Fund Name	Current MV	Strategic BM	Current Weight	Variance vs Strategic BM	Comments
PH&N Short Term Bond and Mortgage Fund	\$ 52,077,692.44	50.00%	53.39%	-3.39%	Compliance breach of overallocation due to substitution for commercial mortgage underallocation category. RBC Commercial Mortgage Fund limitation in amount of \$ based upon quarterly window for investment
Short-Term Bonds	\$ 52,077,692.44	50.00%	53.39%	-3.39%	
PH&N Corporate Bond Trust	\$ 19,542,039.39	20.00%	20.04%	-0.04%	
Corporate Bonds	\$ 19,542,039.39	20.00%	20.04%	-0.04%	
PH&N Private Placement Corporate Debt Fund	\$ 4,900,062.28	5.00%	5.02%	-0.02%	
Private Placement Corporate Debt	\$ 4,900,062.28	5.00%	5.02%	-0.02%	
RBC Commercial Mortgage Fund	\$ 1,445,185.81	5.00%	1.48%	3.52%	Compliance breach of overallocation due to substitution for commercial mortgage underallocation category. RBC Commercial Mortgage Fund limitation in amount of \$ based upon quarterly window for investment
Commercial Mortgages	\$ 1,445,185.81	5.00%	1.48%	3.52%	
RBC High Yield Bond Fund	\$ 4,882,259.83	2.50%	5.01%	-2.51%	
PH&N High Yield Bond Fund	\$ -	2.50%	0.00%	2.50%	
High Yield Bonds	\$ 4,882,259.83	5.00%	5.01%	-0.01%	
BlueBay Total Return Credit Fund	\$ 14,689,031.69	15.00%	15.06%	-0.06%	
Global Multi-Asset Credit	\$ 14,689,031.69	15.00%	15.06%	-0.06%	
Total Fixed Income	\$ 97,536,271.44	100%	100%	0%	
Total	\$ 97,536,271.44	100%	100%	0%	
Notes					
CMF allocation held in STBMF, which is temporarily resulting in an overallocation to Short Term Bonds					
There is \$3,454,800 in the CMF queue, whih is temporarily resulting in an underallocation to Commercial Mortgages until full allocation can be achieved					
PH&N HYBF allocation to be held in RBC HYBF, which is temporarily resulting in an overallocation to RBC HYBF					

## Durham - Medium

Fund Name	Current MV	Strategic BM	Current Weight	Variance vs Strategic BM	Comments
PH&N Short Term Bond and Mortgage Fund	\$ 27,396,565.07	35.00%	41.66%	-6.66%	Compliance breach of overallocation due to substitution for commercial mortgage underallocation category. RBC Commercial Mortgage Fund limitation in amount of \$ based upon quarterly window for investment
<b>Short-Term Bonds</b>	<b>\$ 27,396,565.07</b>	<b>35.00%</b>	<b>41.66%</b>	<b>-6.66%</b>	
PH&N Private Placement Corporate Debt Fund	\$ 6,566,701.09	10.00%	9.98%	0.02%	
<b>Private Placement Corporate Debt</b>	<b>\$ 6,566,701.09</b>	<b>10.00%</b>	<b>9.98%</b>	<b>0.02%</b>	
RBC Commercial Mortgage Fund	\$ 1,946,580.90	10.00%	2.96%	7.04%	Compliance breach of overallocation due to substitution for commercial mortgage underallocation category. RBC Commercial Mortgage Fund limitation in amount of \$ based upon quarterly window for investment
<b>Commercial Mortgages</b>	<b>\$ 1,946,580.90</b>	<b>10.00%</b>	<b>2.96%</b>	<b>7.04%</b>	
BlueBay Total Return Credit Fund	\$ 9,842,577.02	15.00%	14.97%	0.03%	
<b>Global Multi-Asset Credit</b>	<b>\$ 9,842,577.02</b>	<b>15.00%</b>	<b>14.97%</b>	<b>0.03%</b>	
<b>Total Fixed Income</b>	<b>\$ 45,752,424.08</b>	<b>70%</b>	<b>70%</b>	<b>0%</b>	
PH&N Canadian Equity Fund	\$ 1,675,782.84	2.50%	2.55%	-0.05%	
PH&N Canadian Equity Value Fund	\$ 1,694,247.95	2.50%	2.58%	-0.08%	
RBC QUBE Canadian Equity Fund	\$ 1,711,890.56	2.50%	2.60%	-0.10%	
<b>Canadian Equities</b>	<b>\$ 5,081,921.35</b>	<b>7.50%</b>	<b>7.73%</b>	<b>-0.23%</b>	
RBC QUBE Low Volatility Canadian Equity Fund	\$ 5,084,556.24	7.50%	7.73%	-0.23%	
<b>Canadian Low Volatility Equities</b>	<b>\$ 5,084,556.24</b>	<b>7.50%</b>	<b>7.73%</b>	<b>-0.23%</b>	
PH&N US Equity Fund	\$ 1,624,435.04	2.50%	2.47%	0.03%	
RBC QUBE US Equity Fund	\$ 1,651,660.20	2.50%	2.51%	-0.01%	
<b>US Equities</b>	<b>\$ 3,276,095.24</b>	<b>5.00%</b>	<b>4.98%</b>	<b>0.02%</b>	
RBC QUBE Low Volatility U.S. Equity Fund	\$ 3,409,109.21	5.00%	5.18%	-0.18%	
<b>US Low Volatility Equities</b>	<b>\$ 3,409,109.21</b>	<b>5.00%</b>	<b>5.18%</b>	<b>-0.18%</b>	
PH&N Overseas Equity Fund	\$ 1,609,384.47	2.50%	2.45%	0.05%	
RBC International Equity Fund	\$ 1,554,342.93	2.50%	2.36%	0.14%	
<b>International Equities</b>	<b>\$ 3,163,727.40</b>	<b>5.00%</b>	<b>4.81%</b>	<b>0.19%</b>	
<b>Total Equities</b>	<b>\$ 20,015,409.44</b>	<b>30.00%</b>	<b>30.43%</b>	<b>-0.43%</b>	
<b>Total</b>	<b>\$ 65,767,833.52</b>	<b>100%</b>	<b>100%</b>	<b>0%</b>	
<b>Notes</b>					
CMF allocation held in STBMF, which is temporarily resulting in an overallocation to Short Term Bonds, but it is still within permitted ranges					
There is \$4,653,400 in the CMF queue, which is temporarily resulting in an underallocation to Commercial Mortgages until full allocation can be achieved					

## Durham - Long

Fund Name	Current MV	Strategic BM	Current Weight	Variance vs Strategic BM	Comments
PH&N Short Term Bond and Mortgage Fund	\$ 218,340,372.57	17.50%	25.16%	-7.66%	Compliance breach of overallocation due to substitution for commercial mortgage underallocation category. RBC Commercial Mortgage Fund limitation in amount of \$ based upon quarterly window for investment
<b>Short-Term Bonds</b>	<b>\$ 218,340,372.57</b>	<b>17.50%</b>	<b>25.16%</b>	<b>-7.66%</b>	
PH&N Enhanced Total Return Bond Fund	\$ 150,466,520.94	17.50%	17.31%	0.19%	
<b>Universe Bonds</b>	<b>\$ 150,466,520.94</b>	<b>17.50%</b>	<b>17.31%</b>	<b>0.19%</b>	
PH&N Private Placement Corporate Debt Fund	\$ 86,126,331.57	10.00%	9.91%	0.09%	
<b>Private Placement Corporate Debt</b>	<b>\$ 86,126,331.57</b>	<b>10.00%</b>	<b>9.91%</b>	<b>0.09%</b>	
RBC Commercial Mortgage Fund	\$ 18,728,716.14	10.00%	2.15%	7.85%	Compliance breach of overallocation due to substitution for commercial mortgage underallocation category. RBC Commercial Mortgage Fund limitation in amount of \$ based upon quarterly window for investment
<b>Commercial Mortgages</b>	<b>\$ 18,728,716.14</b>	<b>10.00%</b>	<b>2.15%</b>	<b>7.85%</b>	
BlueBay Total Return Credit Fund	\$ 129,699,770.23	15.00%	14.99%	0.01%	
<b>Global Multi-Asset Credit</b>	<b>\$ 129,699,770.23</b>	<b>15.00%</b>	<b>14.99%</b>	<b>0.01%</b>	
<b>Total Fixed Income</b>	<b>\$ 603,361,711.45</b>	<b>70.00%</b>	<b>69.52%</b>	<b>0.48%</b>	
PH&N Canadian Equity Fund	\$ 21,686,457.62	2.50%	2.53%	-0.03%	
PH&N Canadian Equity Value Fund	\$ 21,853,199.78	2.50%	2.54%	-0.04%	
RBC QUBE Canadian Equity Fund	\$ 21,921,022.31	2.50%	2.55%	-0.05%	
<b>Canadian Equities</b>	<b>\$ 65,460,679.71</b>	<b>7.50%</b>	<b>7.62%</b>	<b>-0.12%</b>	
RBC QUBE Low Volatility Canadian Equity Fund	\$ 64,643,216.39	7.50%	7.54%	-0.04%	
<b>Canadian Low Volatility Equities</b>	<b>\$ 64,643,216.39</b>	<b>7.50%</b>	<b>7.54%</b>	<b>-0.04%</b>	
PH&N US Equity Fund	\$ 22,105,519.76	2.50%	2.58%	-0.08%	
RBC QUBE US Equity Fund	\$ 22,346,980.48	2.50%	2.59%	-0.09%	
<b>US Equities</b>	<b>\$ 44,452,500.24</b>	<b>5.00%</b>	<b>5.17%</b>	<b>-0.17%</b>	
RBC QUBE Low Volatility U.S. Equity Fund	\$ 44,487,057.34	5.00%	5.18%	-0.18%	
<b>US Low Volatility Equities</b>	<b>\$ 44,487,057.34</b>	<b>5.00%</b>	<b>5.18%</b>	<b>-0.18%</b>	
PH&N Overseas Equity Fund	\$ 21,389,602.67	2.50%	2.48%	0.02%	
RBC International Equity Fund	\$ 21,182,447.18	2.50%	2.48%	0.02%	
<b>International Equities</b>	<b>\$ 42,572,049.85</b>	<b>5.00%</b>	<b>4.97%</b>	<b>0.03%</b>	
<b>Total Equities</b>	<b>\$ 261,615,503.53</b>	<b>30.00%</b>	<b>30.48%</b>	<b>-0.48%</b>	
<b>Total</b>	<b>\$ 864,977,214.98</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	
<b>Notes</b>					
CMF allocation held in STBMF, which is temporarily resulting in an overallocation to Short Term Bonds					
There is \$44,771,100 in the CMF queue, which is temporarily resulting in an underallocation to Commercial Mortgages until full allocation can be achieved					

To: ONE Joint Investment Board  
From: Jason Hagan, Program Manager  
Date: November 27, 2024  
Re: Strategic Plan Reporting Update Q3 2024  
Report: ONE JIB 2024-073

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## 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 except that the annual review of PI Fund Managers has been delayed due to the proposed transition of all Participating Municipalities over to the OCIO model in early 2025.

## 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 Q3 2024 all but one initiative is on track, with a focus on getting the first OCIO investor onboarded, while still maintaining our regular program of annual investment plan reviews for all Participating Municipalities. The annual review of PI Fund Managers has been delayed and will be reconsidered due to the proposed transition of all Participating Municipalities over to the OCIO model in early 2025, with a subsequent wind down of the five existing PI funds.

The Q3 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: Q3 2024 Strategic Reporting Tool

Drafted by: Jason Hagan, LAS Program Manager

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs

## Attachment 1

### Q3 2024 Strategic Reporting Tool for ONE JIB Futures List and Strategic Plan

Agenda	Topics	References by Color Coding	Notes
Board Governance & Administrative Matters	Board Competencies and Skills Matrix Review	On Track	
	Board Governance Self-Evaluation Survey	On Track	
	Annual Futures List	On Track	
Strategy and Policy	Municipal Insights	On Track	
	Quarterly Futures List Review	On Track	
	New Products Committee Framework/Portfolio Review	On Track	Committee met and endorsed several OCIO model portfolios that will be considered by ONE JIB at Nov 2024 meeting.
Investment Oversight	<b>Municipal:</b>		
	Q3 Municipal Performance Reports	On Track	
	Investment Plan Implementation Update	On Track	Tranche 2 of Durham Region transition completed with adjustments made for Tranche 3 to create more efficiency.
	Investor Onboarding	On Track	Required set up work completed for onboarding of Clarington, Central Frontenac, and Red Lake, at November JIB meeting.
	IPS and MCQ Review and Investment Plan Approval	On Track	
	<b>Fund Manager:</b>		
	Q3 Performance review	On Track	
	Fund Manager Presentation	On Track	
	Quarterly Compliance Reports	On Track	
	Annual Review of Fund Managers	Delayed	On hold due to forthcoming changeover to OCIO model for all Prudent Investors in 2025

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: November 27, 2024  
Re: OCIO Quarterly Reporting and Analysis Q3 2024  
Report: ONE JIB 2024-078

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## 1. **RECOMMENDATIONS**

It is recommended that the Board:

1. Receive the report.

## 2. **SUMMARY**

As part of the ongoing reporting to ONE JIB, Phillips Hager & North Institutional (PH&N) will provide a quarterly report summarizing the investment activity under the OCIO model and providing context on investment performance. This report will be one of the key documents ONE JIB receives to fully understand the investment activities of the OCIO, informing its oversight of the investment activities. The OCIO has provided a macroeconomic and capital markets commentary and a review of investment themes and activities, which has been provided as an attachment to this report. Additional details about the performance of each of the 34 funds that comprise the OCIO model will be available to ONE JIB members in the resource library.

## 3. **BACKGROUND**

### **ONE JIB and ONE Investment are responsible for providing oversight of the activities of the OCIO**

ONE JIB's fiduciary responsibility is the control and management of the MNRI of Participating Municipalities. Ongoing oversight of the investments entrusted to the ONE JIB is required, which involves a continuing responsibility to review investment performance and to provide oversight of agents of the ONE JIB that assist in fulfilling its fiduciary responsibilities. The CIO and CCO of ONE Investment are involved in reviewing all relevant aspects of the OCIO activity and are responsible for informing the board of issues or concerns as appropriate. Any such issues or concerns that arise will be identified in subsequent OCIO Quarterly Reporting and Analysis reports.

**Periodically, the CIO, CCO or OCIO may need to raise issues or request changes relating to the OCIO model**

It is intended that in the future the OCIO Quarterly Reporting and Analysis report could be used to raise issues by the CIO, CCO or OCIO for further discussion by ONE JIB. This can provide a venue for discussion of operational, compliance or investment issues that require notification to ONE JIB or may require input or direction from ONE JIB. This may involve:

- The need to create or revise ONE JIB policies
- Requesting discussion and direction from ONE JIB members to respond to operational or compliance issues.
- Discussion of ideas to address operational efficiencies.
- Recommendations to add additional securities to the OCIO offering.
- This report may also serve as a venue for other ad hoc items to be raised by the CIO/CCO/OCIO for ONE JIB direction.

#### **4. ANALYSIS**

##### **The CIO and CCO have reviewed PH&N's monthly and quarterly reporting and have not identified any concerns**

The CIO and CCO have reviewed all the recurring reporting provided by the OCIO or custodian, including monthly statements of accounts, quarterly client reports, proxy voting details, and various other reports and have not identified any concerns.

Under the terms of section 8.02 of the ONE JIB Agreement, ONE Investment confirms as follows:

For the quarter ended September 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 under 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.

##### **Onboarding Durham and preparing for the transition of new and existing Participating Municipalities has been the focus**

Staff activities in recent months have focused on setting up the OCIO model, onboarding Durham, transitioning the initial MNRI contributions from Durham to the OCIO model, preparing for the onboarding of three new Participating Municipalities and preparing for the transition of other 11 Participating Municipalities in the first quarter of 2025. These activities have been executed seamlessly and have proceeded without incident. There have been no issues with the onboarding, and no administrative issues or concerns have been identified.

##### **Further work is required to develop compliance reporting and analysis to support an effective compliance regime for the OCIO model**

With less than a full quarter of investment activity, it is premature for the CCO and CIO to provide a qualitative assessment of investment performance or the compliance regime. Staff efforts have been focused primarily on onboarding and setup, but further effort to enhance compliance and performance reporting will be required. The CIO and CCO will continue to work with the OCIO to build the needed reporting for this purpose.

### **The CIO, CCO and OCIO partner have identified items that will be addressed in 2025**

The CIO and CCO have started a short list of discussion items that may require further input from ONE JIB and over time additional items that merit discussion will be identified. Table 1 provides some samples of potential discussion items that may be identified in the OCIO Quarterly Reporting and Analysis report in the future for further discussion.

*Table 1 –Potential Future Discussion Items*

<b>Item</b>	<b>Detail</b>	<b>Status</b>
Addition of 35 <sup>th</sup> fund to the Investment Management Agreement	The OCIO has suggested adding another fund to the OCIO model that with similar investment exposure to the Commercial Mortgage Fund may allow MNRI to be deployed on an expedited basis.	To be considered in 2025.
Discussion of in-kind securities policy	CIO and CCO believe that further discussion of the newly approved in-kind policy and implications for its implementation would be beneficial to ONE JIB members	Staff are reviewing the policy and will provide ONE JIB with a report on the review in 2025.
Global Benchmarks	OCIO has identified benchmarks for each fund. No benchmarks have yet been created to show how the overall mandate is performing.	To be considered in 2025.

## **5. CONCLUSION**

A quarterly reporting package prepared by PH&N Institutional that describes the OCIO model's investment activities and offers context about investment performance has been attached to this report. This report should allow ONE JIB members to quickly review how investments managed by the OCIO have performed in the quarter. A more comprehensive report has been made available to ONE JIB members in the resource library to provide more analysis about how the individual funds in the OCIO offering have performed.

In the future, this report may be used to identify items that merit further discussion by ONE JIB. The CIO, CCO or OCIO could identify topics that may require feedback or approval of ONE JIB members to help improve reporting, address operational concerns, or address any ad hoc issues. Examples of potential discussion items have been provided in the

report.

As part of their ongoing reporting responsibilities to ONE JIB, the CIO and CCO should review the regular reporting provided by the OCIO and provide oversight of investment activity. This review has verified that there have been no issues with the onboarding of the first OCIO client, and no administrative issues or concerns have been identified. The CIO and CCO may be able to provide a more qualitative assessment of investment performance and the compliance regime in the future and hope to develop additional reporting to enhance their oversight.

## **ATTACHMENTS**

Attachment 1: OCIO Quarterly Investment Report.

Attachment 2: PH&N Presentation – Q3 2024 OCIO Performance

Drafted by: Keith Taylor, CIO; Evelyn Foo, CCO

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



## **Attachment 1**

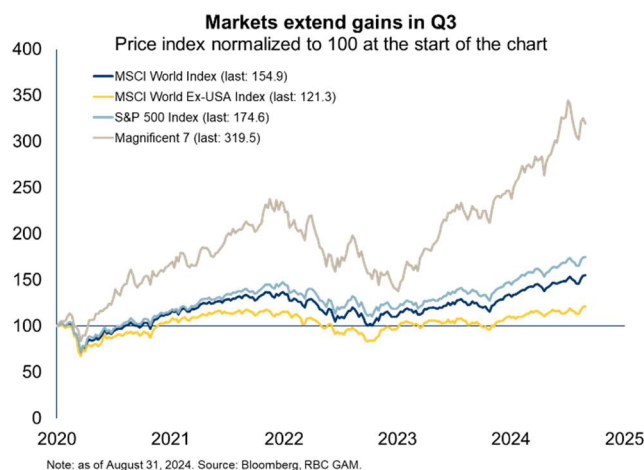
### **Investment Management Report for ONE Investment - JIB Quarterly Commentaries**

For Period Ending September 30, 2024

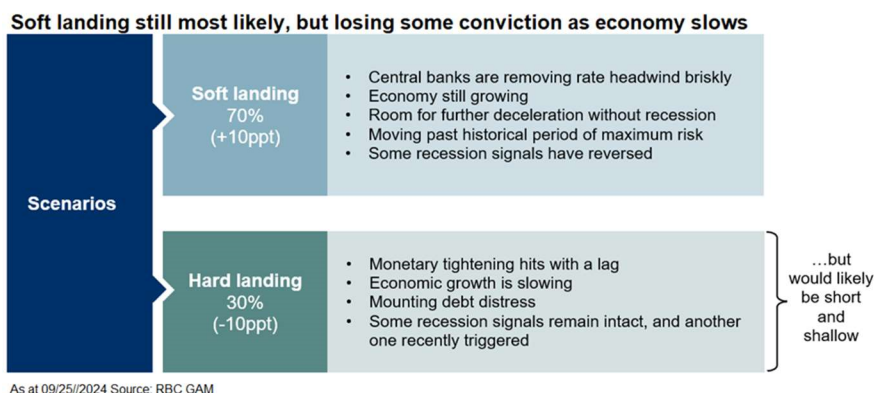
## Macroeconomic and Capital Markets Commentary and Outlook

The following commentary summarizes meaningful trends and events that we've observed over the past quarter.

**Global equity markets** witnessed a roller-coaster rally in the third quarter, ending the period with strong returns despite several bouts of volatility. Weaker U.S. economic data, a rate hike from the Bank of Japan, and thin summer liquidity battered stocks in early August. However, the long-anticipated start of the U.S. Federal Reserve's rate cutting cycle in September and new stimulus in China soothed investor concerns and drove stocks higher into the end of the period.



In terms of **economic activity**, the global economy largely continued to decelerate; while a mild recession is possible given deterioration in labour markets, we think the most likely scenario is of economic expansion over our forecast horizon. Slowing economic growth, diminishing consumer-price pressures, and falling interest rates should lead to a macroeconomic environment in a few years that is more in line with historical norms. Our base case is one where developed-world economies expand at a modest pace over the next few quarters, accelerating slightly into 2025 helped by the lagged benefit of rate cuts. We expect emerging markets to follow a similar trajectory, though growth is likely to be faster in India and China. Our outlook is subject to a variety of risks, and the key sources of uncertainty include



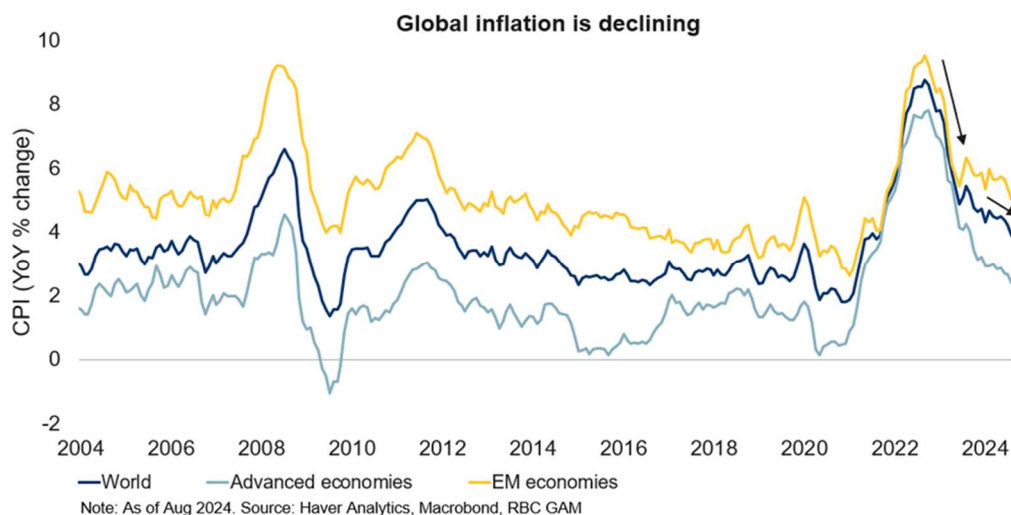
geopolitical tensions in the Middle East, Ukraine, and China, as well as the U.S. election in November.

**U.S. economic growth** remained strong, expanding at a healthy 3% annual pace from April through June versus 1.6% in the previous quarter, driven by consumer spending and investment. Despite the surge in borrowing rates, the economy kept growing and employers kept hiring. However, the job market has shown signs of weakness in recent months. From June through August, employers in the U.S. added an average of just 116,000 jobs a month, the lowest three-month average since mid-2020. The unemployment rate ticked up from a half-century low of 3.4% last year to 4.2% in August, though it

remains relatively low. The U.S. presidential election on November 5 is set to be impactful, in part due to the yawning policy divide between the two presidential platforms and in part due to the high degree of uncertainty over who will win. That said, given that neither of the two presidential candidates appears to be very focused on the large U.S. fiscal deficit, an imminent fiscal drag – whether from large tax hikes or sharp spending cuts – is unlikely. Of course, which party controls the Senate and the House of Representatives will play a large part in how much of a president's agenda may be enacted. Overall, the election remains too close to call, and its subsequent impact on the economy and markets is difficult to forecast with certainty.

The **Canadian economy** continued to disappoint, growing a mere 0.2% in July. Businesses are cautious, the unemployment rate has increased significantly, and youth unemployment is now historically high. In fact, the economy very likely would have shrunk in 2023 were it not for unprecedented immigration propping up demand. While the additional population has cushioned the blow for government and business revenues, the average Canadian is producing and earning less, and is confronted with elevated housing costs due in part to the higher population. Immigration rules are now being tightened, which should slow the rate of population growth and hopefully stabilize unemployment and restore some measure of productivity growth. The Canadian economy can probably continue to grow over the next six quarters given that declining interest rates are providing relief in a country with especially high levels of household debt.

**Inflation** continued its gradual descent toward normality and is becoming less of a concern. U.S. headline consumer-price inflation fell to 2.5% in August from a high of 9.1% in mid-2022, and a variety of other inflation measures have also eased meaningfully. Moreover, key inflation drivers provide encouraging signals about the future. The U.S. economy is no longer overheating, wage growth continues to slow, and corporations are less inclined to raise prices. Inflation expectations remain well anchored as a result. Shelter inflation, which measures the cost of housing, remains among the more elevated inflation



components, but it too is gradually diminishing. As such, we forecast a further gradual deceleration in inflation, with figures that look increasingly normal in 2025. The risks to this base-case inflation forecast revolve primarily around scenarios in which the economy is stronger or weaker than anticipated, with the

result that inflation might deviate moderately in the same direction. A more acute if temporary risk is the possibility of an upward inflation shock, likely via the price of oil, in the event of an escalation of geopolitical turmoil.

With interest rates starting from elevated levels and inflation falling toward 2%, rate cuts are now justified to provide relief for consumers and businesses. Many of the world's major **central banks** have already started lowering rates, including the European Central Bank, the Bank of Canada, and the Bank of England. The U.S. Federal Reserve, which had been sitting on sidelines for the longest, also undertook its first rate cut in four years, slashing its benchmark interest rate by an unusually large half-point in September. While central banks may not manage to lower rates all the way back to neutral over our one-year forecast horizon, significant progress in that direction is likely. The actual magnitude and speed of easing will ultimately depend on the economy's trajectory.

**Global equity markets** rallied across geographies over the three-month period. The MSCI World Net Index performed well during the third quarter, finishing the period with a return of 5.0% on the back of increasing odds of a soft landing, progress in the fight against inflation, and the Fed's long-awaited reduction in interest rates. Notably, the quarter showed signs of "broadening out" of returns, with the beginning of a rotation out of technology stocks into market segments that had fallen by the wayside. As tech stocks struggled, other segments of the market came to the fore in the third quarter, including small-cap stocks.

Equity Indices Performance Comparison as of September 30, 2024 (%)

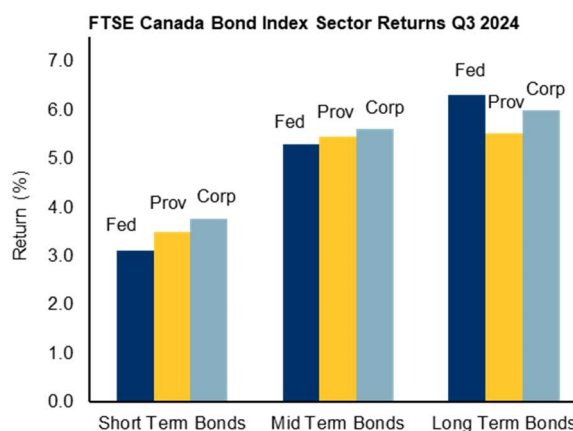
	3 Mo	1 Yr
S&P/TSX Composite Index (C\$)	10.54%	26.73%
S&P 500 Index (C\$)	4.68%	35.77%
MSCI World Net Index (C\$)	5.01%	32.32%
MSCI EAFE Net Index (C\$)	5.90%	24.67%
MSCI Emerging Markets Net Index (C\$)	7.34%	25.95%

Source: RBC GAM

The **Canadian equity market** performed strongly in the third quarter and outperformed the U.S., with the S&P/TSX Composite Index returning 10.5% over the period. The performance was driven by the Financials, Information Technology, and Materials sectors; Energy and Industrials were among the weakest-performing sectors. The case for equities to extend their gains will likely require further monetary easing and the avoidance of a hard landing.

In **emerging markets** (EM), the MSCI Emerging Markets Net Index posted positive returns during the three-month period ending September. Having treaded water for much of the quarter, Asian stocks rallied strongly toward the end of September after Chinese policymakers announced a raft of new stimulus measures. Outside China, we expect GDP for emerging market economies to improve heading into year-end and in 2025, particularly in Taiwan and India, driven by steady domestic demand and the benefits for Asian exporters from solid global demand for consumer goods.

**Global fixed income markets** saw strong performance during the third quarter, buoyed by the growing likelihood of lower rates. In terms of the **Canadian fixed income market**, returns were positive at 4.7%, while the yield of the FTSE Canada Universe Bond Index ended the third quarter at 3.5%, down 0.6% from where it began the quarter. Yields remained volatile over the quarter, with 14 days where the yield of the index changed by more than 5 bps (one standard deviation event). Yields ultimately ended the quarter lower, largely a result of persistent softening in economic data and the bond market's expectation of further policy rate cuts. Following its first cut in early June, the BoC further lowered its policy rate by 0.25% at each of its subsequent two meetings during the third quarter, with the policy rate now at 4.25%.



Looking ahead, the bond market continues to price meaningfully lower short-term yields over the next 12 months in conjunction with expectations for further policy rate cuts, while long-term yields are expected to remain relatively unchanged, near 3% for Government of Canada bonds. We observe that yield volatility exhibits some relationship with policy rate moves and the market's expectations of those moves, and we also recognize that downside risks to the "soft-landing" scenario remain a possibility. As such, we expect volatility in yields to remain a theme in the short term and we will continue to look for opportunities to be tactical while remaining prudent in our interest rate positioning.

Detailed commentary on the specific strategy or strategies employed in your portfolio is provided in the following pages.

## Third Quarter Review

### Duration and Yield Curve

The global economy continues to decelerate, and inflation – a key focus of investors and policymakers since the pandemic – has become less of a concern. The need for highly restrictive monetary policy is no longer necessary, and in turn, many of the world's major central banks have already started lowering policy rates, including the Bank of Canada (BoC). Following its first cut in early June, the BoC further lowered its policy rate by 0.25% at each of its subsequent two meetings during the third quarter, with the policy rate now at 4.25%. While the U.S. Federal Reserve (Fed) remained on the sidelines longer than some global counterparts, it ultimately cut its policy rate in September by 0.50%, with the Fed funds rate now at 4.75%–5.00%. Similar to the BoC, the pivot was communicated as a normalization of monetary policy from a restrictive level, citing a slowing labour market and further progress towards its 2% inflation target. Overall, central bank actions and slowing global growth, in combination with ongoing geopolitical tensions, were all factors that led to continued volatility in bond yields during the quarter. Ultimately, Government of Canada (GoC) bond yields were significantly lower over the period with short-term yields declining more than longer-term yields, resulting in a steepening and normalization of the yield curve.

The portfolio entered the third quarter with its duration modestly shorter than the benchmark based on our view that the decline in yields in June would retrace somewhat in the short term. This tactical position was removed in early July after yields briefly pushed higher. Throughout the remainder of the quarter, as yields fell, the portfolio had a neutral to slightly short duration position, which detracted from relative performance. With respect to yield curve positioning, the portfolio began the third quarter poised to benefit from a steepening of the yield curve, a view that had been expressed in the portfolio since late last year. Since then, as short-term yields declined faster and in greater magnitude than expected, we moderated this position and ultimately made the decision in mid-September to bring the relative yield curve exposure more in line with the benchmark. We do believe there is a possibility that the yield curve may become more upward sloping over the medium term, but given the speed and magnitude of the recent decline in short-term yields, it is our belief that the portfolio's risk budget is better allocated to other strategies with a more attractive reward-for-risk profile at this time. Overall, the portfolio's positioning within interest rates detracted modestly from relative performance over the quarter.

Looking ahead, the bond market continues to price in meaningfully lower short-term yields over the next 12 months in conjunction with expectations for further policy rate cuts, while long-term yields are expected to remain relatively unchanged. We observe that yield volatility exhibits some relationship with policy rate moves and the market's expectations of those moves, and we also recognize that downside risks to the soft-landing scenario remain a possibility. As such, we expect volatility in yields to remain a theme in the short term, and we will continue to look for opportunities to be tactical while remaining prudent in our interest rate positioning.

Government of Canada Yields (%)					
	1 Yr	2 Yr	5 Yr	10 Yr	30 Yr
September 30, 2024	3.27	2.92	2.73	2.95	3.14
Forward Curve for September 30, 2025	2.47	2.48	2.69	2.96	3.13
<b>Implied Change (1 year)</b>	<b>-0.80</b>	<b>-0.44</b>	<b>-0.04</b>	<b>+0.01</b>	<b>-0.01</b>

Source: RBC GAM (BondLab), Bloomberg.

## Real Return Bonds

We continue to have no position in real return bonds. The Canadian government's decision to stop issuing real return bonds in late 2022 reduced liquidity materially in this segment of the market. As a result, we believe this strategy's reward for risk is not currently attractive. We will continue to monitor inflation expectations and liquidity conditions, but we do not consider real return bonds to be a compelling investment opportunity for this type of mandate at present.

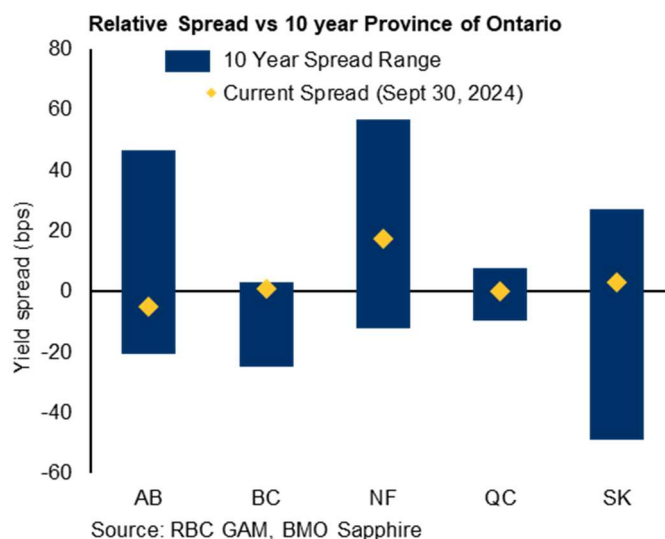
## Foreign Sovereign Bonds

In eligible accounts, we entered the quarter with a small position in a currency-hedged 5-year U.S. Treasury (UST) bond, as the difference in yield, or spread, between 5-year UST and 5-year GoC bonds remained wider than we thought was justified by economic fundamentals. We added to this position early in the third quarter bringing our average entry point to a spread level of approximately 0.9%, which is near the top end of the historical range. We do believe there is some justification for UST yields to be higher than GoC yields, but given the strong trade links between the two economies, this level of divergence is larger than can be justified by economic differences. Our expectation is that convergence between policy rate expectations for the Fed and the BoC could be a catalyst for the spread to tighten, as the 5-year segment of the yield curve has a high sensitivity to policy rate expectations.

With U.S. economic underperformance over the quarter, market expectations for Fed policy rates shifted towards more easing with the Fed ultimately cutting rates in September, resulting in the spread between 5-year USTs and GoCs tightening by 0.1% over the quarter, ending at 0.8%. As a result, this position added slightly to relative performance. Looking forward, we expect further spread contraction as our historical analysis suggests that the spread tends to continue narrowing following the onset of policy rate easing from the Fed. We will continue to monitor this development closely and tactically adjust the portfolio's positioning as appropriate.

## Quasi-Government Bonds

During the third quarter, provincial bond issuance totalled approximately \$30 billion<sup>1</sup> as provinces took advantage of strong investor demand. Going forward, the pace of issuance is expected to be measured and opportunistic now that the provinces in aggregate have completed approximately 85% of their borrowing requirements despite being only halfway through their fiscal year. Despite the significant amount of provincial new issuance so far, strong demand from both domestic and foreign investors has been supportive for provincial bond spreads, which remained broadly unchanged over the quarter.



We opportunistically increased the portfolio's overweight in the Province of Alberta in the third quarter as its spreads widened in August on the back of technical developments. Recall that the portfolio's overweight position in Alberta was initiated during the first quarter based on both valuations and fundamentals. Although Alberta continues to be vulnerable to oil price shocks and budget cyclicality, following its recently published 2023-24 Annual Report, it demonstrated a strong fiscal position as the province produced a balanced budget for the third consecutive year with a \$4.3 billion surplus. In addition, we increased the portfolio's exposure to the Province of Ontario slightly, which remains the largest overweight provincial position. These additions were funded by a reduction to the Province of Quebec, which remains slightly overweight relative to the benchmark. Conversely, the portfolio's largest underweight remains the Province of British Columbia, as we believe the spread does not offer adequate compensation given its significant exposure to the levered real estate market and its deteriorating fiscal position. The portfolio remains underweight the rest of the smaller provincial issuers in aggregate, given the less favourable liquidity profiles of their bonds.

The portfolio's exposures to federal agency bonds, such as AAA-rated Canada Housing Trust bonds, remained unchanged as we continue to have an underweight exposure to this segment of the market in favour of higher-yielding strategies.

In aggregate, the portfolio has a small overweight exposure to quasi-government bonds, but maintains a meaningful bias toward provincial bonds, given their yield advantage over federal agency bonds. The exposure to quasi-government bonds was neutral to relative performance over the quarter as spreads were broadly unchanged. We will continue to adjust the portfolio's quasi-government position tactically based on the attractiveness of opportunities relative to other segments of the bond market.

<sup>1</sup> Desjardin Capital Markets

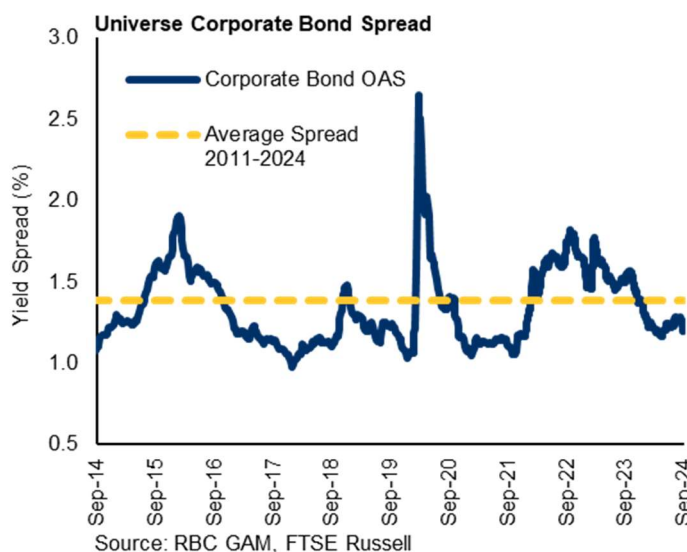
## Investment Grade Corporate Bonds

Investment grade corporate bonds performed well in the third quarter as healthy demand from investors continued to support valuations, despite elevated new issue supply.

Furthermore, the market's expectations of more accommodative monetary policy going forward supported the soft-landing narrative that investors have been leaning into this year.

The positive risk sentiment, coupled with tighter corporate spreads, and government bond yields that are well below their October 2023 peak, all encouraged corporate issuers to be very active in 2024. After bringing approximately \$27 billion of new supply to

market during the third quarter, the total year-to-date issuance is now estimated to be a record-breaking \$106 billion, surpassing last year's annual total with three months of the year still left. Overall, the market absorbed this new issue supply with relative ease, enabling broad investment grade corporate bond spreads to tighten slightly over the quarter.



From a fundamental standpoint, high Canadian debt levels remain our key concern. Canadian consumer indebtedness is elevated due to a previously hot housing market, with the mortgage debt service ratio (the ratio of income a homebuyer dedicates to their mortgage debt payments) having surged to the highest levels seen over the past 10 years as interest rates have risen rapidly. Household debt payments will remain elevated relative to historical levels, particularly over the next few years as more borrowers renew mortgages that were originated at historically low levels prior to the policy rate hiking cycle that began in March 2022. Even though the BoC has reduced its policy rate from the recent peak, the combination of still-elevated debt payments and softer labour markets are expected to push the household debt service ratio higher and will keep a cap on consumer spending growth even as interest rates edge lower. Similar to Canadian households, the debt-servicing costs of Canadian corporations have also risen sharply since 2022. While interest costs as a share of earnings remain below pre-pandemic levels, this share may keep rising in the coming years as existing debt is refinanced at higher interest rates or if earnings don't keep pace. Certain issuers – in particular those with businesses that are more economically sensitive – will be more exposed to a potential economic slowdown than others.

From a technical standpoint, lower all-in yields could lead to weaker demand for corporate credit while at the same time encourage more new issue supply, which could negatively impact valuations. In addition, broad market corporate bond spreads only appear moderately attractive at the moment, hovering at levels slightly below the average since the great financial crisis. We remain cognizant of the uncertain market backdrop and took the opportunity to adjust the portfolio's medium overweight exposure to corporate bonds slightly lower over the quarter as we cautiously navigate this market environment.

Furthermore, we remained very selective in the primary market, participating only in a selection of attractively priced bonds from issuers with stable fundamentals. We have continued to bias the portfolio's exposures in favour of higher-quality areas of the bond market and away from more economically sensitive issuers. The Infrastructure and Power Generation sectors, which are predominantly comprised of regulated issuers with stable and predictable cash flow generation and issuers with strong government support, continue to be areas of focus. Meanwhile the portfolio remains underweight the Financial sector due to its exposure to the highly indebted Canadian consumer. The Communications sector is another area where we are proceeding with caution, given the multiple headwinds it faces. The sector is entirely BBB-rated, with a high degree of corporate leverage that is close to rating agency downgrade thresholds. In addition, high dividend payout ratios, high capital expenditures, and rising competitive risks challenge telecommunications businesses' ability to reduce debt levels and contributes to the uncertainty surrounding the sector, leaving it potentially more exposed to an economic downturn. Going forward, we will continue to capitalize on attractive opportunities within the bond market where the compensation is commensurate to the underlying fundamental risks. Overall, corporate bonds were a positive contributor to relative performance, thanks to a combination of the portfolio's overweight exposure during a period of tighter spreads, strong security selection, and yield accrual over the quarter.

# ONE Investment

**Presented by**

Paul Purcell  
Martin Leclair

# Table of contents

- The Reporting Framework (added section)
- ONE Investment summary
- Markets update and outlook
- Performance
- Fund characteristics

# Objective of reporting

White-label approach to provide tailored information

**When developing the reporting package for ONE Investment, we followed 3 guiding principles:**



## Transparency

We ensure that all parties receive clear, timely, and transparent information



## Providing the right information, to the right people

We ensure that all parties receive the appropriate level of data to make informed decisions



## Relevant to the fiduciary framework

We ensure that ONE Investment and the JIB have all the information required to assess PH&N Institutional's efficacy as an OCIO manager

# Reporting summary

Objective is to provide comprehensive reporting in a timely manner

Period	Daily	Monthly (M+5-10)	Quarterly (Q+5-30)
Municipality	Daily Holdings Summary	Statement of Account (PDF and XLS)  Performance and holdings dashboard <sup>1</sup> (XLS)	Quarterly Report  Quarterly Statement of Investments  Quarterly fund commentary
ONE Investment	Daily Holdings Summary  Daily Fund NAVs	Performance and holdings dashboard <sup>1</sup> (XLS)  Compliance dashboard <sup>1</sup>	Quarterly compliance summary
ONE JIB		Performance and holdings dashboard <sup>1</sup> (XLS)	Quarterly Executive Summary  Quarterly fund commentary

1. These reports are under development

# The Dashboard

## A deeper dive into the OCIO framework: (1) Model Portfolios

Model Portfolio Return	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception
Short-Term Model (A) - 0% Equities	-0.36							
Short-Term Model (B) - 20% Equities	-0.29							
Mid-Term Model (C) - 30% Equities	-0.20							
Mid-Term Model (D) - 40% Equities	-0.16							
Mid-Term Model (D+) - 40% Equities	-0.05							
Mid-Term Model (E) - 50% Equities	-0.19							
Mid-Term Model (E+) - 50% Equities	0.09							
Long-Term Model (F) - 60% Equities	-0.10							
Long-Term Model (F+) - 60% Equities	-0.04							
Long-Term Model (G) - 70% Equities	-0.01							
Canada 91-Day T-Bills	0.45							
Canada CPI	0.40							

# The Dashboard

## A deeper dive into the OCIO framework: (2) Funds

### Total Historical Fund Performance

Fixed Income Solutions - Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	ONE AUM
<b>PH&amp;N Short Term Bond &amp; Mortgage Fund</b>	<b>-0.36</b>	<b>1.49</b>	<b>4.62</b>	<b>8.27</b>	<b>2.44</b>	<b>2.50</b>	<b>2.36</b>	<b>3.45</b>	<b>10/31/02</b>	<b>\$ 297,814,630.08</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	-0.30	1.52	4.70	8.16	2.01	1.92	1.90	3.11		
<i>Value Add</i>	-0.06	-0.04	-0.08	+0.11	+0.43	+0.58	+0.46	+0.34		
<b>PH&amp;N Enhanced Total Return Bond Fund</b>	<b>-0.98</b>	<b>1.26</b>	<b>3.65</b>	<b>12.09</b>	<b>0.44</b>	<b>1.36</b>	<b>2.77</b>	<b>3.99</b>	<b>03/31/08</b>	<b>\$ 150,466,520.94</b>
<i>FTSE Canada Universe Bond Index</i>	-1.01	1.20	3.21	11.34	-0.09	0.46	2.09	3.29		
<i>Value Add</i>	+0.03	+0.06	+0.43	+0.75	+0.53	+0.90	+0.68	+0.70		
<b>PH&amp;N Corporate Bond Trust</b>	<b>-0.61</b>	<b>1.70</b>	<b>5.50</b>	<b>12.74</b>	<b>1.90</b>	<b>2.93</b>	<b>3.69</b>	<b>4.28</b>	<b>06/03/11</b>	<b>\$ 19,542,039.39</b>
<i>FTSE Canada All Corporate Bond Index</i>	-0.50	1.88	5.35	12.94	1.62	2.02	3.03	3.60		
<i>Value Add</i>	-0.11	-0.18	+0.15	-0.20	+0.28	+0.91	+0.66	+0.67		
<b>PH&amp;N Private Placement Corporate Debt Fund</b>	<b>-0.52</b>	<b>1.84</b>	<b>5.59</b>	<b>15.12</b>	<b>1.73</b>	<b>2.47</b>	<b>-</b>	<b>3.43</b>	<b>08/31/16</b>	<b>\$ 97,593,094.94</b>
<i>FTSE Canada All Corporate Bond Index</i>	-0.50	1.88	3.76	11.92	0.09	0.56	-	1.33		
<i>Value Add</i>	-0.02	-0.04	+1.83	+3.19	+1.64	+1.91	-	+2.10		
<b>RBC Commercial Mortgage Fund</b>	<b>-0.04</b>	<b>1.69</b>	<b>5.97</b>	<b>8.90</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.71</b>	<b>06/03/22</b>	<b>\$ 22,120,482.85</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	-0.30	1.52	4.70	8.16	-	-	-	4.09		
<i>Value Add</i>	+0.26	+0.16	+1.26	+0.74	-	-	-	+1.62		
<b>PH&amp;N High Yield Bond Fund</b>	<b>0.82</b>	<b>2.85</b>	<b>10.20</b>	<b>16.10</b>	<b>5.13</b>	<b>5.91</b>	<b>5.82</b>	<b>7.95</b>	<b>10/31/02</b>	
<i>FTSE Canada Short Term Overall Bond Index</i>	-0.30	1.52	4.70	8.16	-0.91	-0.04	1.84	3.88		
<i>Value Add</i>	+1.12	+1.32	+5.50	+7.94	+6.05	+5.95	+3.98	+4.07		
<b>RBC High Yield Bond Fund</b>	<b>-0.25</b>	<b>2.03</b>	<b>6.13</b>	<b>13.99</b>	<b>2.25</b>	<b>3.48</b>	<b>4.41</b>	<b>5.48</b>	<b>10/12/12</b>	<b>\$ 4,882,259.83</b>
<i>FTSE Canada Universe Bond Index</i>	-0.30	1.52	3.07	11.18	-0.14	0.43	2.08	2.71		
<i>Value Add</i>	+0.05	+0.51	+3.06	+2.81	+2.39	+3.06	+2.33	+2.78		
<b>BlueBay Total Return Credit Fund (Canada)</b>	<b>-0.26</b>	<b>2.60</b>	<b>6.65</b>	<b>13.87</b>	<b>2.23</b>	<b>-</b>	<b>-</b>	<b>2.20</b>	<b>05/10/21</b>	<b>\$ 154,231,378.94</b>
<i>FTSE Canada 91 Day T-Bill Index</i>	0.45	1.20	4.27	5.12	3.60	-	-	3.14		
<i>Value Add</i>	-0.71	+1.40	+2.38	+8.75	-1.38	-	-	-0.94		

# The Dashboard

## A deeper dive into the OCIO framework: (3) municipal accounts

Total Municipal Holdings by Fund	Durham Region	Clarington	Central Frontenac	Red Lake
<b>Fixed Income Solutions</b>	<b>\$ 746,650,406.97</b>			
PH&N Short Term Bond & Mortgage Fund - O	\$ 297,814,630.08			
PH&N Enhanced Total Return Bond Fund - O	\$ 150,466,520.94			
BlueBay Total Return Credit Fund (Canada) - O	\$ 154,231,378.94			
PH&N Private Placement Corporate Debt Fund - O	\$ 97,593,094.94			
RBC Commercial Mortgage Fund - O	\$ 22,120,482.85			
PH&N Corporate Bond Trust - O	\$ 19,542,039.39			
RBC High Yield Bond Fund - O	\$ 4,882,259.83			
<b>Equity Solutions</b>	<b>\$ 281,630,912.97</b>			
RBC QUBE Low Volatility Canadian Equity Fund - O	\$ 69,727,772.63			
RBC QUBE Canadian Equity Fund - O	\$ 23,632,912.87			
PH&N Canadian Equity Value Fund - O	\$ 23,547,447.73			
PH&N Canadian Equity Fund - O	\$ 23,362,240.46			
RBC QUBE Low Volatility U.S. Equity Fund (CAD) - O	\$ 47,896,166.55			
RBC QUBE U.S. Equity Fund - O	\$ 23,998,640.68			
PH&N U.S. Equity Fund - O	\$ 23,729,954.80			
PH&N Overseas Equity Fund - O	\$ 22,998,987.14			
RBC International Equity Fund (CAD) - O	\$ 22,736,790.11			
<b>Alternatives Solutions</b>	<b>\$ -</b>			
RBC Canadian Core Real Estate Fund	\$ -			
RBC Global Infrastructure Fund	\$ -			

# The Dashboard

## A deeper dive into the OCIO framework: (3) municipal accounts

Municipalities - Portfolio Return	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Market Value
CPI	0.40									
Muni Short	-0.39							2.44	07/17/24	\$ 97,536,271.00
Muni Medium	-0.12							3.00	07/17/24	\$ 65,767,834.00
Muni Long	-0.23							3.06	07/17/24	\$ 864,977,215.00
Muni Consolidated	-0.25							2.99	07/17/24	\$ 1,028,281,320.00

Total Portfolio Return	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Market Value
Muni Short	-0.39							2.44	07/17/24	\$ 97,536,271.44
CPI	0.40									

Fixed Income Funds - Total Return (%)	1 Month	3 Months	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date	Market Value
<b>PH&amp;N Short Term Bond &amp; Mortgage Fund - O</b>	<b>-0.36</b>									\$ 52,077,692.44
FTSE Canada Short Term Overall Bond Index	-0.30									
Relative Performance	-0.06									
<b>PH&amp;N Corporate Bond Trust - O</b>	<b>-0.61</b>									\$ 19,542,039.39
FTSE Canada All Corporate Bond Index	-0.50									
Relative Performance	-0.11									
<b>BlueBay Total Return Credit Fund (Canada) - O</b>	<b>-0.26</b>									\$ 14,689,031.69
FTSE Canada 91 Day T-Bill Index	0.45									
Relative Performance	-0.71									
<b>PH&amp;N Private Placement Corporate Debt Fund - O</b>	<b>-0.52</b>									\$ 4,900,062.28
FTSE Canada Universe Bond Index	-0.50									
Relative Performance	-0.02									
<b>RBC High Yield Bond Fund - O</b>	<b>-0.25</b>									\$ 4,882,259.83
FTSE Canada Short Term Overall Bond Index	-0.30									
Relative Performance	+0.05									
<b>RBC Commercial Mortgage Fund - O</b>	<b>-0.04</b>									\$ 1,445,185.81
FTSE Canada Short Term Overall Bond Index	-0.30									
Relative Performance	+0.26									

# Summary

# Current fund exposure

As of September 30, 2024

Summary of assets <sup>1</sup> As of September 30, 2024	Market Value (\$)	Market Value (%)
<b><u>Fixed Income</u></b>		
PH&N Short Term Bond & Mortgage Fund	298,845,593	29.0%
PH&N Enhanced Total Return Bond Fund	151,777,154	14.7%
PH&N Corporate Bond Trust	19,661,805	1.9%
PH&N Private Placement Corporate Debt Fund	98,104,471	9.5%
RBC High Yield Bond Fund	4,894,549	0.5%
BlueBay Total Return Credit Fund (Canada)	154,635,265	15.0%
RBC Commercial Mortgage Fund	22,128,301	2.1%
<b><u>Equities</u></b>		
RBC QUBE Low Volatility Canadian Equity Fund	69,938,739	6.8%
PH&N Canadian Equity Value Fund	23,382,412	2.3%
PH&N Canadian Equity Fund	23,365,604	2.3%
RBC QUBE Canadian Equity Fund	23,363,998	2.3%
RBC QUBE Low Volatility U.S. Equity Fund	46,963,542	4.6%
PH&N U.S. Equity Fund	23,364,626	2.3%
RBC QUBE U.S. Equity Fund	23,370,108	2.3%
RBC International Equity Fund	23,391,026	2.3%
PH&N Overseas Equity Fund	23,326,445	2.3%
<b>Total</b>	<b>1,030,513,638</b>	<b>100.0%</b>

1. Total excludes the In-Kind assets with a market value of \$15,789,432 as of September 30, 2024

# Account Performance

As of September 30, 2024

Performance (%)	Since Inception (July 17, 2024)	Nov 15, 2024 QTD <sup>1</sup>	Market Value (\$)
Durham Short	3.30	-0.25	97,922,441
Durham Medium	3.12	0.52	65,845,639
Durham Long	2.85	0.42	866,745,559
TOTAL			1,030,513,638

1. Preliminary performance, subject to change

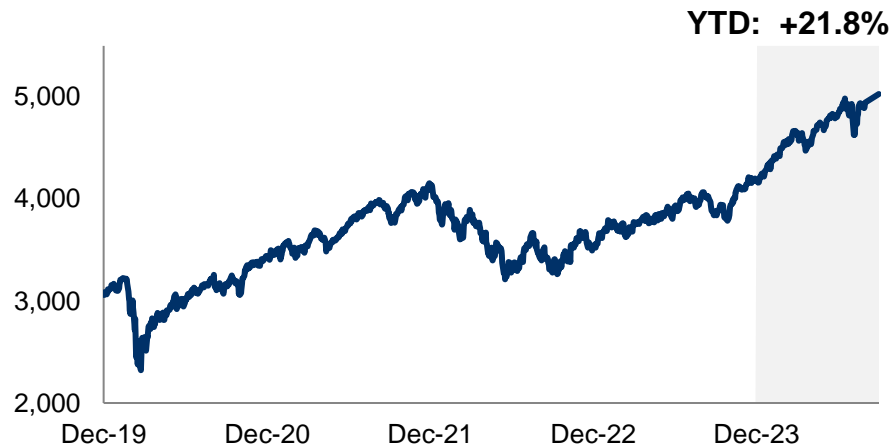
Total returns are gross of fees and reported in Canadian dollars. Periods less than one year are not annualized.

# Markets update and outlook

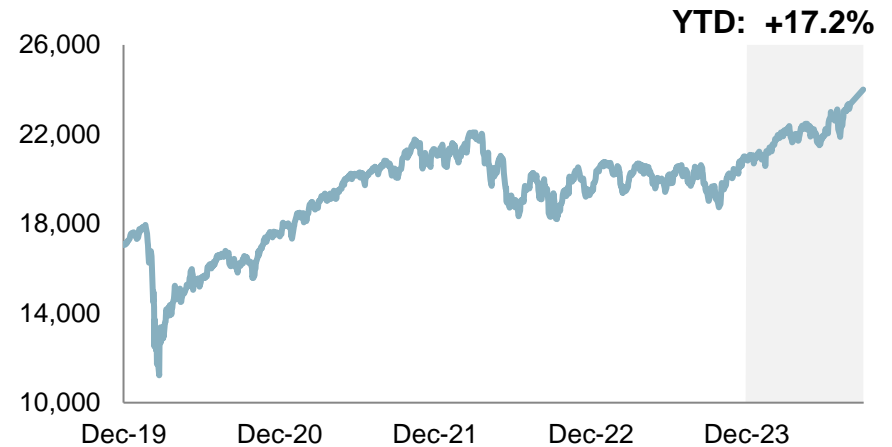
# Capital markets backdrop through Q3 2024

## Equities push to new highs

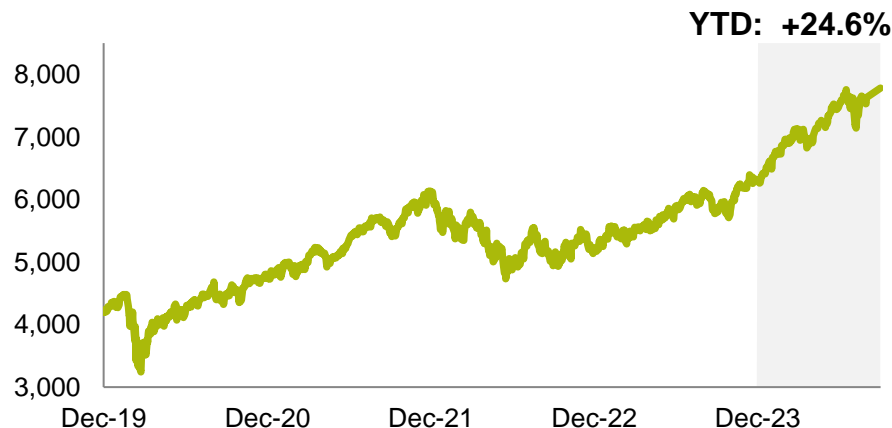
### Global equities – MSCI World Net Index



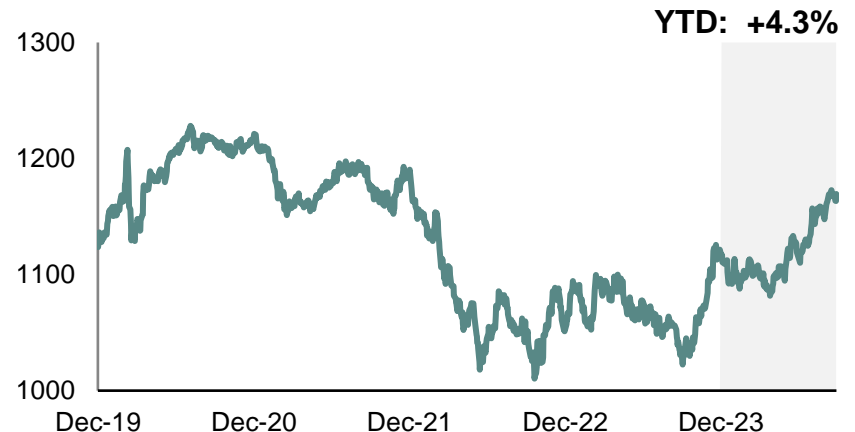
### Canadian equities – S&P/TSX Capped Composite Index



### U.S. equities – S&P 500 Index



### Canadian Fixed income – FTSE Canada Universe Bond Index



Source: RBC GAM, Bloomberg, S&P, MSCI, FTSE  
Note: All indices shown in Canadian dollars

# Key takeaways

## Strong equity rally in 2024; broadening of the market in Q3



### **Markets:** *Equity markets continue to surge...U.S. Fed joins global easing shift*

- Equities surge higher amid broadening earnings strength, falling inflation, start of the U.S. easing cycle.
- Equity gains broaden out from the “Mag 7” to the rest of the market.



### **Strategy Performance:** Strategies achieving performance objectives; style blends working

- **Absolute returns:** All portfolio generating robust absolute returns over near and longerr-term time periods.
- **Relative returns:** 16/19 approved strategies are ahead over 1yr; Equity style/manager diversification working as intended.
- **Strategies under review:** PH&N Overseas Equity Fund and RBC QUBE U.S. Low Volatility Fund (performance)



### **Outlook & Considerations:** *Constructive and expect deceleration & normalizing vol*

- Economic outlook constructive overall; some markets (Canada in particular) remain at elevated risk of a downturn.
- Expansion of breadth in equities is positive and reflects a strong macro-economic backdrop in the U.S.

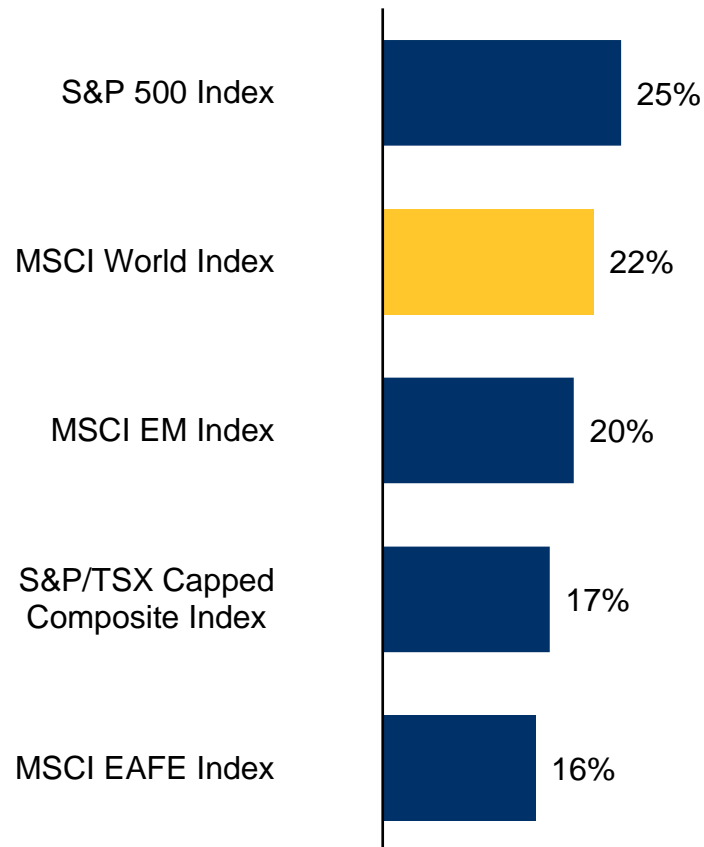
Source: RBC GAM

RBC Global Asset Management  
PH&N Institutional

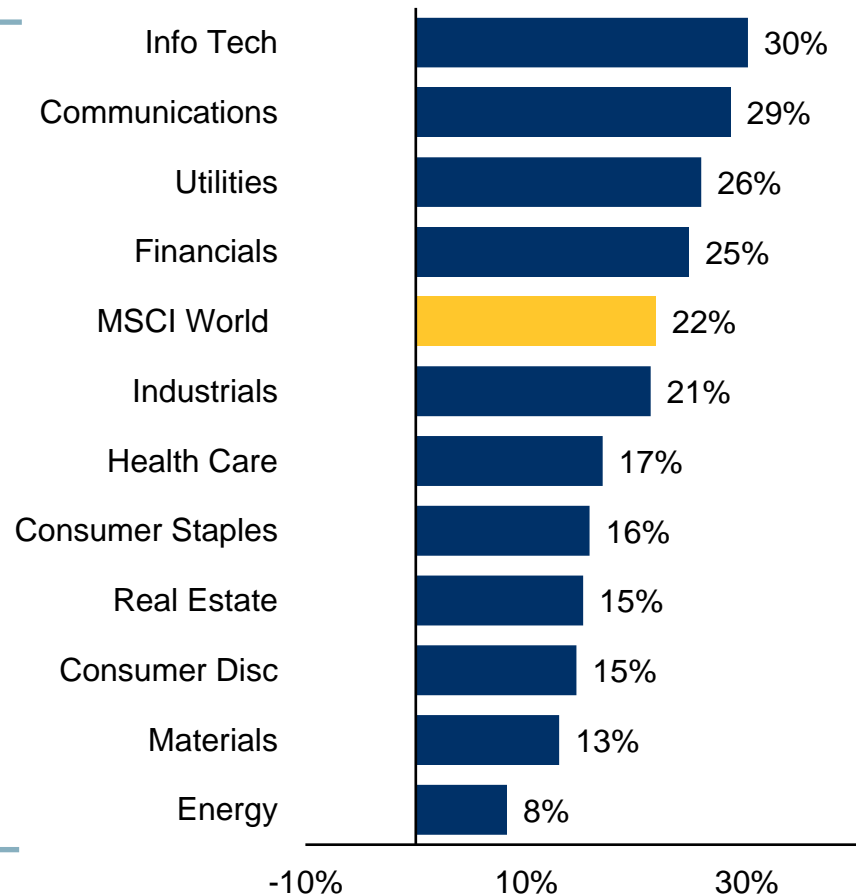
# Global equity market performance

Positive performance across regions and sectors YTD 2024

**Global Market Performance (C\$)**  
YTD 2024



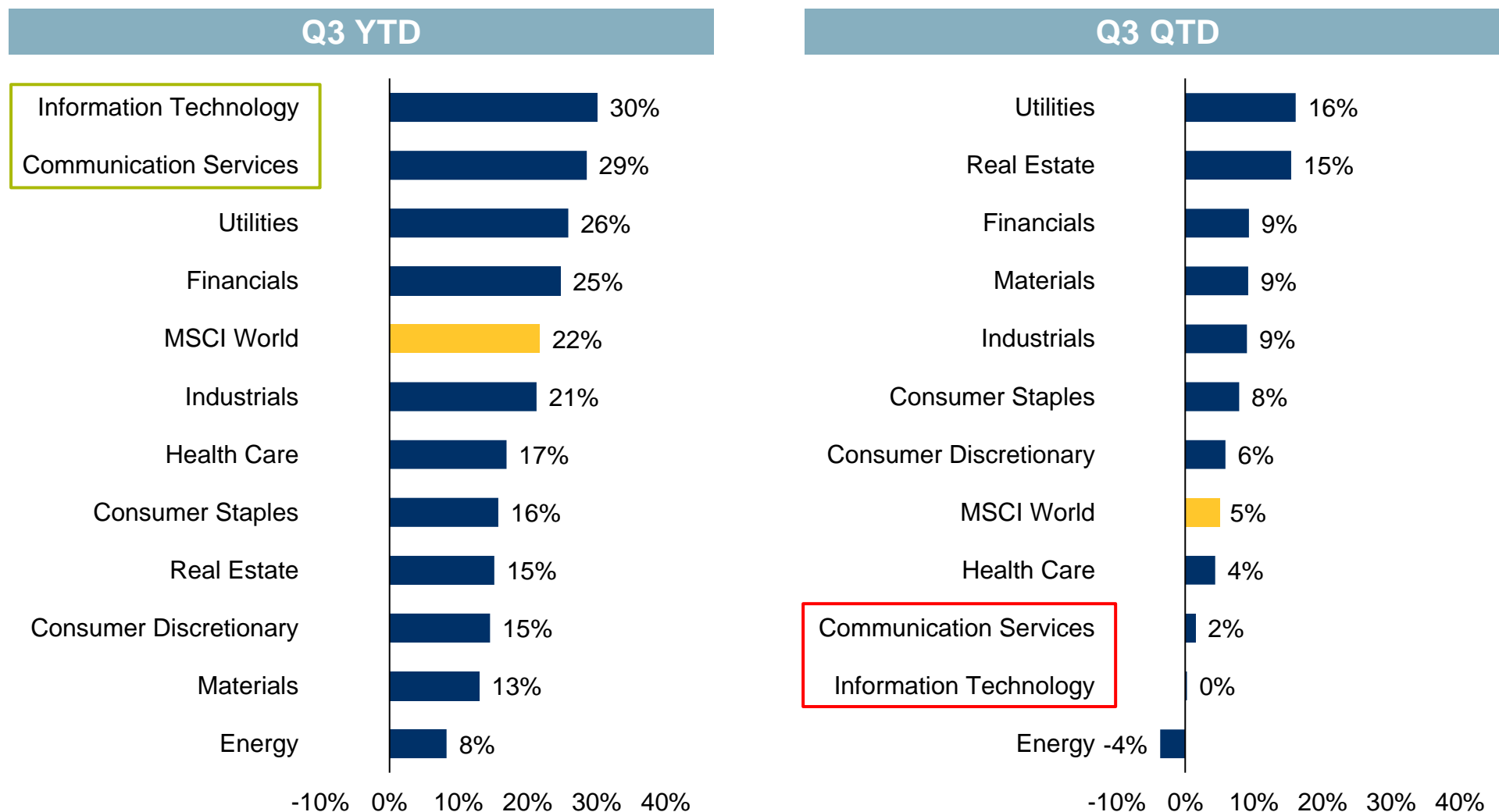
**MSCI World Index Sector Performance**  
YTD 2024



Source: RBC GAM, S&P, MSCI  
Note: All indices shown in Canadian dollars. As of September 30, 2024

# Global equity market performance

## Large reversal in sector leadership in Q3

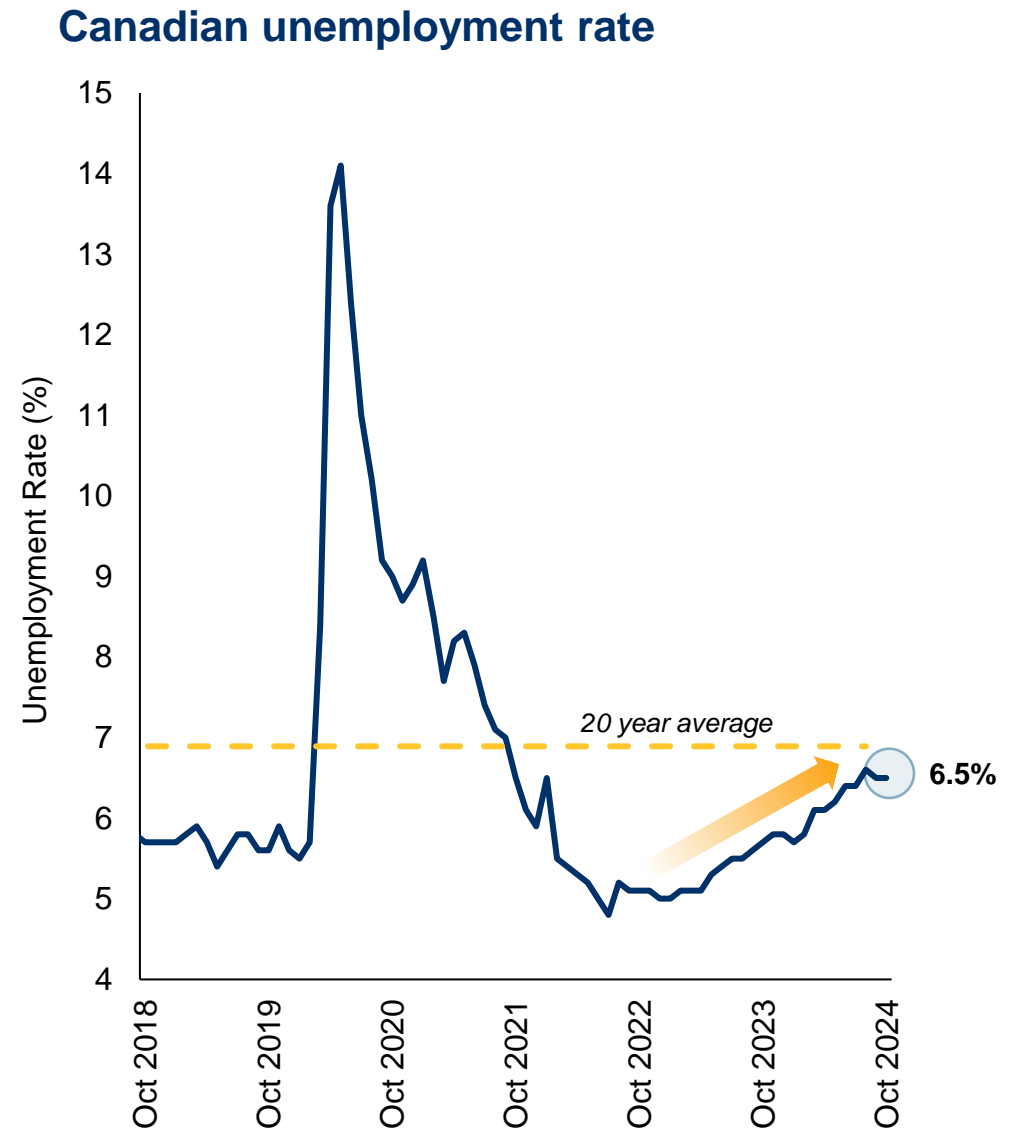
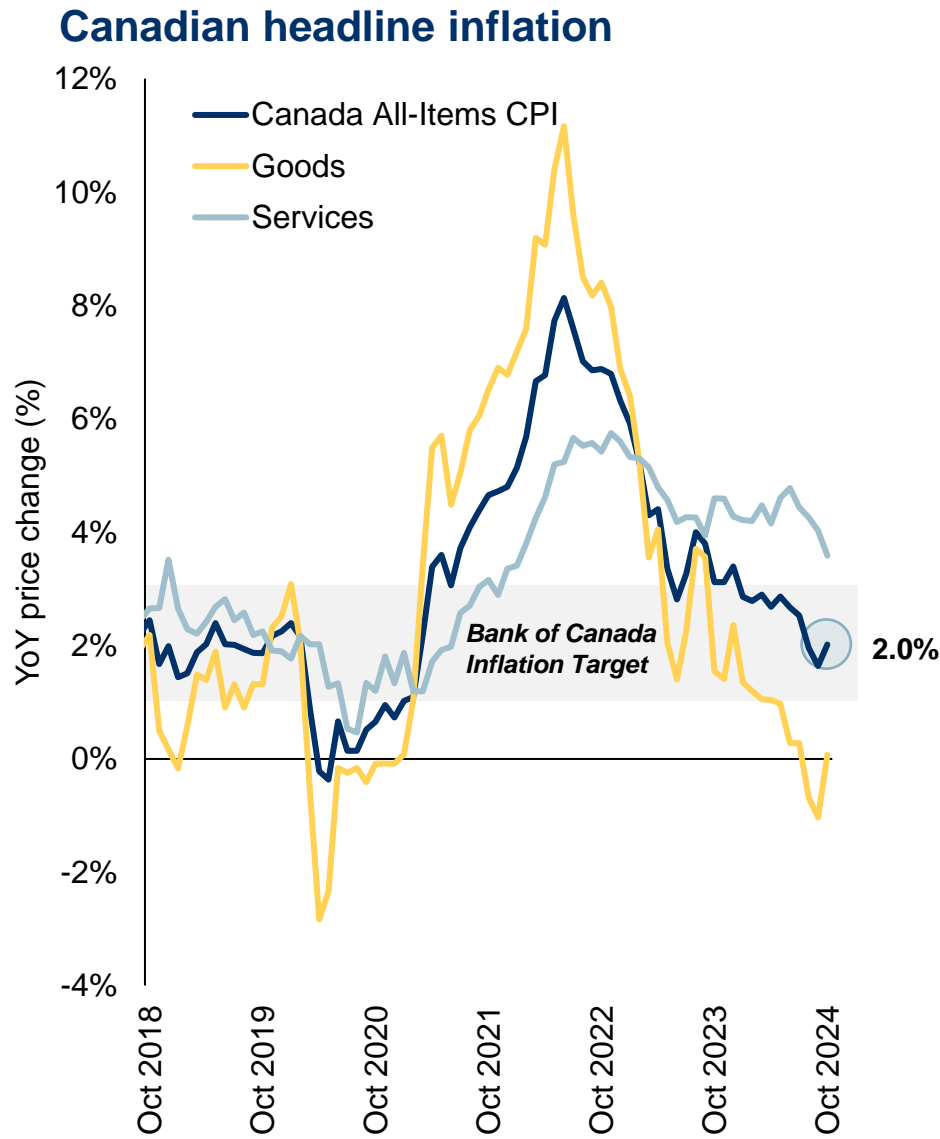


Source: RBC GAM, MSCI.

Note: All performance shown in CAD. As of September 30, 2024.

# Inflation within the BoC's target range

Concerns have shifted to the labour market

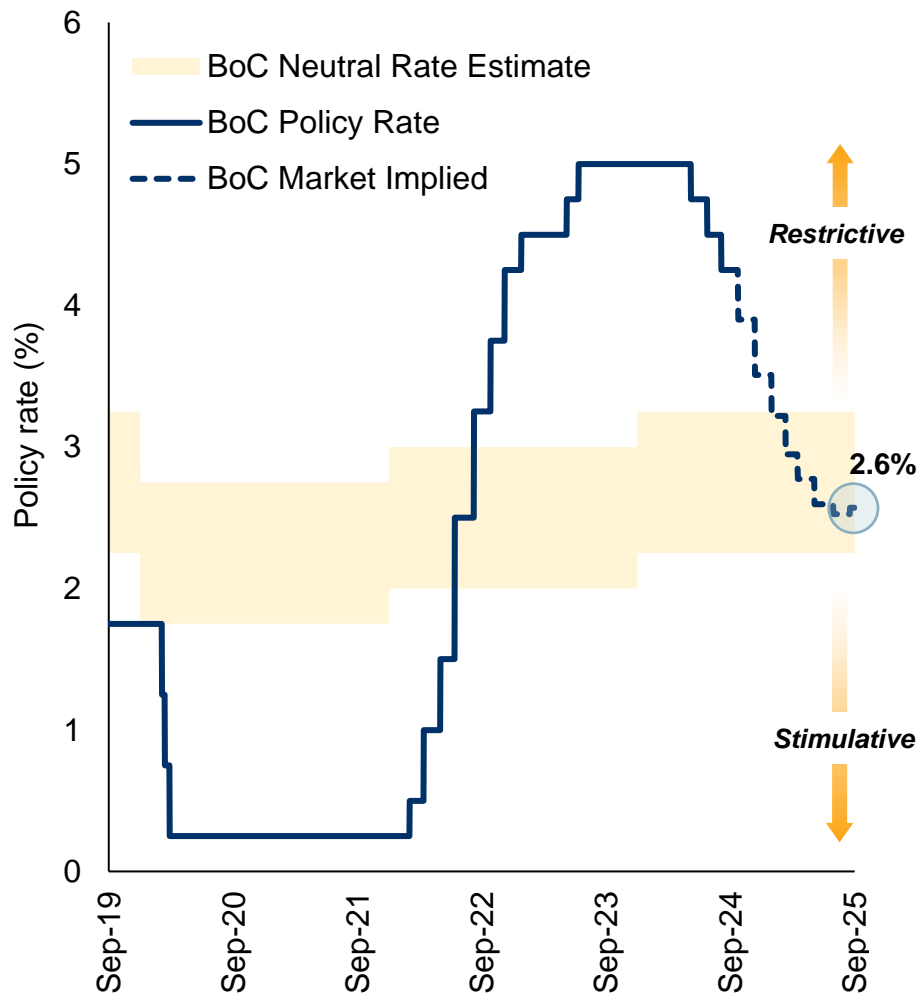


Source: RBC GAM, Statistics Canada. Data updated of November 19, 2024.

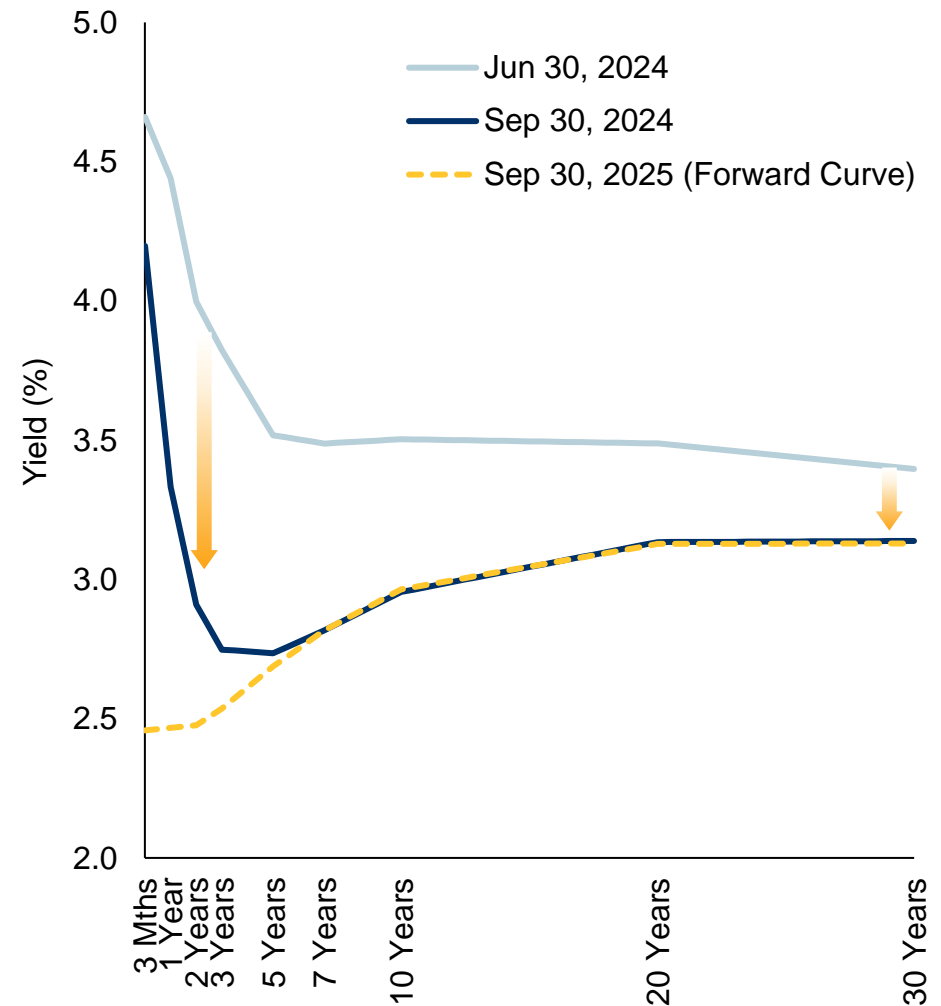
# While BoC has begun easing, policy rates remain restrictive

The market has already priced in significant easing over medium-term

## Bank of Canada (BoC) policy rate



## Government of Canada yield curve

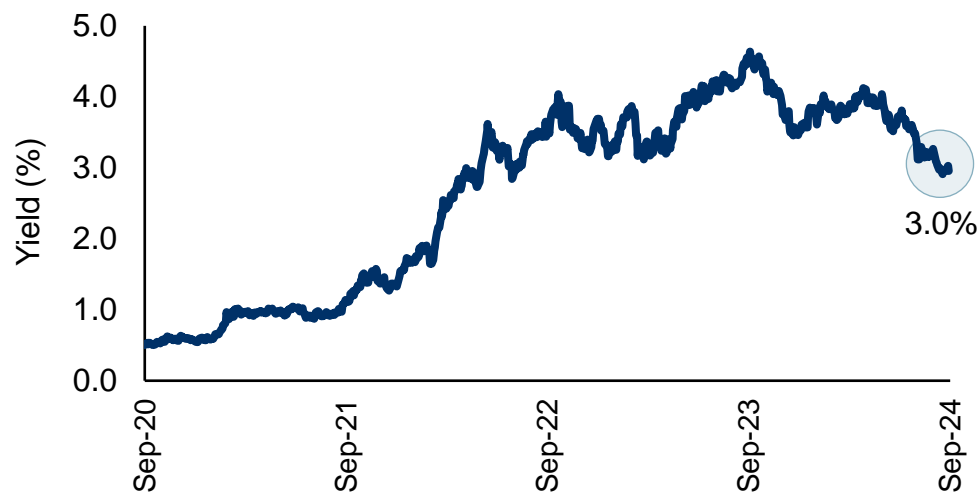


\*Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. PH&N Institutional accepts no liability for any failure to meet such forecast or target. Source: RBC GAM, Bloomberg.

# Bond market review

GoC yield curve steepened, credit spreads slightly tighter

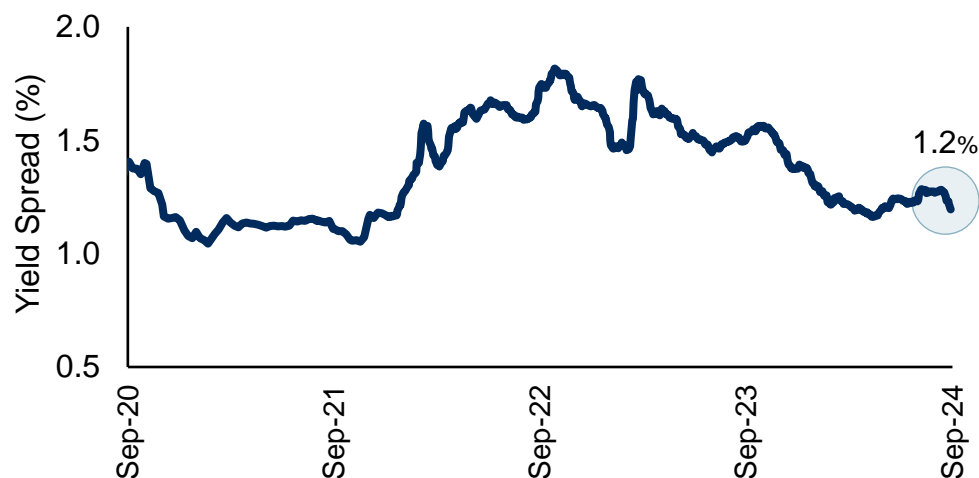
## FTSE Canada Federal Bond Index yields



### Total returns as of Sept 30, 2024 (%)

	3 mo	1 yr	4 yr
Short Term Overall Bond Index*	3.39	9.33	1.31
Universe Bond Index*	4.66	12.89	-0.92
Long Term Overall Bond Index*	5.75	17.30	-4.19

## FTSE Universe Corporate Bond OAS\*\*



### Sector Mid Term Overall Bond Index

Canada	5.30	12.83	-1.59
Provincial	5.45	13.86	-0.26
Corporate	5.60	16.37	1.24

Source: RBC GAM, FTSE Global Debt Capital Markets Inc.

\* Representative components of the FTSE Canada bond indices. \*\* Option adjusted spread.

# Performance

# Fund performance – Fixed income

Annualized returns as of September 30, 2024<sup>1</sup>

Performance comparison (%)	Q3	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI <sup>3</sup>	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Canadian Money Market Fund</b>	<b>1.20</b>	<b>3.85</b>	<b>5.25</b>	<b>5.01</b>	<b>3.69</b>	<b>2.83</b>	<b>2.53</b>	<b>1.91</b>	<b>2.11</b>	<b>0.54</b>
FTSE Canada 30 Day TBill Index	1.14	3.67	4.97	4.68	3.38	2.55	2.24	1.56	1.76	0.54
Relative performance	0.06	0.18	0.28	0.33	0.31	0.28	0.29	0.35	0.35	0.00
<b>PH&amp;N Short Term Bond &amp; Mortgage Fund</b>	<b>3.41</b>	<b>5.00</b>	<b>9.50</b>	<b>5.75</b>	<b>2.24</b>	<b>1.78</b>	<b>2.62</b>	<b>2.43</b>	<b>3.48</b>	<b>-0.37</b>
FTSE Canada Short Term Overall Bond Index	3.39	5.02	9.33	5.37	1.74	1.31	2.02	1.96	3.14	-0.30
Relative performance	0.02	-0.02	0.17	0.38	0.50	0.47	0.60	0.47	0.34	-0.07
<b>PH&amp;N Enhanced Total Return Bond Fund</b>	<b>4.72</b>	<b>4.67</b>	<b>13.55</b>	<b>6.12</b>	<b>0.46</b>	<b>-0.24</b>	<b>1.52</b>	<b>2.93</b>	<b>4.08</b>	<b>-0.92</b>
FTSE Canada Universe Bond Index	4.66	4.27	12.89	5.53	-0.10	-0.92	0.63	2.25	3.37	-0.98
Relative performance	0.06	0.40	0.66	0.59	0.56	0.68	0.89	0.68	0.71	0.06
<b>PH&amp;N Corporate Bond Trust</b>	<b>4.68</b>	<b>6.15</b>	<b>13.97</b>	<b>7.70</b>	<b>1.78</b>	<b>1.24</b>	<b>3.03</b>	<b>3.80</b>	<b>4.35</b>	<b>-0.47</b>
FTSE Canada All Corporate Bond Index	4.67	5.88	13.96	7.65	1.49	0.95	2.11	3.12	3.66	-0.21
Relative performance	0.01	0.27	0.01	0.05	0.29	0.29	0.92	0.68	0.69	-0.26

1. Fund performance as of September 30, 2024 unless otherwise indicated.

2. Preliminary performance, subject to change.

3. Since inception dates: PH&N Canadian Money Market Fund - Oct 31, 2002, PH&N Short Term Bond & Mortgage Fund - Oct 31, 2002, PH&N Enhanced Total Return Bond Fund - Mar 31, 2008, PH&N Corporate Bond Trust - Jun 03, 2011

Past performance is not indicative of future results and is calculated in CAD.

Source: RBC Global Asset Management, FTSE Russell. All Performance is for Series O and is presented gross of investment management fees but net of fund expenses. All returns for periods greater than one year are shown on an annualized basis. Performance is presented as supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

# Fund performance – Fixed income

Annualized returns as of September 30, 2024<sup>1</sup>

Performance comparison (%)	Q3	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI <sup>3</sup>	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Private Placement Corporate Debt Fund</b>	<b>5.13</b>	<b>6.14</b>	<b>16.07</b>	<b>8.31</b>	<b>1.51</b>	<b>1.06</b>	<b>2.53</b>	<b>-</b>	<b>3.53</b>	<b>-0.53</b>
FTSE Canada All Corporate Bond Index	4.67	4.28	12.90	5.53	-0.10	-0.92	0.63	-	1.40	-0.21
Relative performance	0.46	1.86	3.17	2.78	1.61	1.98	1.90	-	2.13	-0.32
<b>RBC Commercial Mortgage Fund</b>	<b>3.00</b>	<b>6.00</b>	<b>9.79</b>	<b>6.76</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.93</b>	<b>0.11</b>
FTSE Canada Short Term Overall Bond Index	3.39	5.02	9.33	5.37	-	-	-	-	4.37	-0.30
Relative performance	-0.39	0.98	0.46	1.39	-	-	-	-	1.56	0.41
<b>PH&amp;N High Yield Bond Fund</b>	<b>3.59</b>	<b>9.30</b>	<b>14.90</b>	<b>9.84</b>	<b>4.75</b>	<b>5.94</b>	<b>5.80</b>	<b>5.84</b>	<b>7.94</b>	<b>1.28</b>
FTSE Canada Short Term Bond (FTSE Universe prior to Oct2023)	3.39	5.02	9.33	3.85	-1.16	-1.71	-0.02	1.93	3.91	-0.30
Relative performance	0.20	4.28	5.57	5.99	5.91	7.65	5.82	3.91	4.03	1.58
<b>RBC High Yield Bond Fund</b>	<b>3.91</b>	<b>6.40</b>	<b>13.60</b>	<b>10.68</b>	<b>2.24</b>	<b>3.86</b>	<b>3.57</b>	<b>4.61</b>	<b>5.54</b>	<b>-0.01</b>
FTSE Canada Short Term Bond (FTSE Universe prior to March 2024)	3.39	3.38	11.93	5.07	-0.39	-1.14	0.46	2.17	2.74	-0.30
Relative performance	0.52	3.02	1.67	5.61	2.63	5.00	3.11	2.44	2.80	0.29

1. Fund performance as of September 30, 2024 unless otherwise indicated.

2. Preliminary performance, subject to change.

3. Since inception dates: PH&N Private Placement Corporate Debt Fund - Aug 31, 2016, RBC Commercial Mortgage Fund - Jun 03, 2022, RBC High Yield Bond Fund - Oct 12, 2010, PH&N High Yield Bond Fund - Oct 31, 2002

Past performance is not indicative of future results and is calculated in CAD.

Source: RBC Global Asset Management, FTSE Russell. All Performance is for Series O and is presented gross of investment management fees but net of fund expenses. All returns for periods greater than one year are shown on an annualized basis. Performance is presented as supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

# Fund performance – Fixed income

Annualized returns as of September 30, 2024<sup>1</sup>

Performance comparison (%)	Q3	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI <sup>3</sup>	Nov 15, 2024 QTD <sup>2</sup>
<b>BlueBay Total Return Credit Fund (Canada)</b>	<b>4.83</b>	<b>6.93</b>	<b>13.93</b>	<b>11.25</b>	<b>2.25</b>	-	-	-	<b>2.33</b>	<b>0.44</b>
FTSE Canada 91 Day T-Bill Index	1.22	3.80	5.13	4.78	3.45	-	-	-	3.08	0.59
Relative performance	3.61	3.13	8.80	6.47	-1.20	-	-	-	-0.75	-0.15

1. Fund performance as of September 30, 2024 unless otherwise indicated.
2. Preliminary performance, subject to change.
3. Since inception dates: BlueBay Total Return Credit Fund (Canada) - May 10, 2021

Past performance is not indicative of future results and is calculated in CAD.

Source: RBC Global Asset Management, FTSE Russell. All Performance is for Series O and is presented gross of investment management fees but net of fund expenses. All returns for periods greater than one year are shown on an annualized basis. Performance is presented as supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

# Fund performance – Canadian Equities

Annualized returns as of September 30, 2024<sup>1</sup>

Performance comparison (%)	Q3	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI <sup>3</sup>	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Canadian Equity Value Fund</b>	<b>10.57</b>	<b>17.36</b>	<b>26.69</b>	<b>18.10</b>	<b>11.94</b>	<b>17.17</b>	<b>11.87</b>	<b>9.08</b>	<b>9.91</b>	<b>4.01</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	8.15	4.00
Relative performance	0.03	0.12	-0.05	0.27	2.42	3.30	0.92	0.99	1.76	0.01
<b>PH&amp;N Canadian Equity Fund</b>	<b>10.41</b>	<b>16.92</b>	<b>26.55</b>	<b>18.03</b>	<b>9.98</b>	<b>14.77</b>	<b>11.74</b>	<b>8.60</b>	<b>9.61</b>	<b>3.21</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	9.34	4.00
Relative performance	-0.13	-0.32	-0.19	0.20	0.46	0.90	0.79	0.51	0.27	-0.79
<b>RBC QUBE Canadian Equity Fund</b>	<b>10.78</b>	<b>18.13</b>	<b>28.91</b>	<b>18.75</b>	<b>10.67</b>	<b>14.55</b>	<b>11.04</b>	<b>8.10</b>	<b>9.78</b>	<b>5.48</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	9.62	4.00
Relative performance	0.24	0.89	2.17	0.92	1.15	0.68	0.09	0.01	0.16	1.48

1. Fund performance as of September 30, 2024 unless otherwise indicated.

2. Preliminary performance, subject to change.

3. Since inception dates: PH&N Canadian Equity Value Fund - Dec 31, 2009, PH&N Canadian Equity Fund - Oct 31, 2002, RBC QUBE Canadian Equity Fund - Jun 30, 2013

Past performance is not indicative of future results and is calculated in CAD.

Source: RBC Global Asset Management, S&P Dow Jones Indices. All Performance is for Series O and is presented gross of investment management fees but net of fund expenses. All returns for periods greater than one year are shown on an annualized basis. Performance is presented as supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

# Fund performance – U.S./EAFE Equities

Annualized returns as of September 30, 2024<sup>1</sup>

Performance comparison (%)	Q3	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI <sup>3</sup>	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N U.S. Equity Fund</b>	<b>3.57</b>	<b>26.68</b>	<b>37.51</b>	<b>29.05</b>	<b>15.64</b>	<b>16.67</b>	<b>17.13</b>	<b>14.54</b>	<b>8.81</b>	<b>4.84</b>
S&P 500 Total Return Index (CAD)	4.68	24.60	35.77	27.42	14.39	16.64	16.46	15.54	10.32	6.30
Relative performance	-1.11	2.08	1.74	1.63	1.25	0.03	0.67	-1.00	-1.51	-1.46
<b>RBC QUBE U.S. Equity Fund</b>	<b>4.25</b>	<b>26.89</b>	<b>37.78</b>	<b>29.18</b>	<b>16.37</b>	<b>17.91</b>	<b>17.40</b>	<b>15.47</b>	<b>16.93</b>	<b>6.74</b>
S&P 500 Total Return Index (CAD)	4.68	24.60	35.77	27.42	14.39	16.64	16.46	15.54	16.71	6.30
Relative performance	-0.43	2.29	2.01	1.76	1.98	1.27	0.94	-0.07	0.22	0.44
<b>RBC International Equity Fund</b>	<b>4.39</b>	<b>17.23</b>	<b>28.82</b>	<b>24.51</b>	<b>6.82</b>	<b>9.20</b>	<b>10.78</b>	<b>9.47</b>	<b>6.24</b>	<b>-3.77</b>
MSCI EAFE Total Return Net Index (CAD)	5.90	15.76	24.67	24.15	7.77	10.53	8.64	7.73	4.99	-3.79
Relative performance	-1.51	1.47	4.15	0.36	-0.95	-1.33	2.14	1.74	1.25	-0.02
<b>PH&amp;N Overseas Equity Fund</b>	<b>6.87</b>	<b>15.54</b>	<b>24.71</b>	<b>16.86</b>	<b>1.17</b>	<b>6.22</b>	<b>6.80</b>	<b>8.51</b>	<b>6.43</b>	<b>-2.49</b>
MSCI EAFE Total Return Net Index (CAD)	5.90	15.76	24.67	24.15	7.77	10.53	8.64	7.73	6.58	-3.79
Relative performance	0.97	-0.22	0.04	-7.29	-6.60	-4.31	-1.84	0.78	-0.15	1.30

1. Fund performance as of September 30, 2024 unless otherwise indicated.

2. Preliminary performance, subject to change.

3. Since inception dates: PH&N U.S. Equity Fund - Oct 31, 2002, RBC QUBE U.S. Equity Fund - Jun 30, 2013, RBC International Equity Fund (CAD) - Dec 31, 2007, PH&N Overseas Equity Fund - Oct 31, 2002

Past performance is not indicative of future results and is calculated in CAD.

Source: RBC Global Asset Management, S&P Dow Jones Indices. All Performance is for Series O and is presented gross of investment management fees but net of fund expenses. All returns for periods greater than one year are shown on an annualized basis. Performance is presented as supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

# Fund performance – Low Volatility Equities

Annualized returns and risk measures as of September 30, 2024

<i>RBC QUBE Low Volatility Canadian Equity Fund</i>	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	Nov 15, 2024 QTD <sup>1</sup>
<b>Returns:</b>								
RBC QUBE Low Volatility Canadian Equity Fund	11.11	29.70	17.86	11.88	14.67	10.89	9.59	-0.11
S&P/TSX Capped Composite Index	10.54	26.74	17.83	9.52	13.87	10.95	8.09	4.00

<b>Volatility** of Returns:</b>								
RBC QUBE Low Volatility Canadian Equity Fund	-	8.21	10.06	10.95	11.19	13.09	10.48	-
S&P/TSX Capped Composite Index	-	10.55	12.68	13.45	13.17	15.60	12.67	-

<b>Sharpe Ratio:</b>								
RBC QUBE Low Volatility Canadian Equity Fund	-	3.01	1.31	0.78	1.08	0.66	0.77	-
S&P/TSX Capped Composite Index	-	2.06	1.04	0.46	0.86	0.56	0.52	-

<i>RBC QUBE Low Volatility U.S. Equity Fund</i>	3 Mo	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	10 Yr	Nov 15, 2024 QTD <sup>2</sup>
<b>Returns:</b>								
RBC QUBE Low Volatility U.S. Equity Fund	7.77	25.34	18.65	12.05	12.90	10.16	13.64	4.26
S&P 1500 Index C\$	4.83	34.97	26.71	13.93	16.59	16.07	15.27	6.37

<b>Volatility** of Returns:</b>								
RBC QUBE Low Volatility U.S. Equity Fund	-	5.75	8.26	9.54	9.94	11.39	11.12	-
S&P 1500 Index C\$	-	8.85	10.55	13.30	12.88	14.05	12.81	-

<b>Sharpe Ratio:</b>								
RBC QUBE Low Volatility U.S. Equity Fund	-	3.54	1.69	0.91	1.04	0.70	1.09	-
S&P 1500 Index C\$	-	3.39	2.09	0.79	1.09	0.98	1.07	-

1. Preliminary performance, subject to change.

\*\* Volatility is the annualized deviation of monthly returns. Note that the annualized deviation of monthly returns, and thus the Sharpe ratio, is not calculated for periods less than 12 months.

The Sharpe ratio measures the return per unit of risk, and is defined as follows:

Sharpe Ratio = (Annualized Return - 'Risk-Free' Rate of Return) / Annualized Standard Deviation of Monthly Returns

The Risk-Free Rate of Return is defined as the return of the FTSE Canada 30-Day T-Bill Index.

Series O returns. Total returns are gross-of-fee and reported in Canadian dollars. Periods less than one year are not annualized.

**RBC Global Asset Management**

PH&N Institutional



# Fund performance – Alternatives

Annualized returns as of September 30, 2024<sup>1</sup>

Performance comparison (%)	Q3	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.14.23	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC Global Infrastructure Fund LP</b>	<b>3.18</b>	<b>10.35</b>	-	-	-	-	-	-	<b>12.14</b>	<b>1.77</b>
Canadian CPI (Non-Seasonally Adjusted) 1M Lag + 4% (Custom)	1.16	4.87	-	-	-	-	-	-	5.81	
Relative performance	2.02	5.48	-	-	-	-	-	-	6.33	

Performance comparison (%)	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 11.01.19	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC Canadian Core Real Estate Fund</b>	<b>-0.59</b>	<b>-0.01</b>	<b>-1.36</b>	<b>-0.11</b>	<b>4.69</b>	<b>5.43</b>	-	-	<b>4.26</b>	<b>0.38</b>
MSCI/REALPAC Canada All Property Fund Index (Standing Investments Only) Total Return	1.13	2.85	1.40	-0.05	2.41	2.58	-	-	2.00	
Relative performance	-1.72	-2.86	-2.76	-0.06	2.28	2.85	-	-	2.26	

1. Fund performance as of September 30, 2024 unless otherwise indicated.

2. Preliminary performance, subject to change.

Past performance is not indicative of future results and is calculated in CAD.

Source: RBC Global Asset Management. All Performance is for Series O and is presented gross of investment management fees but net of fund expenses. All returns for periods greater than one year are shown on an annualized basis. Performance is presented as supplemental to the "GIPS® Composite Report" which contains additional information regarding calculation of performance data.

# Fund characteristics

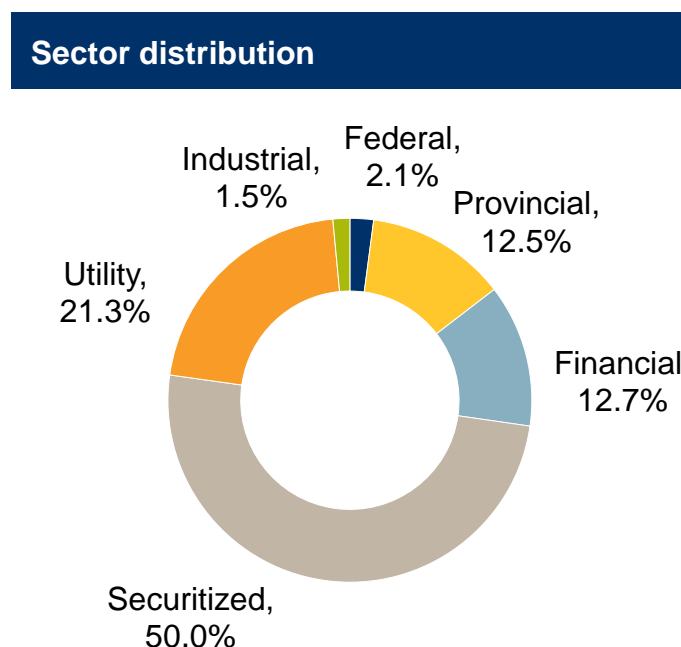
# PH&N Canadian Money Market Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.31.02	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Canadian Money Market Fund</b>	<b>1.20</b>	<b>3.85</b>	<b>5.25</b>	<b>5.01</b>	<b>3.69</b>	<b>2.83</b>	<b>2.53</b>	<b>1.91</b>	<b>2.11</b>	<b>0.54</b>
FTSE Canada 30 Day TBill Index	1.14	3.67	4.97	4.68	3.38	2.55	2.24	1.56	1.76	0.54
Relative performance	0.06	0.18	0.28	0.33	0.31	0.28	0.29	0.35	0.35	0.00

Portfolio characteristics	
Average term to maturity	<b>60 days</b>
7-day yield <sup>1</sup>	<b>4.47%</b>
Benchmark yield	4.13%
Difference	+0.34%

High quality portfolio	
R1H	59.1%
R1M	12.6%
R1L	28.3%



<sup>1</sup>Yield is reported on a gross-of-fee basis; standard performance data available in the Appendix. The PH&N Canadian Money Market Fund (Series O) current yield is an annualized yield based on the seven day period ended on September 30, 2024, and does not represent an actual one year return.  
 Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized.  
 Portfolio characteristics, ratings breakdown, and sector distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

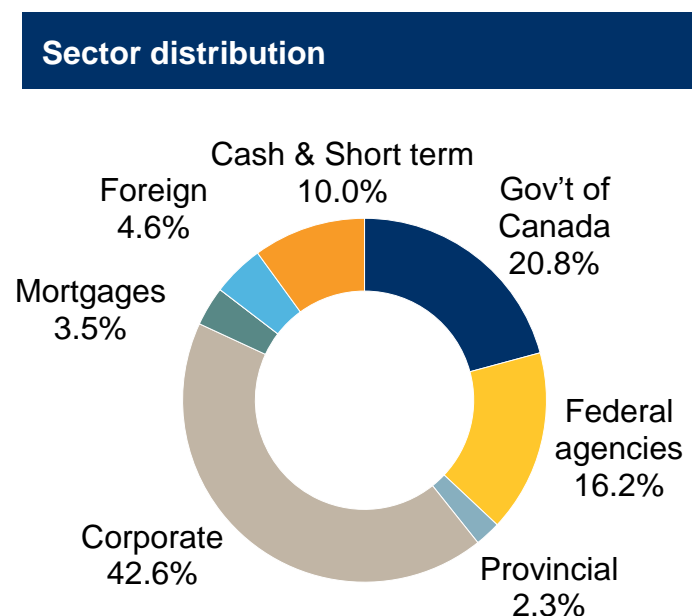
# PH&N Short Term Bond & Mortgage Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.31.02	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Short Term Bond &amp; Mortgage Fund</b>	<b>3.41</b>	<b>5.00</b>	<b>9.50</b>	<b>5.75</b>	<b>2.24</b>	<b>1.78</b>	<b>2.62</b>	<b>2.43</b>	<b>3.48</b>	<b>-0.37</b>
FTSE Canada Short Term Overall Bond Index	3.39	5.02	9.33	5.37	1.74	1.31	2.02	1.96	3.14	-0.30
Relative performance	0.02	-0.02	0.17	0.38	0.50	0.47	0.60	0.47	0.34	-0.07

Portfolio characteristics	
<b>Portfolio modified duration</b>	<b>2.58 yr</b>
Benchmark modified duration	2.73 yr
Difference	-0.15 yr
<b>Portfolio yield to maturity<sup>1</sup></b>	<b>3.30%</b>
Benchmark yield to maturity	3.20%
Incremental	+0.10%

Ratings breakdown (%)	
Cash & short term	10.0%
AAA	42.9%
AA	3.4%
A	20.3%
BBB	19.6%
BB & below	0.2%
Mortgages	3.5%



<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. Source: FTSE Global Debt Capital Markets Inc., RBC GAM (BondLab). Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Portfolio characteristics, ratings breakdown, and sector distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

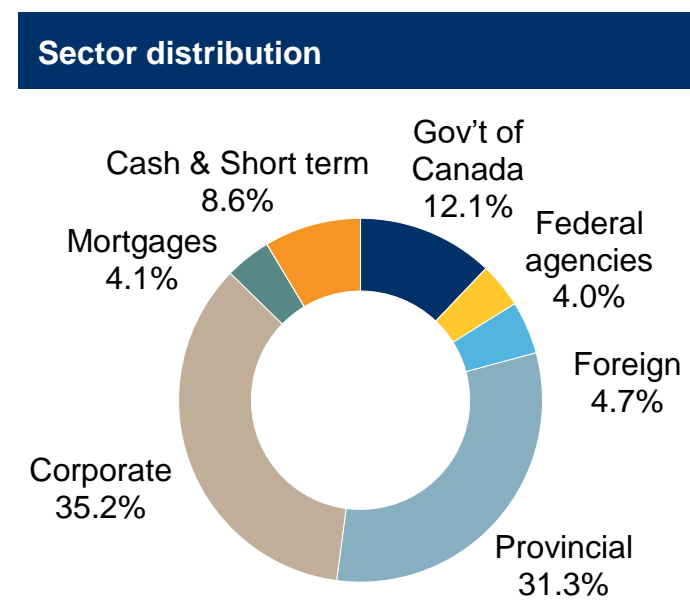
# PH&N Enhanced Total Return Bond Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.12.10	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Enhanced Total Return Bond Fund</b>	<b>4.72</b>	<b>4.67</b>	<b>13.55</b>	<b>6.12</b>	<b>0.46</b>	<b>-0.24</b>	<b>1.52</b>	<b>2.93</b>	<b>4.08</b>	<b>-0.92</b>
FTSE Canada Universe Bond Index	4.66	4.27	12.89	5.53	-0.10	-0.92	0.63	2.25	3.37	-0.98
Relative performance	0.06	0.40	0.66	0.59	0.56	0.68	0.89	0.68	0.71	0.06

Portfolio characteristics	
<b>Portfolio modified duration</b>	<b>7.31 yr</b>
Benchmark modified duration	7.34 yr
Difference	-0.03 yr
<b>Portfolio yield to maturity<sup>1</sup></b>	<b>3.80%</b>
Benchmark yield to maturity	3.48%
Incremental	+0.32%

Ratings breakdown (%)	
Cash & short term	8.6%
AAA	21.8%
AA	29.0%
A	16.9%
BBB	16.3%
BB & below	2.3%
Mortgages	4.1%
Not rated	1.0%



<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. Source: FTSE Global Debt Capital Markets Inc., RBC GAM (BondLab). Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Portfolio characteristics, ratings breakdown, and sector distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

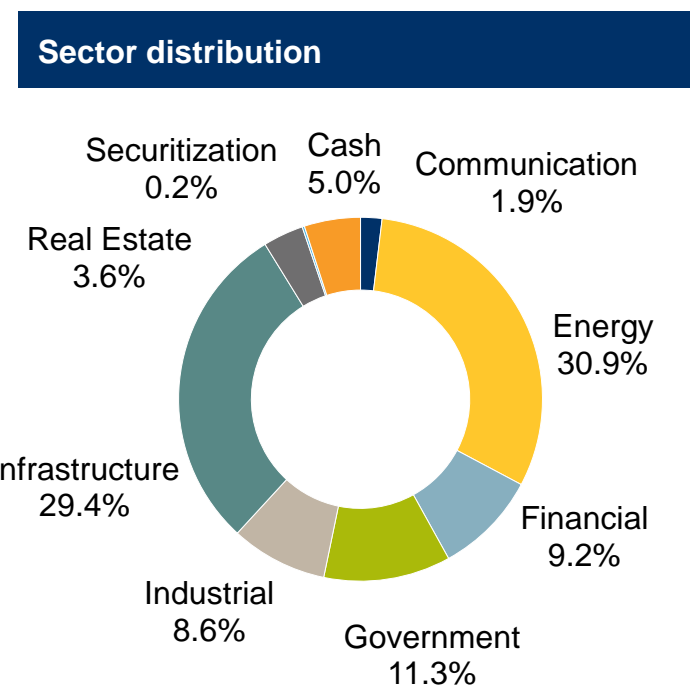
# PH&N Corporate Bond Trust



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 06.03.11	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Corporate Bond Trust</b>	<b>4.68</b>	<b>6.15</b>	<b>13.97</b>	<b>7.70</b>	<b>1.78</b>	<b>1.24</b>	<b>3.03</b>	<b>3.80</b>	<b>4.35</b>	<b>-0.47</b>
FTSE Canada All Corporate Bond Index	4.67	5.88	13.96	7.65	1.49	0.95	2.11	3.12	3.66	-0.21
Relative performance	0.01	0.27	0.01	0.05	0.29	0.29	0.92	0.68	0.69	-0.26

Portfolio characteristics	
<b>Portfolio modified duration</b>	<b>5.83 yr</b>
Benchmark modified duration	5.84 yr
Difference	-0.01 yr
<b>Portfolio yield to maturity<sup>1</sup></b>	<b>4.06%</b>
Benchmark yield to maturity	4.08%
Incremental	-0.02%

Ratings breakdown (%)	
Cash & short term	5.0
AAA	16.4
AA	0.1
A	34.4
BBB	46.4
BB & below	1.2



<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. Source: FTSE Global Debt Capital Markets Inc., RBC GAM (BondLab). Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Portfolio characteristics, ratings breakdown, and sector distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

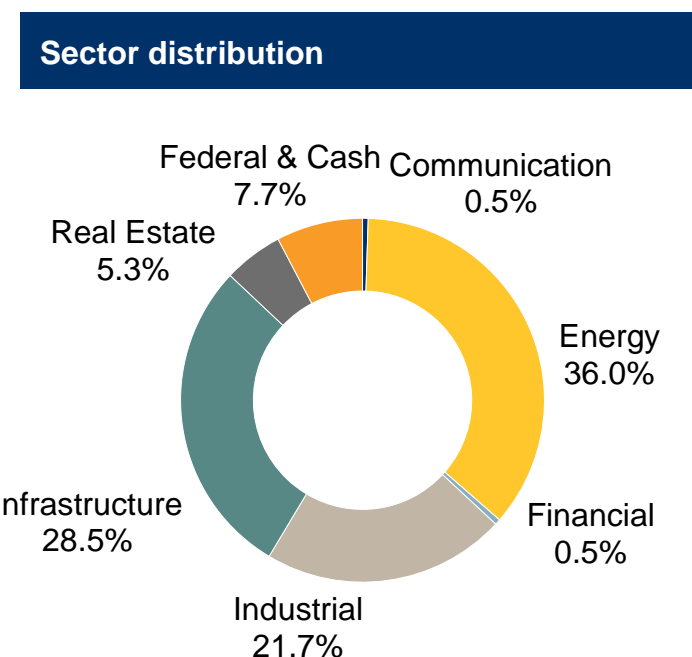
# PH&N Private Placement Corporate Debt Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 08.31.16	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Private Placement Corporate Debt Fund</b>	<b>5.13</b>	<b>6.14</b>	<b>16.07</b>	<b>8.31</b>	<b>1.51</b>	<b>1.06</b>	<b>2.53</b>	<b>-</b>	<b>3.53</b>	<b>-0.53</b>
FTSE Canada All Corporate Bond Index	4.67	4.28	12.90	5.53	-0.10	-0.92	0.63	-	1.40	-0.21
Relative performance	0.46	1.86	3.17	2.78	1.61	1.98	1.90	-	2.13	-0.32

Portfolio characteristics	
<b>Portfolio modified duration</b>	<b>7.06 yr</b>
Benchmark modified duration	5.84 yr
<b>Portfolio yield to maturity<sup>1</sup></b>	<b>4.78%</b>
Benchmark yield to maturity	4.10%

Ratings breakdown (%)	
AAA	7.7
AA	1.7
A	13.7
BBB	46.4
Unrated	30.5



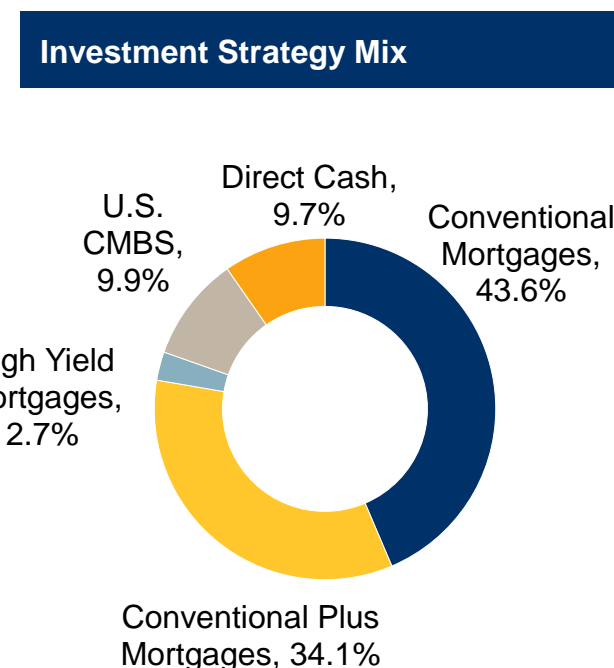
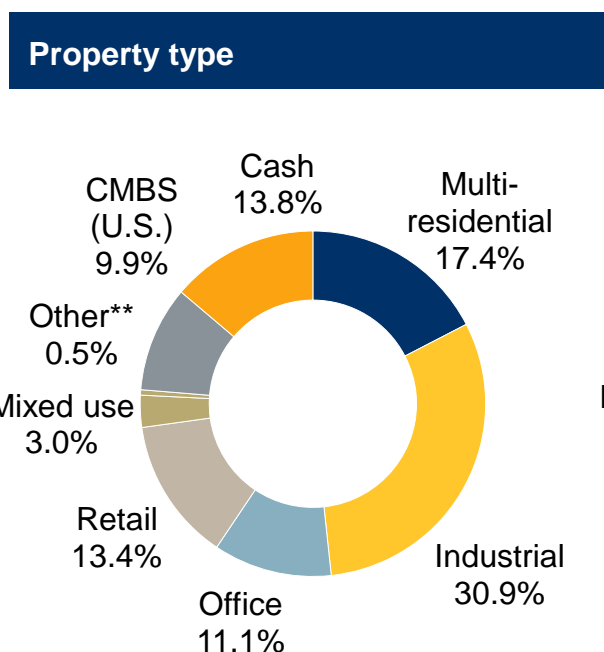
<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. Source: FTSE Global Debt Capital Markets Inc., RBC GAM (BondLab). Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Portfolio characteristics, ratings breakdown, and sector distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

# RBC Commercial Mortgage Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 06.04.22	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC Commercial Mortgage Fund</b>	<b>3.00</b>	<b>6.00</b>	<b>9.79</b>	<b>6.76</b>	-	-	-	-	<b>5.93</b>	<b>0.11</b>
FTSE Canada Short Term Overall Bond Index	3.39	5.02	9.33	5.37	-	-	-	-	4.37	-0.30
Relative performance	-0.39	0.98	0.46	1.39	-	-	-	-	1.56	0.41

Portfolio characteristics	
<b>Yield<sup>1</sup></b>	<b>4.60%</b>
Cash flow coverage <sup>2</sup>	1.39x
Loan-to-value <sup>2</sup>	60.3%
Modified duration	2.07 yr



<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. The yield is calculated based on the market price of the fund's securities.

<sup>2</sup>This does not include cash or non-current pay mortgages.

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized.

\*Since Inception: June 03, 2022. Portfolio characteristics, property type, and geographic distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

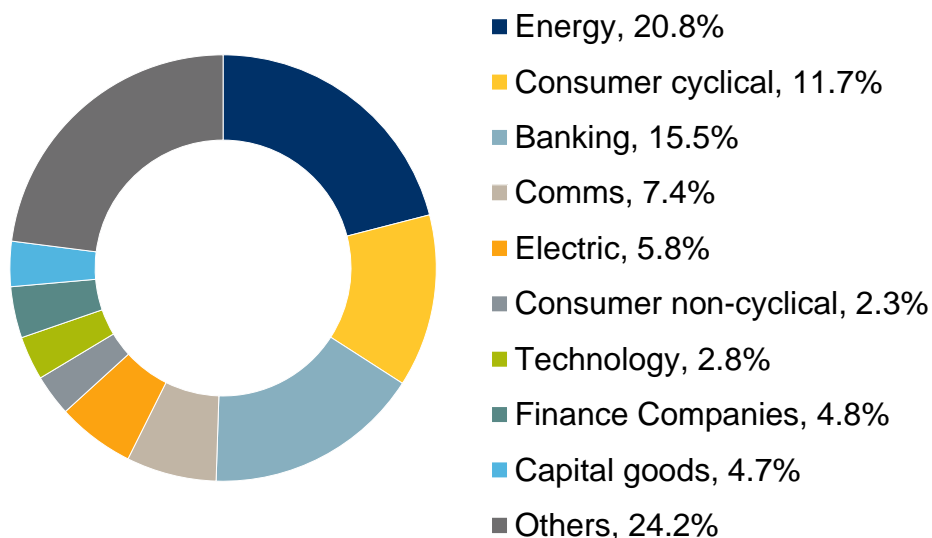
\*\*Other includes seniors housing, land, and self storage properties

# RBC High Yield Bond Fund

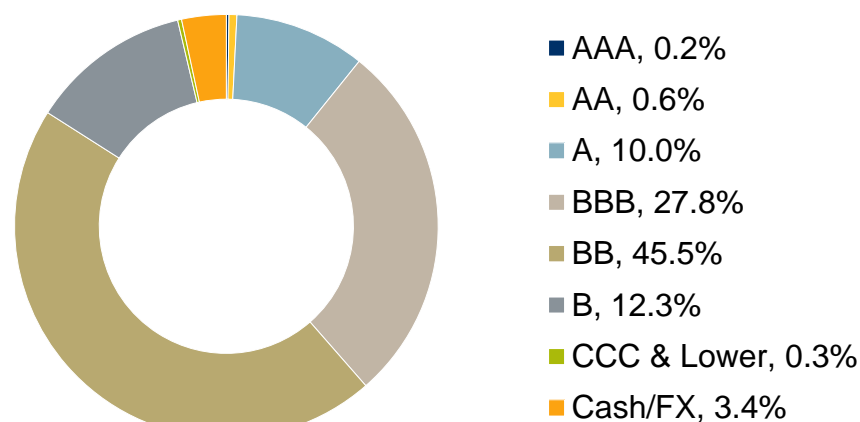


Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.12.10	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC High Yield Bond Fund</b>	<b>3.91</b>	<b>6.40</b>	<b>13.60</b>	<b>10.68</b>	<b>2.24</b>	<b>3.86</b>	<b>3.57</b>	<b>4.61</b>	<b>5.54</b>	<b>-0.01</b>
FTSE Canada Short Term Bond (FTSE Universe prior to March 2024)	3.39	3.38	11.93	5.07	-0.39	-1.14	0.46	2.17	2.74	-0.30
Relative performance	0.52	3.02	1.67	5.61	2.63	5.00	3.11	2.44	2.80	0.29

## Industry allocation



## Ratings distribution



**Yield to worst<sup>1</sup>**

**4.79%**

**Effective duration**

**2.76 years**

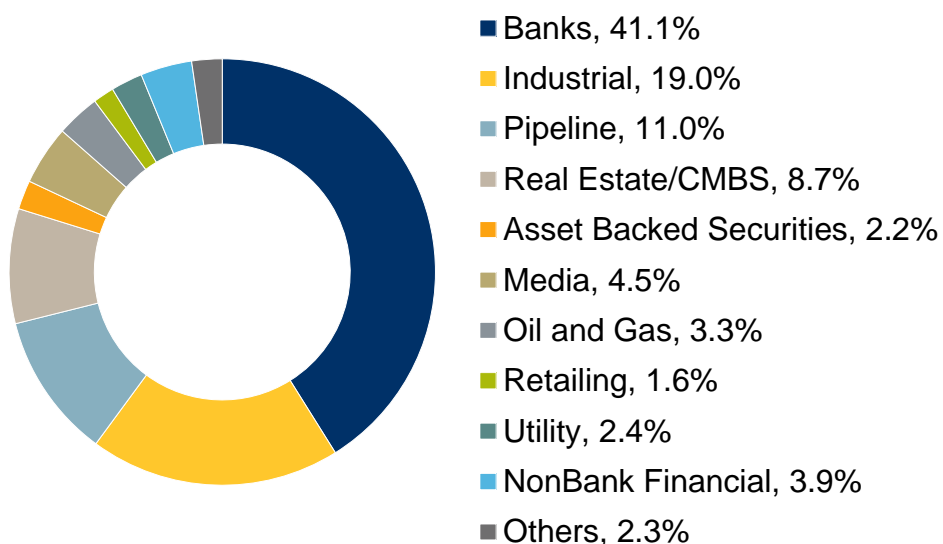
<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. Source: RBC GAM (BondLab). Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Since inception: October 12, 2010. \*Benchmark was FTSE Canada Universe Bond Index prior to Mar 2024. Industry allocation, ratings distribution, and yield to worst and effective duration as of September 30, 2024. Note: Past returns are not indicative of future performance.

# PH&N High Yield Bond Fund

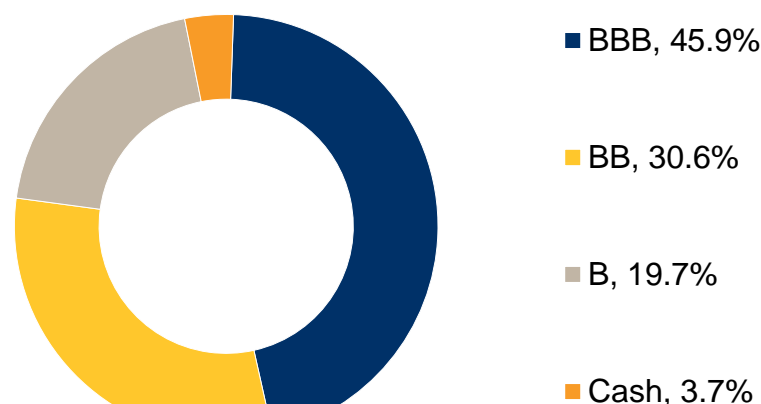


Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.31.02	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N High Yield Bond Fund</b>	<b>3.59</b>	<b>9.30</b>	<b>14.90</b>	<b>9.84</b>	<b>4.75</b>	<b>5.94</b>	<b>5.80</b>	<b>5.84</b>	<b>7.94</b>	<b>1.28</b>
FTSE Canada Short Term Bond (FTSE Universe prior to Oct 2023)	3.39	5.02	9.33	3.85	-1.16	-1.71	-0.02	1.93	3.91	-0.30
Relative performance	0.20	4.28	5.57	5.99	5.91	7.65	5.82	3.91	4.03	1.58

## Industry allocation



## Ratings distribution



Yield to worst<sup>1</sup>

5.68%

Modified duration

2.60 years

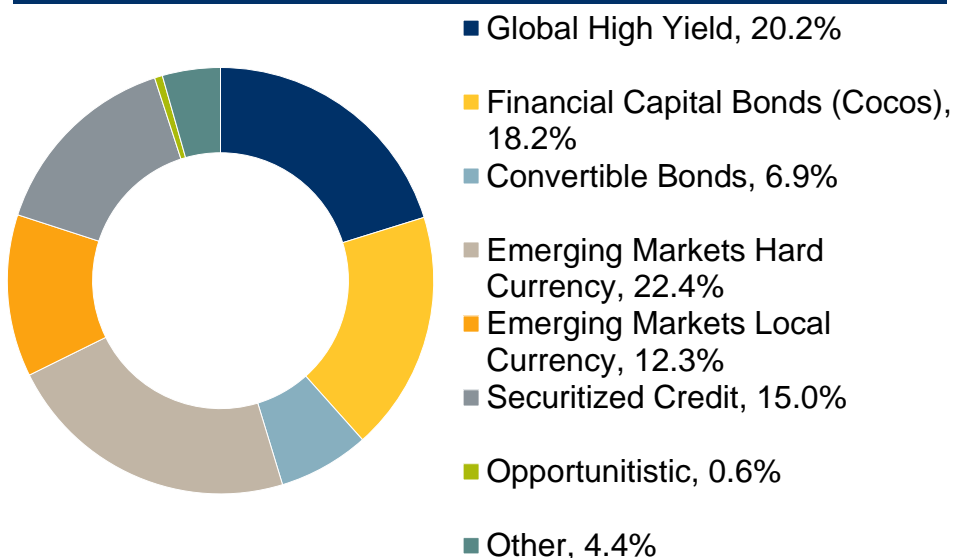
<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. Source: RBC GAM (BondLab). Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Since Inception: October 31, 2002. \*Benchmark was FTSE Canada Universe Bond Index prior to Oct 2023. Portfolio characteristics, ratings breakdown, and sector distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

# BlueBay Total Return Credit Fund (Canada)

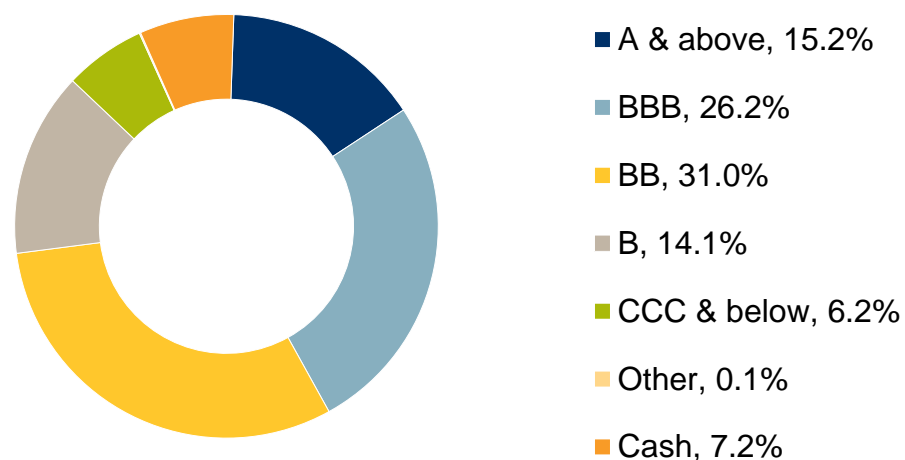


Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 05.10.21	Nov 15, 2024 QTD <sup>2</sup>
<b>BlueBay Total Return Credit Fund (Canada)</b>	<b>4.83</b>	<b>6.93</b>	<b>13.93</b>	<b>11.25</b>	<b>2.25</b>	-	-	-	<b>2.33</b>	<b>0.44</b>
FTSE Canada 91 Day T-Bill Index	1.22	3.80	5.13	4.78	3.45	-	-	-	3.08	0.59
Relative performance	3.61	3.13	8.80	6.47	-1.20	-	-	-	-0.75	-0.15

## Tactical Asset Allocation Breakdown



## Ratings distribution



Yield to maturity<sup>1</sup>

6.19%

Modified duration

2.53 years

<sup>1</sup>Yield is reported on a gross-of-fee basis; Series O. The yield is calculated based on the market price of the fund's securities.

<sup>2</sup>This does not include cash or non-current pay mortgages.

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized.

Portfolio characteristics, property type, and geographic distribution as of September 30, 2024. Note: Past returns are not indicative of future performance.

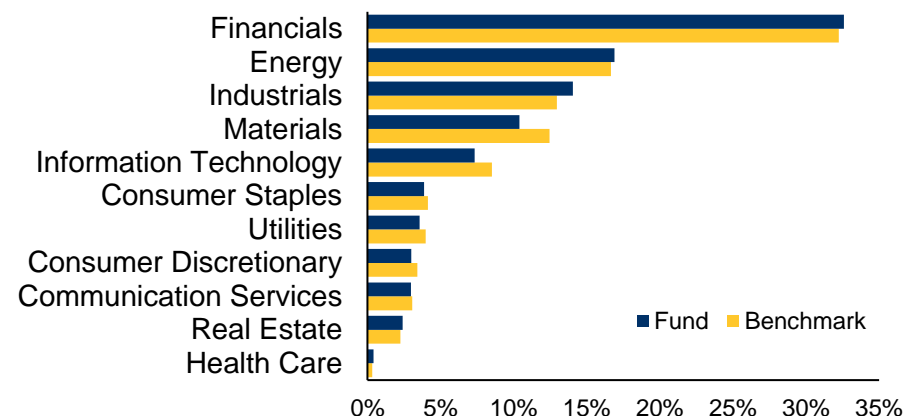
# PH&N Canadian Equity Value Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 12.31.09	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Canadian Equity Value Fund</b>	<b>10.57</b>	<b>17.36</b>	<b>26.69</b>	<b>18.10</b>	<b>11.94</b>	<b>17.17</b>	<b>11.87</b>	<b>9.08</b>	<b>9.91</b>	<b>4.01</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	8.15	4.00
Relative performance	0.03	0.12	-0.05	0.27	2.42	3.30	0.92	0.99	1.76	0.01

Top 10 Holdings	Sector	Portfolio (%)
Royal Bank of Canada	Financials	6.9
Toronto-Dominion Bank	Financials	4.9
Brookfield Asset Mgmt	Financials	3.7
Shopify	Info Tech	3.5
Cdn Natural Resources	Energy	3.3
Enbridge	Energy	3.1
CP Rail	Industrials	3.0
CIBC	Financials	2.8
Bank of Nova Scotia	Financials	2.5
CN Rail	Industrials	2.3

## PH&N Canadian Equity Value Fund Sector Weights vs. S&P/TSX Capped Composite Index



	# of securities	Dividend yield
PH&N Canadian Equity Value Fund	86	2.9%
S&P/TSX Capped Composite Index	223	2.9%

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

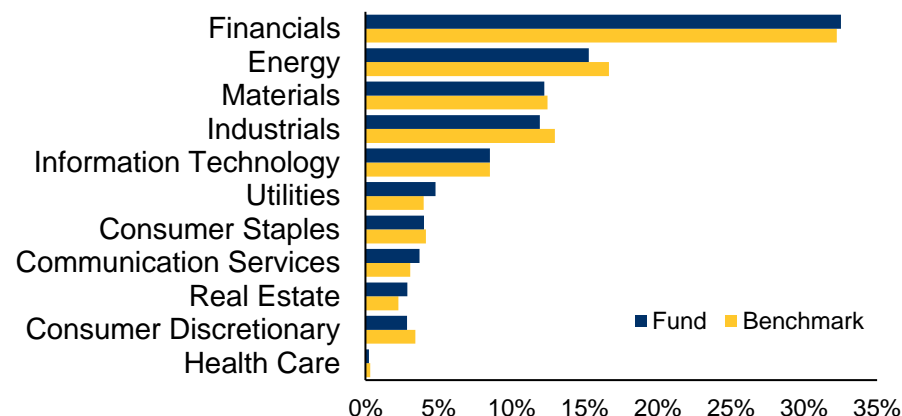
# PH&N Canadian Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.31.02	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Canadian Equity Fund</b>	<b>10.41</b>	<b>16.92</b>	<b>26.55</b>	<b>18.03</b>	<b>9.98</b>	<b>14.77</b>	<b>11.74</b>	<b>8.60</b>	<b>9.61</b>	<b>3.21</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	9.34	4.00
Relative performance	-0.13	-0.32	-0.19	0.20	0.46	0.90	0.79	0.51	0.27	-0.79

Top 10 Holdings	Sector	Portfolio (%)
Royal Bank of Canada	Financials	7.2
Toronto-Dominion Bank	Financials	5.7
Enbridge	Energy	5.1
Shopify	Info Tech	3.8
Brookfield Asset Mgmt	Financials	3.5
Manulife	Financials	3.3
CP Rail	Industrials	3.1
Constellation Software	Info Tech	3.1
CIBC	Financials	2.9
CN Rail	Industrials	2.7

## PH&N Canadian Equity Fund Sector Weights vs. S&P/TSX Capped Composite Index



## # of securities Dividend yield

PH&N Canadian Equity Fund	95	2.9%
S&P/TSX Capped Composite Index	223	2.9%

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

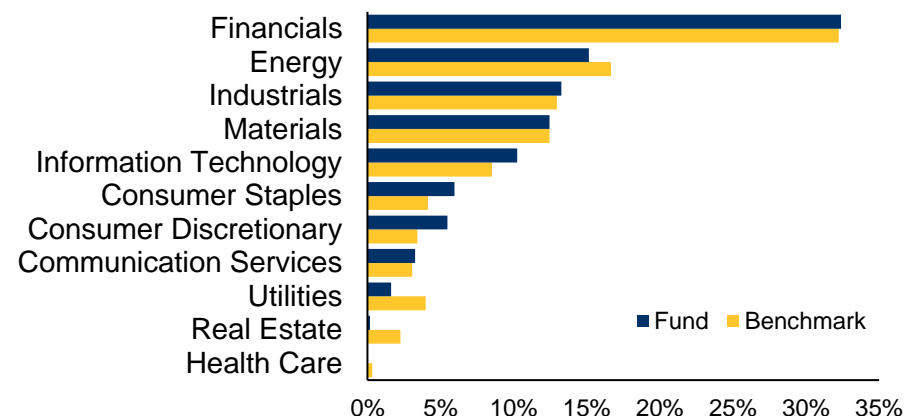
# RBC QUBE Canadian Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 06.27.13	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC QUBE Canadian Equity Fund</b>	<b>10.78</b>	<b>18.13</b>	<b>28.91</b>	<b>18.75</b>	<b>10.67</b>	<b>14.55</b>	<b>11.04</b>	<b>8.10</b>	<b>9.78</b>	<b>5.48</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	9.62	4.00
Relative performance	0.24	0.89	2.17	0.92	1.15	0.68	0.09	0.01	0.16	1.48

Top 10 Holdings	Sector	Portfolio (%)
Royal Bank of Canada	Financials	5.7
Shopify	Info Tech	4.8
CIBC	Financials	4.3
Toronto-Dominion Bank	Financials	3.9
Manulife	Financials	3.6
CN Rail	Industrials	3.5
Thomson Reuters	Industrials	2.9
Enbridge	Energy	2.9
Dollarama	Consumer Disc	2.7
Suncor Energy	Energy	2.6

## PH&N Canadian Equity Fund Sector Weights vs. S&P/TSX Capped Composite Index



## # of securities Dividend yield

RBC QUBE Canadian Equity Fund	87	2.8%
S&P/TSX Capped Composite Index	223	2.9%

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

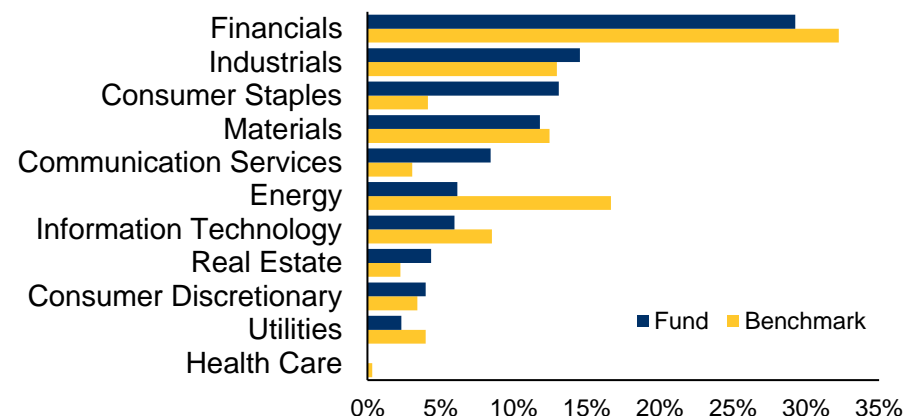
# RBC QUBE Low Volatility Canadian Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 11.19.12	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC QUBE Low Volatility Canadian Equity Fund</b>	<b>11.11</b>	<b>20.97</b>	<b>29.70</b>	<b>17.86</b>	<b>11.88</b>	<b>14.67</b>	<b>10.89</b>	<b>9.59</b>	<b>10.93</b>	<b>-0.11</b>
S&P/TSX Capped Composite Index	10.54	17.24	26.74	17.83	9.52	13.87	10.95	8.09	9.27	4.00

Top 10 Holdings	Sector	Portfolio (%)
Royal Bank of Canada	Financials	4.6
Loblaw	Consumer Staples	4.1
Dollarama	Consumer Disc	4.0
Metro	Consumer Staples	4.0
Bank of Nova Scotia	Financials	3.9
Thomson Reuters	Industrials	3.9
BCE	Communications	3.3
Franco-Nevada	Materials	3.3
Intact Financial	Financials	3.3
CGI	Info Tech	3.3

## RBC QUBE Low Volatility Canadian Equity Fund Sector Weights vs. S&P/TSX Capped Composite Index



	# of securities	Dividend yield
RBC QUBE Low Volatility Canadian Equity Fund	70	2.7%
S&P/TSX Capped Composite Index	223	2.9%

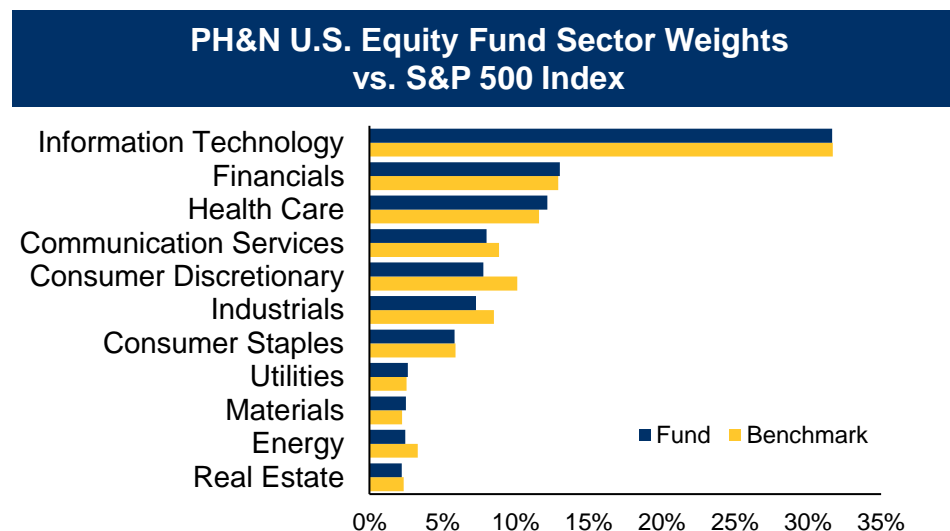
Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

# PH&N U.S. Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.31.02	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N U.S. Equity Fund</b>	<b>3.57</b>	<b>26.68</b>	<b>37.51</b>	<b>29.05</b>	<b>15.64</b>	<b>16.67</b>	<b>17.13</b>	<b>14.54</b>	<b>8.81</b>	<b>4.84</b>
S&P 500 Total Return Index (CAD)	4.68	24.60	35.77	27.42	14.39	16.64	16.46	15.54	10.32	6.30
Relative performance	-1.11	2.08	1.74	1.63	1.25	0.03	0.67	-1.00	-1.51	-1.46

Top 10 Holdings	Sector	Portfolio (%)
Apple	Info Tech	7.2
Microsoft	Info Tech	6.9
NVIDIA	Info Tech	5.8
Amazon	Consumer Disc	3.5
Alphabet	Communications	3.1
Meta	Communications	2.7
Eli Lilly	Health Care	2.0
Broadcom	Info Tech	1.9
Berkshire Hathaway	Financials	1.8
Exxon Mobil	Energy	1.7



	# of securities	Dividend yield
PH&N U.S. Equity Fund	159	1.2%
S&P 500 Index	504	1.3%

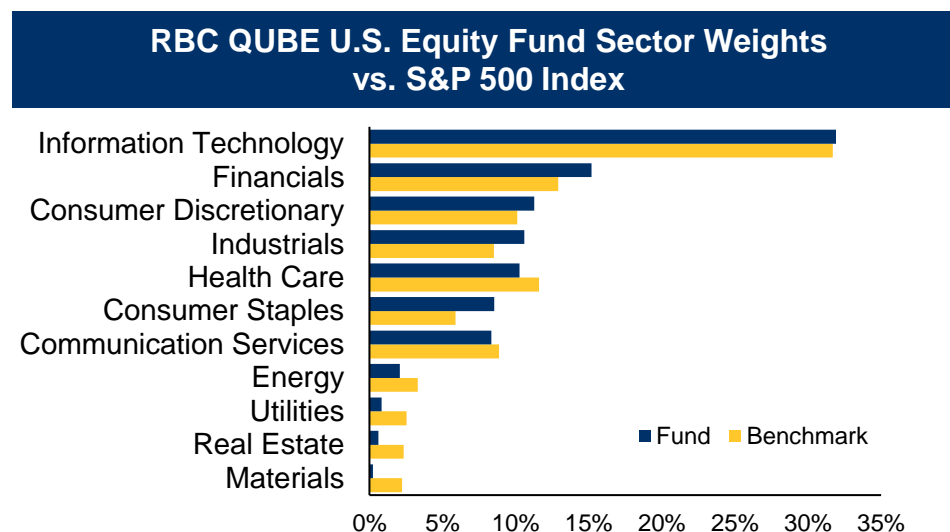
Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

# RBC QUBE U.S. Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 06.30.13	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC QUBE U.S. Equity Fund</b>	<b>4.25</b>	<b>26.89</b>	<b>37.78</b>	<b>29.18</b>	<b>16.37</b>	<b>17.91</b>	<b>17.40</b>	<b>15.47</b>	<b>16.93</b>	<b>6.74</b>
S&P 500 Total Return Index (CAD)	4.68	24.60	35.77	27.42	14.39	16.64	16.46	15.54	16.71	6.30
Relative performance	-0.43	2.29	2.01	1.76	1.98	1.27	0.94	-0.07	0.22	0.44

Top 10 Holdings	Sector	Portfolio (%)
Apple	Info Tech	8.0
NVIDIA	Info Tech	6.9
Microsoft	Info Tech	5.1
Facebook	Communications	3.4
Berkshire Hathaway	Financials	3.4
Amazon	Consumer Disc	3.0
Alphabet	Communications	2.7
Johnson & Johnson	Health Care	2.3
Mastercard	Financials	2.1
Colgate-Palmolive	Consumer Staples	2.0



	# of securities	Dividend yield
RBC QUBE U.S. Equity Fund	118	1.1%
S&P 500 Index	504	1.3%

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

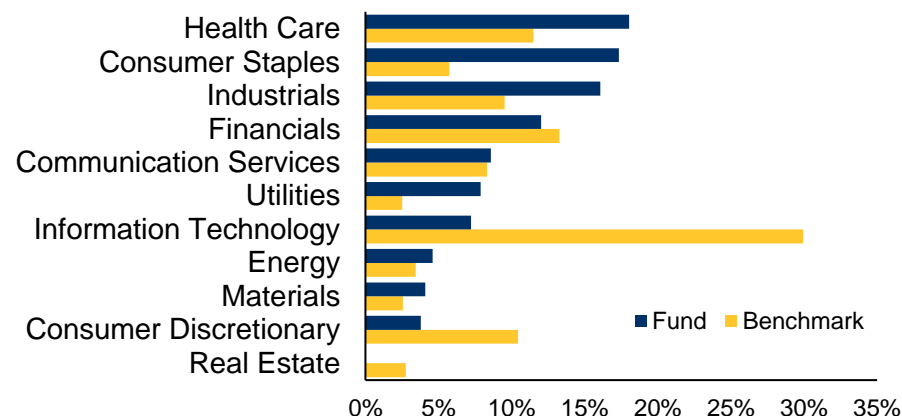
# RBC QUBE Low Volatility U.S. Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 11.19.12	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC QUBE Low Volatility U.S. Equity Fund</b>	<b>7.77</b>	<b>19.56</b>	<b>25.34</b>	<b>18.65</b>	<b>12.05</b>	<b>12.90</b>	<b>10.16</b>	<b>13.64</b>	<b>15.44</b>	<b>4.25</b>
S&P Composite 1500 Index (CAD)	4.83	23.77	34.97	26.71	13.93	16.59	16.07	15.27	17.64	6.37

Top 10 Holdings	Sector	Portfolio (%)
Automatic Data Processing	Industrials	3.0
Coca-Cola	Consumer Staples	3.0
AbbVie	Health Care	3.0
Comcast	Communications	3.0
Proctor & Gamble	Consumer Staples	2.9
Duke Energy	Utilities	2.9
Johnson & Johnson	Health Care	2.9
Kimberly-Clark	Consumer Staples	2.8
Colgate-Palmolive	Consumer Staples	2.8
Consolidated Edison	Utilities	2.8

## RBC QUBE Low Volatility U.S. Equity Fund Sector Weights vs. S&P Composite 1500 Index



	# of securities	Dividend yield
RBC QUBE Low Volatility U.S. Equity Fund	87	2.0%
S&P Composite 1500 Index	1507	1.3%

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

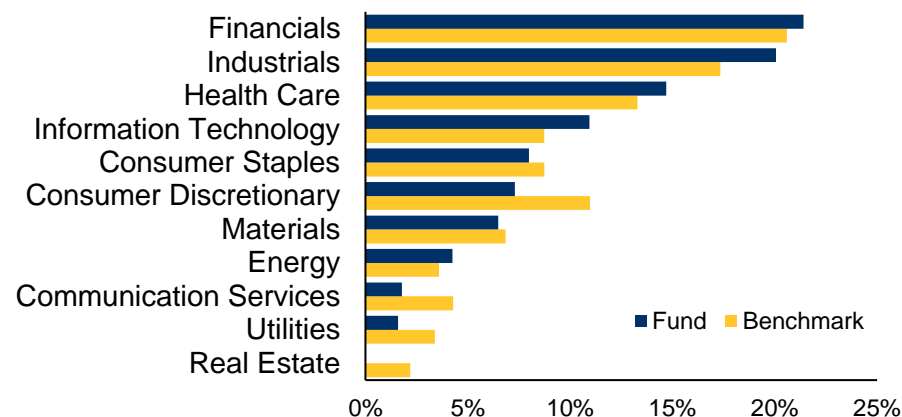
# RBC International Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 12.31.07	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC International Equity Fund</b>	<b>4.39</b>	<b>17.23</b>	<b>28.82</b>	<b>24.51</b>	<b>6.82</b>	<b>9.20</b>	<b>10.78</b>	<b>9.47</b>	<b>6.24</b>	<b>-3.77</b>
MSCI EAFE Total Return Net Index (CAD)	5.90	15.76	24.67	24.15	7.77	10.53	8.64	7.73	4.99	-3.79
Relative performance	-1.51	1.47	4.15	0.36	-0.95	-1.33	2.14	1.74	1.25	-0.02

Top 10 Holdings	Sector	Portfolio (%)
Novo Nordisk	Health Care	4.1
Hitachi	Industrials	3.7
EssilorLuxottica	Health Care	2.8
TSMC	Info Tech	2.7
ASML	Info Tech	2.6
Mitsubishi UFJ Financial	Financials	2.6
Mitsubishi	Industrials	2.5
LVMH	Consumer Disc	2.4
Mitsubishi Heavy Industries	Industrials	2.3
ING Groep	Financials	2.3

## RBC International Equity vs. MSCI EAFE Net Index



	# of securities	Dividend yield
RBC International Equity Fund	67	2.5%
MSCI EAFE Net Index	732	3.0%

Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

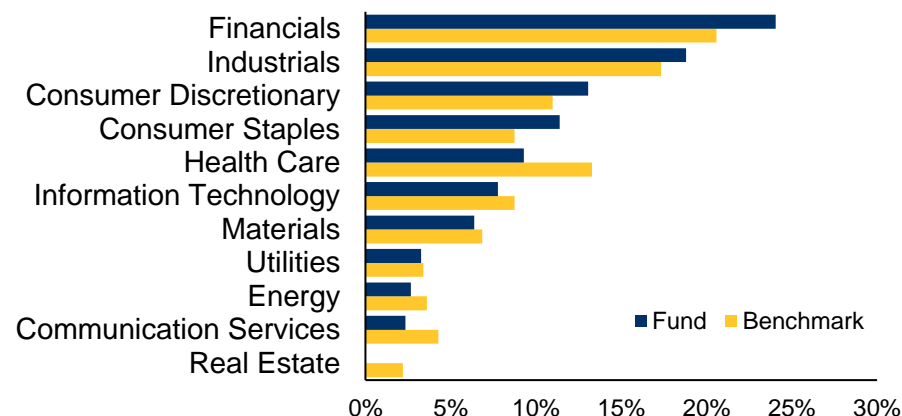
# PH&N Overseas Equity Fund



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.31.02	Nov 15, 2024 QTD <sup>2</sup>
<b>PH&amp;N Overseas Equity Fund</b>	<b>6.87</b>	<b>15.54</b>	<b>24.71</b>	<b>16.86</b>	<b>1.17</b>	<b>6.22</b>	<b>6.80</b>	<b>8.51</b>	<b>6.43</b>	<b>-2.49</b>
MSCI EAFE Total Return Net Index (CAD)	5.90	15.76	24.67	24.15	7.77	10.53	8.64	7.73	6.58	-3.79
Relative performance	0.97	-0.22	0.04	-7.29	-6.60	-4.31	-1.84	0.78	-0.15	1.30

Top 10 Holdings	Sector	Portfolio (%)
Safran	Industrials	5.7
Novo Nordisk	Health Care	5.3
AIA	Financials	4.5
InterContinental Hotels	Consumer Disc	4.4
Recruit Holdings	Industrials	4.3
Unilever	Consumer Staples	4.2
TSMC	Info Tech	4.2
ABB	Industrials	4.1
DBS	Financials	4.1
Anheuser-Busch	Consumer Staples	3.9

## PH&N Overseas Equity Fund Sector Weights vs. MSCI EAFE Net Index



	# of securities	Dividend yield
PH&N Overseas Equity Fund	33	2.5%
MSCI EAFE Net Index	732	3.0%

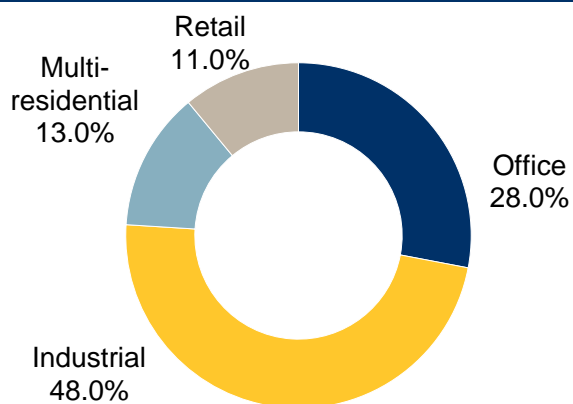
Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Asset allocation and holdings as of September 30, 2024. Note: Past returns are not indicative of future performance. The yield shown is calculated based the average dividend yield of the stocks held by the fund.

# RBC Canadian Core Real Estate Fund

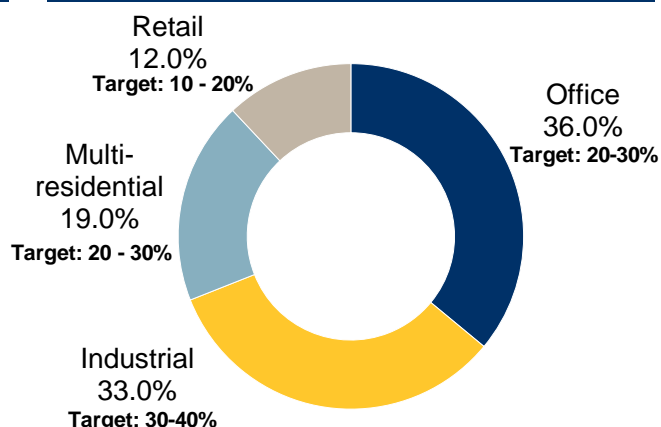


Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 11.01.19	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC Canadian Core Real Estate Fund</b>	<b>-0.59</b>	<b>-0.01</b>	<b>-1.36</b>	<b>-0.11</b>	<b>4.69</b>	<b>5.43</b>	<b>-</b>	<b>-</b>	<b>4.26</b>	<b>0.38</b>
MSCI/REALPAC Canada All Property Fund Index (Standing Investments Only) Total Return	1.13	2.85	1.40	-0.05	2.41	2.58	-	-	2.00	
Relative performance	-1.72	-2.86	-2.76	-0.06	2.28	2.85	-	-	2.26	

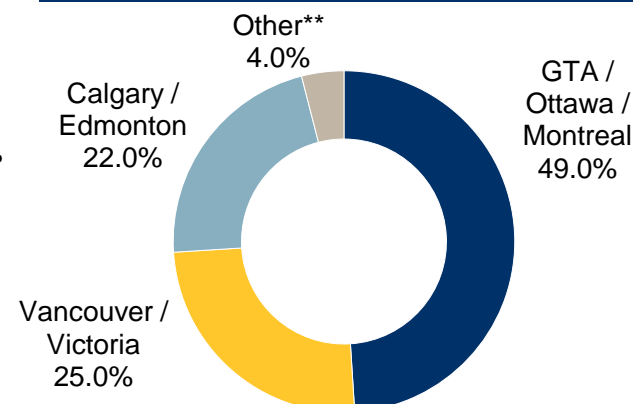
## Sector by Gross Leasable Area (GLA)



## Sector by Gross Asset Value (GAV)



## Geography by GAV



<b>\$4.7/3.8B</b> fund GAV/NAV <sup>1</sup>	<b>66</b> properties	<b>28.3M</b> GLA (sq ft) <sup>2</sup>	<b>4.5 – 5.0%</b> NOI yield <sup>3</sup>	<b>94.9%</b> occupancy <sup>4</sup>	<b>6.8yrs</b> WALT <sup>5</sup>	<b>19%</b> LTV <sup>1,6</sup>	<b>3.6%</b> distribution yield <sup>7</sup>
---	-------------------------	---	---	--	------------------------------------	----------------------------------	---

<sup>1</sup>At 100% share. Series O. Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized.

All information is reported at the portfolio-level, as of Q4 2023, and at Fund share (unless otherwise stated); <sup>1</sup> As of February 29, 2024; <sup>2</sup> At 100% share

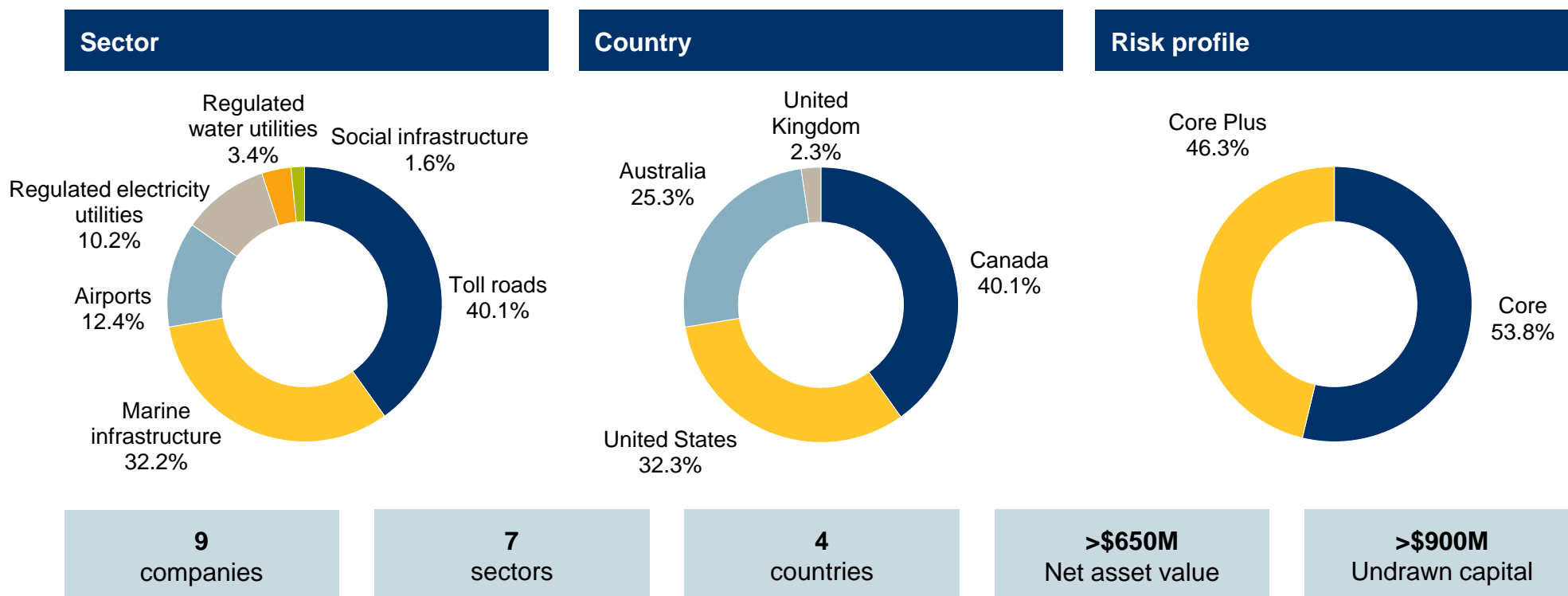
<sup>3</sup>Based on 2024 budgeted NOI with adjustments made to average incentives, such as rent free periods, over the term of the lease in order to present a stabilized NOI yield; excludes projects under development and land; <sup>4</sup> Weighted by area; excludes projects under development and land; <sup>5</sup> Weighted by area; excludes multi-residential and projects under development and land; <sup>6</sup> Market value of borrowed funds as a percentage of Fund GAV; <sup>7</sup> For the LTM ending September 30, 2024; Series O.

\*\*Other = Hamilton, Kitchener Cambridge and Red Deer; Source: RBC GAM.

# RBC Global Infrastructure Fund LP



Performance comparison (%) As of September 30, 2024	QTD	YTD	1 yr	2 yr	3 yr	4 yr	5 yr	10 yr	SI 10.14.23	Nov 15, 2024 QTD <sup>2</sup>
<b>RBC Global Infrastructure Fund LP</b>	<b>3.18</b>	<b>10.35</b>	-	-	-	-	-	-	<b>12.14</b>	<b>1.77</b>
Canadian CPI (Non-Seasonally Adjusted) 1M Lag + 4% (Custom)	1.16	4.87	-	-	-	-	-	-	5.81	
Relative performance	2.02	5.48	-	-	-	-	-	-	6.33	



Series O, Performance is in Canadian dollars (CAD) and gross of fees. Periods less than one year are not annualized. Sector breakdown, country breakdown, and risk profile are based on amount of invested capital and as of July 31, 2024. Note: Past returns are not indicative of future performance.

# Appendix

# Fund fulfillment

Risk exposure	Approved Fund(s)	Characteristics
<b>Fixed Income</b>		
Canadian Money Market	PH&N Canadian Money Market Fund	Money market
Canadian Short-Term Bonds	PH&N Short Term Bond & Mortgage Fund RBC Vision Fossil Fuel Free Short Term Bond Fund	Short-term fixed income Short-term fixed income ex. fossil fuel
Canadian Universe Bonds	PH&N Bond Fund RBC Vision Bond Fund RBC Vision Fossil Fuel Free Bond Fund PH&N Enhanced Total Return Bond Fund	Canadian universe bonds Canadian universe bonds w/ ESG focus Canadian universe bonds ex. fossil fuel Canadian universe bonds w/ HY, Mtgs.
Canadian Corporate Bonds	PH&N Corporate Bond Trust	Investment grade corporate bonds
Private Placement Corporate Debt	PH&N Private Placement Corporate Debt Fund	Private credit
	PH&N Mortgage Pension Trust*	Conventional
Commercial Mortgages	RBC Commercial Mortgage Fund	Conventional Conventional plus High yield
High Yield Bonds	RBC High Yield Bond Fund PH&N High Yield Bond Fund	U.S focus Canadian focus
Global Multi-Asset Credit	BlueBay Total Return Credit Fund	Global high yield, financial capital bonds, structured credit, global convertible bonds, EM hard currency debt, EM local currency debt, opportunistic, investment grade bonds.
Global Bonds	RBC Global Bond Fund	Investment grade global bonds
Emerging Market Bonds	RBC Emerging Markets Bond Fund	Emerging market bonds

# Fund fulfillment

Risk exposure	Approved Fund(s)	Characteristics
<b>Equities</b>		
Canadian Equities	PH&N Canadian Equity Value Fund PH&N Canadian Equity Fund RBC QUBE Canadian Equity Fund RBC Vision Canadian Equity Fund	Value Growth Quantitative ESG tilt (exclusions)
Canadian Low Volatility Equities	RBC QUBE Low Volatility Canadian Equity Fund RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund	Quantitative low volatility Quantitative low volatility excl. fossil fuel
U.S. Equities	PH&N U.S. Equity Fund RBC QUBE U.S. Equity Fund	Core Quantitative
U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Fund	Quantitative low volatility
International Equities	RBC International Equity Fund PH&N Overseas Equity Fund	Core Concentrated
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 Low Volatility Global Equity Fund RBC QUBE Global Equity Fund	Concentrated Concentrated (large cap focus) ESG tilt (exclusions) Concentrated excl. fossil fuel Quantitative low volatility Quantitative
<b>Alternatives</b>		
Real Estate	RBC Canadian Core Real Estate Fund	Canadian commercial real estate
Infrastructure	RBC Global Infrastructure Fund	Global infrastructure

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To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: November 27, 2024  
 Re: Town of Aylmer's Investment Plan  
 Report: ONE JIB 2024-074

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

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

## 2. SUMMARY

The Town of Aylmer 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.

There have been only minor changes in reserve balance forecasts, with no foreseeable contributions or withdrawals anticipated over the next five years. Aylmer continues to have a very long investment horizon with all MNRI having an investment horizon that exceeds ten years. The Town's equity allocations remain at 75% in the updated Investment plan based on a single allocation to the Target Date 10 Year Plus Outcome. 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	0.4	22.5
ONE Global Equity Fund	0.9	52.5
ONE Canadian Government Bond Fund	0.1	3.8
ONE Canadian Corporate Bond Fund	0.1	3.8
ONE Global Bond Fund	0.3	17.5
Total	1.7	100.0

### 3. BACKGROUND

#### **Aylmer's annual IPS review resulted in no changes to the IPS**

Aylmer completed its annual IPS review on November 13, 2024, making no updates to the content of the IPS. There have been no changes to the ONE JIB IPS template used for investors under the Outcomes Framework, 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.**

Aylmer'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 3.1 of the MCQ.*

Investment Horizon of 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 (\$)
MNRI with One JIB			\$1,748,923	
Total MNRI	0	0	\$1,748,923	0

#### **Aylmer will not be making contributions or withdrawals of MNRI this year and does not expect any over the next few years**

Aylmer will not be contributing to or drawing down MNRI this year, and its forecasts do not project any changes 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 Town. Section 3.3 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 3.3 of the MCQ.*

	Next Year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					\$750,000
Net change in MNRI	0	0	0	0	\$750,000

#### 4. ANALYSIS

##### **Investment allocations in Aylmer's updated Investment Plan remain unchanged**

A review of Aylmer's expected cashflows and expected future reserve balances was conducted as part of the annual review process. While some minor 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. The allocation of MNRI across Outcomes is unchanged with the Investment Plan update and remains appropriate for Aylmer's circumstances.

##### **The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is consistent with Aylmer's cashflow forecasts, risk tolerances and objectives**

Aylmer continues to have a long investment horizon. The treasurer noted that there is some possibility of contributions within the next 3-5 years and the probability of drawing down MNRI in the next five to ten years was characterized as extremely remote.

As there will be no changes in the mapping of MNRI to investment outcomes, all MNRI remains allocated to the Target Date 10 Year Plus allocation, with an overall allocation to equities of 75%. This is an appropriate allocation considering Aylmer's long investment horizon.

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	-	-	-	-	-
Contingency	-	-	-	-	-
Target Date 3-5 Years	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-
Target Date 10+ Years	\$1.7	100.0	25	75	100
<b>Total</b>	<b>\$ 1.7</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	\$ 0.4	22.5
ONE Global Equity Fund	0.9	52.5
ONE Canadian Government Bond Fund	0.1	3.8
ONE Canadian Corporate Bond Fund	0.1	3.8
ONE Global Bond Fund	0.3	17.5
<b>Total</b>	<b>\$ 1.7</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	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Target Date 3-5 Years	-	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-	-
Target Date 10+ Years	0.4	0.9	0.1	0.1	0.3	1.7
<b>Total</b>	<b>\$ 0.4</b>	<b>\$ 0.9</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ 0.3</b>	<b>\$ 1.7</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Aylmer's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The Town has a long investment horizon with no anticipated

withdrawals of MNRI within the next ten years. The investment allocation can address the future drawdowns of MNRI anticipated by the municipality if circumstances change. As a result, the Investment Plan is appropriate for the Town's time horizons and circumstances.

## **ATTACHMENTS**

Attachment 1: Town of Aylmer's Investment Policy Statement

Attachment 2: Town of Aylmer's Municipal Client Questionnaire

Attachment 3: Town of Aylmer'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 – POLICY #1.10**

### **FOR**

THE CORPORATION OF THE TOWN OF AYLMER (the  
“Municipality”)

JUNE 21, 2023

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# Town of Aylmer

## 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, 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.

**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 Funds under the Regulation, and for Short-Term Funds, 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 Funds:** 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 Funds 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 Aylmer.

**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 entrance date in 2023, 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 Funds.

**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 funds 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 funds that are invested and managed by an External Portfolio Manager. Funds are pooled or combined with funds 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 effective 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 Funds 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.

**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 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 Funds:** 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 funds 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 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 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.

As well, the Prudent Investor Standard makes use of Modern Portfolio Theory, which looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio.

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

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 funds 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 the Deputy Treasurer.

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 Town of Aylmer's Short-Term Portfolio shall comply with the Town of Aylmer's Conflict of Interest guidelines 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 Funds**

The Municipality's MRI is described in this IPS as Short-Term Funds. Short-Term Funds consist of money needed to meet the short-term financial obligations of the Municipality and are controlled and managed by the Treasurer.

#### **5.1.1 Short-Term Funds: Investment Objectives**

The main focus of the investment of Short-Term Funds is cash management, and the interest income generated by the investment of these funds contribute to municipal revenues.

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 Funds: 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 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.

The investment objectives for short term funds, ranked in priority, are as follows:

#### **a) Security of Principal**

The primary objective for MRI is to ensure the security of the 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 staggered so that investment cash inflows occur throughout the year.

#### **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 funds to meet expenditures.

c) Rate of Return

The Municipality's funds shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the adequate 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.

## 5.2 MNRI: Long-Term Funds

The Municipality's MNRI is described in Section 3.2 as Long-Term Funds. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Funds 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 pay 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 Funds: 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 funds (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB's Outcome Framework. A summary of this framework is described in Table 1 below.

Table 1:

Investment Horizon for the Town of Aylmer

omitted from investment	Investment Horizon					
	MRI Amount Within 1 month to 1 year	MRI Amount 12 to 24 months	MNRI Amount 2 years to 3 years	MNRI Amount 3 to 5 years	MNRI Amount 5 to 10 years	MNRI Amount 10+ Years

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 Funds is managed by ONE JIB, which balances expected investment risks and returns to generate asset mixes that create outcomes to meet the Municipality's needs and risk tolerances. Risk mitigation is achieved primarily through the diversification of investment types. For example, assets will be invested in a mix of fixed income, equity, and other investments in order to help balance volatility and 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 Funds' 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 Funds: Eligible Investments

Eligible investments for Long-Term Funds include the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account;
- ONE Investment Canadian Government Bond Fund;
- ONE Investment Canadian Corporate Bond Fund;
- ONE Investment Canadian Equity Fund;
- ONE Investment Global Bond Fund; and,
- ONE Investment Global Equity Fund.

Additionally, nothing in this IPS prevents Long-Term Funds from being held in cash, short term money market instruments, or overnight deposits.

### **5.2.3 Long-Term Funds: Sinking Funds**

This section has been intentionally been left blank at this time.

### **5.2.4 Long-Term Funds: Local Distribution Corporation (LDC) Securities**

The direct investment in LDC shares and/or promissory notes, shall be permitted and included as part of the Long-Term Funds/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. More specifically, ONE JIB shall be prohibited from selling, transferring, assigning, or pledging the LDC shares without consent of the Municipality.

LDC shares are considered restricted, special assets and remain in the custody of the Town of Aylmer. 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 of Aylmer. 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 of Aylmer.

The investment in LDC shares will not be included in calculations regarding asset mix/allocations or other constraints that apply to the Long-Term Funds.

### **5.2.5 Long-Term Funds:**

This section has been intentionally been left blank at this time. Currently there are none in this category.

## **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 funds are not under the control or management of ONE JIB.

## **5.4 Investment Management**

### **5.4.1 *Investment Management of Short-Term Funds***

The investment of Short-Term Funds shall be controlled and managed by the Treasurer.

### **5.4.2 *Investment Management of Long-Term Funds***

The investment of Long-Term Funds shall be controlled and managed by ONE JIB in accordance with this IPS. An investment advisor shall be retained by ONE JIB to define and manage the asset allocation using External Portfolio Managers.

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 of such 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 to 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 Town of Aylmer supports ESG investing for Short-Term and Long-Term Funds. 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 Long-Term Funds, 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. Accommodating specific ESG considerations may not be possible either due to availability or to costs.

#### **5.6.2 *Securities Lending***

For the investment of Short-Term Funds, the Municipality may invest in pooled funds, and other investment funds that are controlled by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager that apply to such pools permit such an action.

For the investment of Long-Term Funds, the Municipality may invest in pooled funds, and other investment funds that are controlled by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager that apply to such pools 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 Funds 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 and in the aggregate.

#### **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 is expected and necessary 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***

No direct investments in commodities or commodity futures (other than broad market indices), investments in, or mortgages on, raw or undeveloped real property, foreign direct investment in countries subject to Canadian or UN economic sanctions.

## **5.7 Performance Monitoring, Rebalancing and Management**

### **5.7.1 Short-Term Funds**

The Treasurer will monitor and provide updates upon the available funds for investment and upon adjustment levels and participation within the fund as they deem required.

### **5.7.2 Long-Term Funds**

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.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. ONE JIB shall provide at least annual reporting described in Section 6.6 that demonstrates the Municipality's holdings, declares compliance with this IPS and shows External Portfolio Manager performance.

## **6. ADMINISTRATIVE POLICIES**

### **6.1 Flow of Funds and Annual Municipal Budget**

#### **6.1.1 Transfer to ONE JIB as Part of Budget Process**

On an annual basis, as part of the Municipality's budget process, the Municipality shall identify the amount, if any, of Long-Term Funds that it holds. Any Long-Term Funds 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 Budget Process**

On an annual basis, as part of the Municipality's budget process, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Funds then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Funds 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 Funds 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 surplus 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, from time to time after the approval of the Municipality's budget, 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 Funds 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 Funds). In determining the Budgeted Long-Term Funds for purposes of calculating the 25% limit, any Long-Term Funds to be transferred to the control and management of ONE JIB in accordance with that year's budget 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 Funds, values of unitized vehicles shall be valued according to the unit values published daily 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 Funds, the Custodian shall be acceptable to ONE Investment. For Short-Term Funds the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Funds, otherwise the Custodian shall be acceptable to the Municipality.

## **6.7 Reporting**

### **6.7.1 Short-Term Funds**

For the investment of Short-Term Funds, the Treasurer shall report at least annually to Council, such report to be in such form and contain such content as Council may request. The report to Council shall include investment performance during the period covered and such other information as required under regulation and as the Treasurer may consider to be pertinent.

### **6.7.2 Long-Term Funds**

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Funds at least annually. Such 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, their average term to maturity and yield relative to the benchmark, book value, market value, realized/unrealized gains/losses and actual income received;
- Dates of all transactions including the purchase and sale prices;
- 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, which shall provide monthly reporting showing all securities held, their book values, market values and all income received.

## **7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE**

### **7.1 Revocation / Amendment of Previous Investment Policy**

This investment policy shall revoke prior investment policies when amended.

## **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 Funds and from ONE JIB with respect to the investment of Long-Term Funds.

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 take into account:

- 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 June 21, 2023. The Treasurer/Clerk is directed to send a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB through council resolution.

## **Schedule A**

### **Third-Party Trust Funds and Designated Funds**

#### **Third-Party Trust Funds**

No Trust Funds will be included in the investment strategy at this time.

#### **Designated Funds**

DC reserves will not be included in investment strategy

## **Appendix I: ONE JIB Agreement**



# 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 significant change in your municipality's financial circumstances, or
- 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: Corporation of the Town of Aylmer

Address: 46 Talbot St W. Aylmer, Ontario, N5H 1J7

### Treasurer Information

Name: Heather Sachs

Phone Number: 519-773-3164

Extension: 4919

Email: hsachs@town.aylmer.on.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

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

## 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 (\$)
MNRI with One JIB			1,748,923.03	
Total MNRI	0	0	0	0

- 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.

The numbers above are conservative we expect further contributions within the next 3 - 5 years.  
The probability of draw downs in the next 5 to 10 years is extremely remote.

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					750,000
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?

Yes, but the level of accuracy is low

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.

Not with the current balance invested

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?

We have contingency reserves for unanticipated requests for funding and a council initiatives reserve for council projects that they wish to use for discretionary projects that come up outside of the budget process.

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?

Capital preservation is the main objective. Willingness to accept low returns in order to minimize the likelihood of losses.

Risk tolerance that should be considered is a conservative approach such as a small chance of loss of capital over a 5-year period would be ideal considering all of these gains/ losses are realized through the financial statements at year end.

Large infrastructure projects such as the Water Tower, Scada and Lagoon Optimization are currently underway, however, all funds are available through current reserves and recently announced grant funding.

## 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)	30/Sep/24	1,748,923.03
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>		1,748,923.03 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 9 day of October, 20 24



Heather Sachs  
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 relative to your current MCQ and Investment Plan.

no changes requested

## 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 Aylmer's Investment Plan

Date: November 27, 2024

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



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## **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 Aylmer's Long-Term Money as defined in section 23 of Aylmer's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Aylmer.

## **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 Aylmer's IPS.

## **4. Investment Goals and Objectives**

Aylmer'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 Aylmer'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 Aylmer's Long-Term Money in this Plan is consistent with the details as disclosed in Aylmer'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 the principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Aylmer has an obligation for a specific project at a specific time.

While individually Aylmer's reserve and reserve funds require liquidity, collectively they provide Aylmer 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 Aylmer'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 Sept. 30, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	-	-
Stable Return	-	-
Contingency	-	-
Asset Management Reserves	-	-
Target Date 3-5 Years	-	-
Target Date 5-10 Years	-	-
Target Date 10+ Years	1,748,923	100.0
Total	\$1,748,923	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 September 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 Aylmer'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 September 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 Sept. 30, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 393,507.7	22.5
ONE Global Equity Fund	918,184.6	52.5
ONE Canadian Government Bond Fund	65,584.6	3.8
ONE Canadian Corporate Bond Fund	65,584.6	3.8
ONE Global Bond Fund	306,061.5	17.5
<b>Total</b>	<b>\$ 1,748,923.0</b>	<b>100.0</b>

### 5.3 In-Kind Securities (in transition)

This section does not apply.

### 5.4 Other Accounts

Aylmer 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 Aylmer are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Aylmer.

#### **b. Anticipated mid-year cashflow requests**

Aylmer has not disclosed any known mid-year cashflow needs.

#### **c. Unanticipated mid-year cashflow requests**

Upon receipt of an updated MCQ from Aylmer 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: November 27, 2024  
 Re: Town of Bracebridge's Investment Plan  
 Report: ONE JIB 2024-072

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## 1. RECOMMENDATIONS

It is recommended that the Board:

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

## 2. SUMMARY

The Town of Bracebridge 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.

There have been only minor changes in Bracebridge's reserve balance forecasts, with no foreseeable contributions or withdrawals of MNRI anticipated over the next five years. Bracebridge's investment horizon remains largely unchanged at the time of the Investment Plan update and the Town continues to have a very long investment horizon. The Town's equity allocations remain at 67.9% in the updated Investment Plan, on a consolidated basis. 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	\$ 1.6	20.4
ONE Global Equity Fund	3.7	47.5
ONE Canadian Government Bond Fund	0.4	4.8
ONE Canadian Corporate Bond Fund	0.4	4.8
ONE Global Bond Fund	1.8	22.5
Total	\$ 7.9	100.0

### 3. BACKGROUND

#### **Bracebridge’s annual IPS review resulted in no changes to the IPS**

Bracebridge completed its annual IPS review on November 13, 2024, making no updates to the content of the IPS. There have been no changes to the ONE JIB IPS template since Bracebridge 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.**

Bracebridge’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, no changes to the Town’s Investment Plan are recommended 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 3.1 of the MCQ.*

<b>Investment Horizon of MNRI</b>				
<b>Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)</b>	<b>Total MNRI (\$)</b>	<b>Investment Horizon &lt; 5 Years (\$)</b>	<b>Investment Horizon 5-10 Years (\$)</b>	<b>Investment Horizon &gt;10 Years (\$)</b>
Discretionary Reserves	\$7,045,866			\$7,045,866
Obligatory Reserves	\$1,262,343			\$1,262,343
Total MNRI	\$8,308,209	0	0	\$8,308,209

#### **Bracebridge will not be making contributions or withdrawals of MNRI this year and does not expect any over the next few years**

Bracebridge will not be contributing to or drawing down MNRI this year, and its forecasts do not project any contributions or withdrawals 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 Town. Section 3.3 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 3.3 of the MCQ.*

	Next Year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	0	0

#### 4. ANALYSIS

##### **Investment allocations in Bracebridge's updated Investment Plan remain unchanged**

A review of Bracebridge's expected cashflows and expected future reserve balances was conducted as part of the annual review process. While some minor 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. The treasurer did note that financial resources were expected to become tighter in the short term as the Town waits for the disbursement of about \$9.7 million in provincial grant money. Any short-term funding requirements are not expected to be addressed with drawdowns of MNRI. The allocation of MNRI across Outcomes remains unchanged with the Investment Plan update and remains appropriate for Bracebridge's circumstances.

##### **The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is consistent with Bracebridge's cashflow forecasts, risk tolerances and objectives**

Bracebridge continues to have a long investment horizon, with no drawdowns expected within five years and an investment horizon associated with MNRI of more than 10 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 will be retained at 67.9%. This is an appropriate allocation considering Bracebridge's long investment horizon.

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	-	-	-	-	-
Contingency	\$ 3.7	47.7	40	60	100
Target Date 3-5 Years	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-
Target Date 10+ Years	4.1	52.3	25	75	100
<b>Total</b>	<b>\$ 7.9</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	\$ 1.6	20.4
ONE Global Equity Fund	3.7	47.5
ONE Canadian Government Bond Fund	0.4	4.8
ONE Canadian Corporate Bond Fund	0.4	4.8
ONE Global Bond Fund	1.8	22.5
<b>Total</b>	<b>\$ 7.9</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	-	-	-	-	-	-
Contingency	\$ 0.7	\$ 1.6	\$ 0.2	\$ 0.2	\$ 1.0	\$ 3.7
Target Date 3-5 Years	-	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-	-
Target Date 10+ Years	0.9	2.2	0.2	0.2	0.7	\$ 4.1
<b>Total</b>	<b>\$ 1.6</b>	<b>\$ 3.7</b>	<b>\$ 0.4</b>	<b>\$ 0.4</b>	<b>\$ 1.8</b>	<b>\$ 7.9</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Bracebridge's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The Town has a long investment horizon and does not anticipate contributions or withdrawals of MNRI within the next five years. The investment allocations can address the future drawdowns of MNRI anticipated by the municipality if circumstances change. As a result, the Investment Plan is appropriate for the Town's time

horizons and circumstances.

## **ATTACHMENTS**

Attachment 1: Town of Bracebridge's Investment Policy Statement

Attachment 2: Town of Bracebridge's Municipal Client Questionnaire

Attachment 3: Town of Bracebridge's proposed Investment Plan

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## POLICY STATEMENT

1. The Corporation of the Town of Bracebridge 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. 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.

7. 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.
8. This Investment Policy Statement (IPS) is intended to respond to the foregoing requirements.

## DEFINITIONS

9. The following capitalized terms are defined terms, which have the meanings set out below:
  - 9.1. **Act** means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.
  - 9.2. **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.
  - 9.3. **Asset Class** An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.
  - 9.4. **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.
  - 9.5. **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.
  - 9.6. **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.
  - 9.7. **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.
  - 9.8. **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.

- 9.9. **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").
- 9.10. **Director of Finance/Treasurer** means the Director of Finance/Treasurer as appointed by by-law of the Corporation of the Town of Bracebridge or their designate.
- 9.11. **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.
- 9.12. **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.
- 9.13. **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.
- 9.14. **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.
- 9.15. **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.
- 9.16. **Investment Plan** means the investment plan applicable to the Long-Term Monies investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.
- 9.17. **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 Monies under the Regulation, and for Short-Term Monies, 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.
- 9.18. **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.
- 9.19. **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.

- 9.20. **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.
- 9.21. **Local Distribution Corporation or LDC** means a corporation incorporated under section 142 of the *Electricity Act, 1998*.
- 9.22. **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 23. Monies that are Long Term Monies will be invested in accordance with the Prudent Investor Standard.
- 9.23. **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.
- 9.24. **Municipality** means the Corporation of the Town of Bracebridge.
- 9.25. **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.
- 9.26. **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 Monies.
- 9.27. **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.
- 9.28. **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 monies assigned to the outcome.
- 9.29. **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.
- 9.30. **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. Funds are pooled or combined with monies of other investors.
- 9.31. **Portfolio** means any collection of funds that are grouped together and required for specific purposes.

- 9.32. **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.
- 9.33. **Prudent Effective Date** means July 2, 2020, the date on which the prudent investor regime applies to the Municipality.
- 9.34. **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.
- 9.35. **Regulation** means Ontario Regulation 438/97.
- 9.36. **Risk** means the uncertainty of future investment returns or chance of loss of capital.
- 9.37. **Risk Tolerance** means the financial ability and willingness to absorb a loss in return for greater potential for gains.
- 9.38. **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.
- 9.39. **Short-Term Money** means money that is required immediately by the Municipality as described in section 22, and which remains under the control and management of the Municipality. The money can be invested in appropriate Legal List Securities.
- 9.40. **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.
- 9.41. **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.
- 9.42. **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.
- 9.43. **Sinking Fund Excess Earnings** means the investment earnings in excess of the required earnings.

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## PURPOSE AND LEGISLATIVE FRAMEWORK

### 10. Purpose of Policy

- 10.1. This IPS governs the investment of the Town's money not required immediately (MNRI) and money required immediately (MRI). It is intended, among other things, to direct the Director of Finance/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 2020-015, 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.
- 10.2. In addition to the Municipality's MRI and MNRI, the Municipality may, from time to time, be entrusted with the management of money and investments for a third-party beneficiary ("third-party trust funds").
- 10.3. 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.
- 10.4. The goals of this IPS are to:
  - 10.4.1. Define and assign responsibilities for investment of MRI and MNRI;
  - 10.4.2. Describe the Municipality's responsibilities with respect to third party trust funds and designated funds;
  - 10.4.3. Ensure compliance with the applicable legislation;
  - 10.4.4. Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
  - 10.4.5. Provide guidance and limitations regarding the investments and their underlying risks;
  - 10.4.6. Establish a basis of evaluating investment performance and the underlying risks; and
  - 10.4.7. Establish a reporting standard to Council.
- 10.5. This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Director of Finance/Treasurer and any agent or advisor providing services to ONE JIB in connection with the investment of the portfolio of the Town of Bracebridge shall accept and strictly adhere to this IPS.

## GOVERNING LEGISLATION

11. Investments of MRI will only be made in Legal List Securities in accordance with this IPS.

12. 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.
13. 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.
14. 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:
  - 14.1. General economic conditions;
  - 14.2. The possible effect of inflation or deflation;
  - 14.3. The role that each investment plays within the Municipality's total portfolio of investments;
  - 14.4. The expected total return from income and the appreciation of capital; and
  - 14.5. Needs for liquidity, regularity of income and preservation or appreciation of capital.

#### **PRUDENT INVESTOR STANDARD**

15. 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.
16. 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**

##### **DETERMINATION OF MNRI AND MRI**

17. Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:
  - 17.1. the time horizon within which the monies are needed to meet financial obligations;
  - 17.2. the purpose for which the monies have been collected or set aside and are to be used;

- 17.3. the source of the money; or
- 17.4. any combination of the foregoing
- 18. 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. 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 24) shall be deemed for purposes of this IPS to be MRI.
- 19. 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 monies by the Director of Finance/Treasurer in accordance with the provisions set out in section 30.2.
- 20. Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

## **OVERVIEW OF PORTFOLIOS**

- 21. 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 22 and section 23. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:
  - 21.1. MRI which is invested in Legal List Securities; and/or
  - 21.2. MNRI which is invested under the Prudent Investor Standard.

## **ROLES AND RESPONSIBILITIES**

### **22. Role of ONE JIB**

- 22.1. 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 B).
- 22.2. 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.
- 22.3. Among the responsibilities of ONE JIB are the following:
  - 22.3.1. Reviewing this IPS;
  - 22.3.2. Adopting and maintaining an Investment Plan that complies with this IPS;
  - 22.3.3. Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
  - 22.3.4. Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
  - 22.3.5. Monitoring the performance of the Agents; and,

22.3.6. Reporting to the Municipality.

- 22.4. The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

**23. Role of Municipal Staff**

- 23.1. This IPS is approved and adopted by Council with input from the Director of Finance/Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in section 24, remain under the control and management of the Director of Finance/Treasurer.
- 23.2. Consistent with this IPS, the Director of Finance/Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:
- 23.2.1. Investment management of MRI and any third-party trust funds referenced in the PURPOSE AND LEGISLATIVE FRAMEWORK section of the Policy, or under the direction of, the Director of Finance/Treasurer;
- 23.2.2. 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,
- 23.2.3. A system of controls exercised by the Director of Finance/Treasurer to regulate the activities of staff in the Finance Department.
- 23.3. No person including, without limitation, ONE JIB members, may engage in an investment transaction except as provided under the terms of this IPS.
- 23.4. In the management of MRI of the Municipality, and any third-party trust funds referenced in the PURPOSE AND LEGISLATIVE FRAMEWORK section of the Policy, the Director of Finance/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.

**24. Ethics and Conflicts of Interest**

- 24.1. Individuals who are responsible for the Town of Bracebridge's Short-Term Portfolio shall comply with Town of Bracebridge's Accountability and Transparency Policy as well as the relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct).
- 24.2. 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

### 25. MRI: Short-Term Money

25.1. The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consists of money needed to meet the financial obligations of the Municipality coming due within eighteen (18) months from the date of receipt of such money and are controlled and managed by the Director of Finance/Treasurer.

#### 25.2. Short-Term Money: Investment Objectives

25.2.1. The main focus of the investment of Short-Term Money is cash management, and the interest income generated by the investment of these money contribute to municipal revenues.

25.2.2. 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.

25.2.3. The investment objectives for short term funds, ranked in priority, are as follows:

##### 25.2.3.1. Security of Principal

25.2.3.1.1. 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 staggered so that investment cash inflows occur throughout the year.

##### 25.2.3.2. Liquidity Requirements

25.2.3.2.1. 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.

25.2.3.2.2. 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 funds to meet expenditures.

**25.2.3.3. Rate of Return**

25.2.3.3.1. The Municipality's funds shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the adequate liquidity needs of each investment portfolio.

25.2.3.3.2. 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.

**25.3. Short-Term Money: Eligible Investments**

25.3.1. 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:

25.3.1.1. ONE Investment High Interest Savings Account;

25.3.1.2. ONE Investment Money Market Portfolio; and,

25.3.1.3. ONE Investment Canadian Government Bond Portfolio.

25.3.2. Investment in the foregoing is subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

**26. MNRI: Long-Term Money**

26.1. 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.

26.2. 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 pay 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 Director of Finance/Treasurer.

**26.3. Long-Term Money: Investment Objectives**

26.3.1. In setting the objectives noted below, the Municipality has taken into account the following considerations:

26.3.1.1. Preservation of capital;

- 26.3.1.2. Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
  - 26.3.1.3. Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
  - 26.3.1.4. Income and capital appreciation; and,
  - 26.3.1.5. Macro risks, such as inflation, economic growth and interest rates.
- 26.3.2. 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. A summary of this framework is described in Table 1 below.

**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

26.3.3. Investment of long-term money is to be managed 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.

**26.4. Long-Term Money: Eligible Investments**

26.4.1. 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.

26.4.2. Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

**26.5. Long-Term Money: Sinking Funds**

26.5.1. Not applicable

**26.6. Long-Term Money: Local Distribution Corporation (LDC) Securities**

26.6.1. 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.

26.6.2. LDC shares are considered restricted, special assets and remain in the custody of the Town of Bracebridge. LDC shares are to be viewed as separate standalone investments with the subject matter expertise and administrative functions remaining under the purview of Town of Bracebridge. 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 of Bracebridge.

26.6.3. 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.

## **27. Third-Party Trust Funds and Designated Funds**

- 27.1. 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.
- 27.2. The Municipality's third-party trust funds and the designated funds are listed in Schedule A.
- 27.3. 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.

## **28. Investment Management**

### **28.1. Investment Management of Short-Term Money**

- 28.1.1. The investment of Short-Term Funds shall be controlled and managed by the Director of Finance/Treasurer.

### **28.2. Investment Management of Long-Term Money**

- 28.2.1. The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.
- 28.2.2. 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.

## **29. Transition to Prudent Investor Regime**

- 29.1.1. This section has been left intentionally blank.

## **30. Investment Constraints**

### **30.1. Environmental, Social and Governance (ESG) Investing**

- 30.1.1. 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.
- 30.1.2. The Municipality supports ESG investing for Short-Term and Long-Term Money.

30.1.3. For the investment of Short-Term Funds, the Director of Finance/Treasurer is required to invest in instruments that support responsible ESG principles.

30.1.4. 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.

**30.2. Securities Lending**

30.2.1. The Municipality may invest in pooled funds, and other investment funds that are controlled by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager that apply to such pools permit such an action.

**30.3. Derivatives**

30.3.1. 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.

**30.4. Use of Leverage**

30.4.1. 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 Director of Finance/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.

**30.5. Pooled Funds**

30.5.1. 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.

**30.6. Currency Hedging**

30.6.1. The Short-Term Portfolio will not utilize currency hedging.

30.6.2. 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.

**31. Performance Monitoring, Rebalancing and Management**

**31.1. Short-Term Money**

31.1.1. The Director of Finance/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.

**31.2. Long-Term Money**

31.2.1. 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.

31.2.2. 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 at least annual reporting described in section 35.2 that shows the Municipality's holdings, declares compliance with this IPS and shows External Portfolio Manager performance.

**ADMINISTRATIVE POLICIES**

**32. Flow of Money and Annual Municipal Budget**

**32.1. Transfer to ONE JIB as Part of Annual Review Process**

32.1.1. 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.

**32.2. Transfer to Municipality as Part of Annual Review Process**

32.2.1. On an annual basis ONE JIB shall be notified by the Director of Finance/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 Funds and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Director of Finance/Treasurer.

**33. Flow of Money Otherwise than through the Budget Process**

**33.1. Surplus Funds**

33.1.1. 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 Director of Finance/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.

**33.2. Contingencies**

33.2.1. The Director of Finance/Treasurer is authorized to direct ONE JIB to return any amounts determined by the Director of Finance/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 29.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to section 29.2 shall be excluded.

**34. Valuation of Investments**

34.1. 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.

**35. Voting Rights**

35.1. Subject to the provisions of section 23.6, 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.

**36. Internal Controls**

36.1. The Director of Finance/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 Director of Finance/Treasurer. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

**37. Custodians**

37.1. 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.

**38. Reporting**

**38.1. Short-Term Money**

38.1.1. For the investment of Short-Term Money, the Director of Finance/Treasurer shall report at least annually to Council, prior to or together with, the annual audited financial statements of the Corporation. The investment report from the Director of Finance/Treasurer shall include:

- 38.1.1.1. A listing of investments, with market value, held at the end of the reporting period;
- 38.1.1.2. A statement about the performance of the investment portfolio during the reporting period;
- 38.1.1.3. A statement as to whether or not, in their opinion, all investments were made in accordance with this IPS;
- 38.1.1.4. A record of the date of each transaction; and
- 38.1.1.5. Such other information that Council may require or that, in their opinion, should be included.

**38.2. Long-Term Money**

38.2.1. 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:

- 38.2.1.1. Investment performance during the period covered by the report;
- 38.2.1.2. Asset mix of the total portfolio;
- 38.2.1.3. 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;
- 38.2.1.4. A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- 38.2.1.5. A statement by the Director of Finance/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
- 38.2.1.6. Any other pertinent information in the opinion of the Director of Finance/Treasurer.

38.3. 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**

**39. Revocation / Amendment of Previous Investment Policy**


- 39.1. Upon coming into effect, this IPS supersedes previously approved investment policies of the Municipality. Specifically, Investment Policy TOB-2019-006 is repealed as of the date this IPS comes into effect.

**40. Modifications to the IPS**

- 40.1. 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 Director of Finance/Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.
- 40.2. Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.
- 40.3. At a minimum, the annual review will consider:
- 40.3.1. the adequacy of funding for capital works;
  - 40.3.2. the Municipality's ability to reduce other spending;
  - 40.3.3. flexibility of the timeframe to payout; and
  - 40.3.4. sensitivity to loss.

**41. Effective Date**

- 41.1. This IPS is adopted by Council of the Municipality effective November 13, 2024. The Director of Finance/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: Paul Judson 

Director of Finance/Treasurer

Date: November 13, 2024

## **SCHEDULE A**

### **Third Party Trust Funds**

1. Care and Maintenance Funds collected under the *Funeral, Burial and Cremation Services Act, 2002*.

## **APPENDIX B**

### **ONE JIB Agreement**

[Link to ONE JIB Agreement](#)

### 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: Corporation of the Town of Bracebridge

Address: 1000 Taylor Court, Bracebridge

#### Treasurer Information

Name: Paul Judson

Phone Number: 705 394 5908

Extension: N/A

Email: pjudson@bracebridge.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

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).

The Town's Treasurer has a CFA designation and worked for 20 years in the ratings industry

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

## 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 (\$)
Discretionary Reserves	\$7,045,866			\$7,045,866
Obligatory Reserves	\$1,262,343			\$1,262,343
Total MNRI	\$8,308,209	0	0	\$8,308,209

- 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.

The Town forecasts reserve/reserve fund balances over a ten-year period. The forecast takes into account anticipated capital expenditures, capital grants, and development charge revenues. While the forecast does not take into account inflation, it also does not take into account the Town's annual surpluses, which flow into reserves and generally offset inflationary pressures.

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	0	0	0	0	0
Anticipated MNRI Contributions	0	0	0	0	0
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?

The Town forecasts reserves/reserve funds over a ten year period. However, the forecast beyond five years is somewhat limited.

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.

Although not our base case expectation, there is a small chance the Town may temporarily require some moderate amount of MNRI in the next 12 months. The Town has finished building a large community centre and is waiting for the Province to transfer \$9.7 million in project funding. We are hoping to receive this funding by the end of the year; however, if the Province is delayed significantly it could temporarily pressure the Town's cash flows, possibly to the point where temporary modest use of MNRI (or temporary use of the Town's \$5M operating line) is required. We also do not know how much reserve transfers Council may decide to use as part of the 2025 budget.

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?

Unanticipated requests are completed by motion of Council, generally to be funded by a related reserve account. Currently the Town does not expect to require 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?

None.

## 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)	09/09/24	\$7,734,405.00
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>		\$7,734,405.00

- 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 7 day of October, 20 24

\_\_\_\_\_

\_\_\_\_\_



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 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 Bracebridge Investment Plan

Date: November 27, 2024

A decorative graphic in the bottom left corner consisting of a blue triangle and a yellow diagonal line.

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

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## **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 Bracebridge's Long-Term Money as defined in section 23 of Bracebridge's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Bracebridge.

## **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 Bracebridge's IPS.

## **4. Investment Goals and Objectives**

Bracebridge'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 Bracebridge'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 Bracebridge's Long-Term Money in this Plan is consistent with the details as disclosed in Bracebridge'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 the principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Bracebridge has an obligation for a specific project at a specific time.

While individually Bracebridge's reserve and reserve funds require liquidity, collectively they provide Bracebridge 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 Bracebridge'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 Sept. 30, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	-	-
Stable Return	-	-
Contingency	\$3,748,320	47.7
Asset Management Reserves	-	-
Target Date 3-5 Years	-	-
Target Date 5-10 Years	-	-
Target Date 10+ Years	4,113,207	52.3
Total	\$7,861,527	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 September 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 Bracebridge'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 September 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 Sept. 30, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 1,600,169	20.4
ONE Global Equity Fund	3,733,728	47.5
ONE Canadian Government Bond Fund	379,144	4.8
ONE Canadian Corporate Bond Fund	379,144	4.8
ONE Global Bond Fund	1,769,341	22.5
<b>Total</b>	<b>\$ 7,861,527</b>	<b>100.0</b>

### 5.3 In-Kind Securities (in transition)

This section does not apply.

### 5.4 Other Accounts

Bracebridge 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 Bracebridge are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Bracebridge.

#### **b. Anticipated mid-year cashflow requests**

Bracebridge has not disclosed any known mid-year cashflow needs.

#### **c. Unanticipated mid-year cashflow requests**

Upon receipt of an updated MCQ from Bracebridge 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: November 27, 2024  
 Re: City of Kenora's Investment Plan 2024  
 Report: ONE JIB 2024-075

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the City of Kenora's Investment Policy Statement (Attachment 1).
2. Receive the City of Kenora's Municipal Client Questionnaire (Attachment 2).
3. Approve the City of Kenora's proposed Investment Plan (Attachment 3).
4. Approve the expected mid-year contribution of \$500,000 to the General Account.

## 2. SUMMARY

The City of Kenora updated its Municipal Client Questionnaire (MCQ) and provided an updated IPS which has informed of Kenora's updated Investment Plan. The City expects to contribute \$500,000 to MNRI in mid-2025. This incremental MNRI will be contributed to the General Account with investment allocations to be determined based on guidance provided by the treasurer when a mid-year MCQ update is submitted. This anticipated contribution has not been reflected in any tables in this report or the Investment Plan.

The investment horizon associated with municipal reserves is unchanged compared to the previous year so the proposed investment allocations across the ONE Investment Outcomes remain consistent with Kenora's needs and circumstances in this 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	\$7.3	11.1
ONE Global Equity Fund	17.1	26.0
ONE Canadian Government Bond Fund	10.6	16.1
ONE Canadian Corporate Bond Fund	5.4	8.3
ONE Global Bond Fund	25.4	38.5
Total	\$65.9	100.0

### 3. BACKGROUND

#### **Kenora's annual review and update of its Investment Policy Statement (IPS) resulted in no changes to the IPS**

Kenora completed its annual IPS review on November 19, 2024, making no updates to the content of the IPS. The ONE JIB IPS template has not changed since Kenora updated the plan in 2023, so the recently approved IPS remains consistent with the ONE JIB-approved template.

#### **The City's MNRI is divided into two separate accounts, the Citizens' Prosperity Trust Fund and the General Account**

The City's MNRI is segregated into two distinct portions. The Citizens' Prosperity Trust Fund (CPTF) is intended to be a source of recurring income for the City in perpetuity. This trust was formed in 2008 when Kenora sold its holdings in a telecommunications firm. The key objectives of the CPTF are the preservation of capital and the generation of recurring income. The City does not plan to spend the initial capital but intends to use the income generated to fund the municipal budget. The MNRI of the CPTF is invested in the Stable Return Outcome.

Kenora targets annual distributions from the CPTF to the General Account of \$1.1 million annually. The municipality holds approximately \$3 million of the CPTF balance as MRI with the remaining \$43.5 million invested with ONE JIB as MNRI. The treasurer intends to fulfill the \$1.1 million annual income transfer from the CPTF to the General Account utilizing CPTF's MRI balances. This means that the MRI portion of the CPTF will be depleted over the next few years and the annual income transfer should not affect the MNRI balances of the CPTF

The MNRI of the General Account reflects the City's reserve balances that could be used for operational purposes or capital spending needs. The MNRI of the General Account is invested in the Contingency and Target Date 3-5 Year Outcomes, as shown in Table 1 below as well as the MNRI of the City's two accounts.

*Table 1: CPTF and General Account Outcome Allocations*

<b>Outcome</b>	<b>Account</b>	<b>Investments</b>
Stable Return	CPTF	\$43,545,521
Contingency	General	\$18,272,290
Target Date 3-5 Years	General	\$4,047,647

#### **There was no change in the overall investment horizon associated with MNRI this year**

Kenora'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 2 below provides more details on the investment horizon of MNRI, categorized by reserve type.

*Table 2: MNRI by reserve and time horizon forecast, adapted from table 3.1 of MCQ*

<b>Investment Horizon of MNRI</b>				
<b>Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)</b>	<b>Total MNRI (\$)</b>	<b>Investment Horizon &lt; 5 Years (\$)</b>	<b>Investment Horizon 5-10 Years (\$)</b>	<b>Investment Horizon &gt;10 Years (\$)</b>
Lower risk	\$22,319,938	\$5,000,000		\$17,368,798
Obligatory Reserves	43,545,521			43,545,521
Total MNRI	\$65,865,459	0	0	\$65,865,459

### **Kenora intends to make a mid-year contribution of MNRI to the General account**

Kenora will not make contributions or withdrawals of MNRI as part of the annual Investment Plan update but expects to make a mid-year contribution of \$500,000. The City will receive a \$500,000 interest payment from Synergy North notes in mid-2025, which will be contributed to the General account. While it is likely that this contribution will be allocated to the Contingency Outcome, the context provided by the treasurer in a Mid-Year MCQ Updates Form will inform the allocation at the time of the contribution.

Beyond this contribution, Kenora has not identified any other known need for contributions or drawdowns of MNRI in the next five years. Section 3.3 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 3: Anticipated Cash Flow Projections MNRI by year from table 3.3 of the MCQ.*

	<b>Next Year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5+ years</b>
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	0	0

#### 4. ANALYSIS

##### **Over the next year, Kenora's remaining in-kind bond portfolio will mature**

The in-kind bond portfolio, which represents a portfolio of individual bonds that were received from Kenora when it joined ONE JIB, is part of the CPTF. As coupons have been received and bonds matured, the proceeds have been invested in the Stable Return Outcome. As of September 30, 2024, the remaining balance of in-kind bonds was approximately \$400,000, all of which will mature within the next 12 months. Interest and bond maturity proceeds for the in-kind bond portfolio will be reinvested in the Stable Return Outcome.

##### **The mapping to Outcomes and the resulting asset allocation are appropriate for the City's circumstances**

The investment horizon associated with City reserves is largely unchanged over the last year and as a result, the investment allocations remain appropriate. Allocations to the Target Date 3-5 Year of approximately \$4 million will address the known near-term funding needs, while the remaining MNRI of the General account has been allocated to the Contingency Outcome. MNRI associated with the CPTF has been allocated to the Stable Return Outcome, which is appropriate considering its objectives.

As the CPTF balances have grown since joining the ONE JIB the current total CPTF Balance is nearly \$46 million (this is inclusive of MRI and MNRI portions) which is well above the initial capital contribution to the CPTF of approximately \$40.8 million. This provides the CPTF with a 'cushion' to absorb losses without limiting its ability to make annual distributions. Considering this, a higher allocation to equities may be appropriate, which may be discussed as part of the 2025 review.

Mapping the MNRI to Outcomes relied on the MCQ and discussions with the Treasurer to ensure a common understanding of the uses and purpose of the MNRI. Asset allocations (Table 4 below) and fund allocations (Tables 5 and 6 below) were determined using the ONE JIB's Outcomes Framework.

*Table 4: Proposed Outcome Mapping and Asset Allocation*

Outcome	Total Invested (\$ millions)	Portfolio Weight (%)	Fixed Income (%)	Equities (%)	Total (%)
Stable Return	\$ 43.5	66.1	70	30	100
Contingency	18.3	27.7	40	60	100
Target Date 3-5 Years	4.0	6.1	90	10	100
Target Date 5-10 Years	-	-	-	-	-
Target Date 10+ Years	-	-	-	-	-
Total	\$ 65.9	100.0			

*Table 5: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 7.3	11.1
ONE Global Equity Fund	17.1	26.0
ONE Canadian Government Bond Fund	10.6	16.1
ONE Canadian Corporate Bond Fund	5.4	8.3
ONE Global Bond Fund	25.4	38.5
<b>Total</b>	<b>\$ 65.9</b>	<b>100.0</b>

*Table 6: 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	-	-	-	-	-	-
Stable Return	\$ 3.9	\$ 9.1	\$ 8.3	\$ 3.9	\$ 18.3	\$ 43.5
Contingency	3.3	7.7	1.1	1.1	5.1	18.3
Target Date 3-5 Years	0.1	0.3	1.2	0.4	2.0	4.0
Target Date 5-10 Years	-	-	-	-	-	-
Target Date 10+ Years	-	-	-	-	-	-
<b>Total</b>	<b>\$ 7.3</b>	<b>\$ 17.1</b>	<b>\$ 10.6</b>	<b>\$ 5.4</b>	<b>\$ 25.4</b>	<b>\$65.9</b>

## 5. CONCLUSION

Kenora's proposed Investment Plan is consistent with the City's IPS. The proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. As a result, the Investment Plan is appropriate for Kenora's objectives, risk tolerance, time horizons, and available MNRI. The updating of this Investment Plan will not result in any trading but an anticipated mid-year contribution of \$500,000 if received will be deployed into the General account.

## ATTACHMENTS

Attachment 1: City of Kenora's Investment Policy Statement  
Attachment 2: City of Kenora's Municipal Client Questionnaire  
Attachment 3: City of Kenora'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 CITY OF KENORA (the “Municipality”)

NOVEMBER 12, 2024

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# The City of Kenora

## 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, 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.

**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 Funds under the Regulation, and for Short-Term Funds, 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 Funds:** 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 Funds 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 City of Kenora.

**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 Funds.

**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 funds 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 funds that are invested and managed by an External Portfolio Manager. Funds are pooled or combined with funds 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 Funds 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.

**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 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 Funds:** 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 funds 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 Manager of Finance/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 #37-2021 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 Manager of Finance/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 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.

As well, the Prudent Investor Standard makes use of Modern Portfolio Theory, which looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio.

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 funds by the Manager of Finance/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 Manager of Finance/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 Manager of Finance/Treasurer.

Consistent with this IPS, the Manager of Finance/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 Manager of Finance/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 Manager of Finance/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 Manager of Finance/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 City of Kenora's Short-Term Portfolio shall comply with the City of Kenora's conflict of interest guidelines 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 Funds

The Municipality's MRI is described in this IPS as Short-Term Funds. Short-Term Funds consist of money needed to meet the short-term financial obligations of the Municipality and are controlled and managed by the Manager of Finance/Treasurer.

#### 5.1.1 *Short-Term Funds: Investment Objectives*

The main focus of the investment of Short-Term Funds is cash management, and the interest income generated by the investment of these funds contribute to municipal revenues.

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 Funds: 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 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.

The investment objectives for short term funds, 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 staggered so that investment cash inflows occur throughout the year.

**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 funds to meet expenditures.

**c) Rate of Return**

The Municipality's funds shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the adequate 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.

## **5.2 MNRI: Long-Term Funds**

The Municipality's MNRI is described in Section 3.1 as Long-Term Funds. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Funds 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 pay 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 Manager of Finance/Treasurer.

### **5.2.1 Long-Term Funds: 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 funds (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB's Outcome Framework. A summary of this framework is described in Table 1 below.

**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 with some 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 Funds is managed by ONE JIB, which balances expected investment risks and returns to generate asset mixes that create outcomes to meet the Municipality's needs and risk tolerances. Risk mitigation is achieved primarily through the diversification of investment types. For example, assets will be invested in a mix of fixed income, equity, and other investments in order to help balance volatility and 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 Funds' 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 Funds: Eligible Investments

Eligible investments for Long-Term Funds 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 and that the ONE JIB has approved them as part of the municipality's investment plan.

Additionally, nothing in this IPS prevents Long-Term Funds from being held in cash, short term money market instruments, or overnight deposits.

#### **5.2.3 Long-Term Funds: Sinking Funds**

N/A

#### **5.2.4 Long-Term Funds: 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 Funds/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. 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 City of Kenora. LDC shares are to be reviewed as separate standalone investments with the subject matter expertise and administrative functions remaining under the purview of the City of Kenora. 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 City of Kenora.

The investment in LDC shares will not be included in calculations regarding asset mix/allocation or other constraints that apply to the Long-Term Funds.

#### **5.2.5 Long-Term Funds: City of Kenora debt**

Debt required by the City for capital projects has been issued internally to the Citizens' Prosperity Trust Fund. These investments will be included as part of the Long-Term Funds. ONE JIB will be prohibited from selling the debentures without the consent of the Municipality.

### **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 funds are not under the control or management of ONE JIB.

## **5.4 Investment Management**

### **5.4.1 *Investment Management of Short-Term Funds***

The investment of Short-Term Funds shall be controlled and managed by the Manager of Finance/Treasurer.

### **5.4.2 *Investment Management of Long-Term Funds***

The investment of Long-Term Funds shall be controlled and managed by ONE JIB in accordance with this IPS. An investment advisor shall be retained by ONE JIB to define and manage the asset allocation using External Portfolio Managers.

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**

The MNRI of the City of Kenora includes a portfolio of bonds that have been pledged to the ONE JIB and held in a custodial account associated with the ONE JIB. This portfolio of bonds reflects balances of the Citizens Prosperity Trust Fund that totalled \$3.043 million as at December 31, 2022. Proceeds from any maturities of these bonds or coupon interest received will be transitioned into ONE Investment Prudent Investor funds or ONE HISA by ONE Investment accruing to the City's Investment Plan. The liquidation of this bond portfolio and transition of the proceeds into ONE Investment Funds/ONE HISA can be accelerated, as directed by the City at any time.

## **5.6 Investment Constraints**

### **5.6.1 *Environmental, Social and Governance (ESG) Investing***

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.

The City of Kenora supports ESG investing for Short-Term and Long-Term Funds. The Manager of Finance/Treasurer is required to invest in instruments that support responsible ESG principles, where appropriate.

For the investment of Long-Term Funds, 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. Accommodating specific ESG considerations may not be possible either due to availability or to costs.

#### **5.6.2 *Securities Lending***

For the investment of Short-Term Funds, 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 controlled by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager that apply to such pools 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 Funds 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 Manager of Finance/Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty and in the aggregate 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 is expected and necessary 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 Funds***

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, direction and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived. Authorized employees exercising due diligence shall be relieved of personal responsibility for an individual investment's credit risk or market price changes.

The Manager of Finance/Treasurer is responsible for establishing controls for performance monitoring, rebalancing and management of Short-Term Funds, in accordance with this IPS. If an investment is, in the Manager of Finance/Treasurer's opinion, not consistent with the investment objectives set out in this IPS, the Manager of Finance/Treasurer will report the inconsistency to Council within 30 days after becoming aware of the inconsistency, and corrective action will be taken.

#### **5.7.2 *Long-Term Funds***

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.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. ONE JIB shall provide at least annual reporting described in Section 6.7 that demonstrates the Municipality's holdings, declares compliance with this IPS and shows External Portfolio Manager performance.

## **6. ADMINISTRATIVE POLICIES**

### **6.1 Flow of Funds and Annual Municipal Budget**

#### **6.1.1 *Transfer to ONE JIB as Part of Budget Process***

On an annual basis, as part of the Municipality's budget process, the Municipality shall identify the amount, if any, of Long-Term Funds that it holds. Any Long-Term Funds 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 Budget Process***

On an annual basis, as part of the Municipality's budget process, ONE JIB shall be notified by the Manager of Finance/Treasurer as to the amount, if any, required by the Municipality from the Long-Term Funds then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Funds and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Manager of Finance/Treasurer.

### **6.2 Flow of Funds 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 surplus by the Manager of Finance/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 Manager of Finance/Treasurer is authorized, from time to time after the approval of the Municipality's budget, to direct ONE JIB to return any amounts determined by the Manager of Finance/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 Funds 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 Funds). In determining the Budgeted Long-Term Funds for purposes of calculating the 25% limit, any Long-Term Funds to be transferred to the control and management of ONE JIB in accordance with that year's budget 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 Funds, values of unitized vehicles shall be valued according to the unit values published daily 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 Manager of Finance/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 Manager of Finance/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 Funds, the Custodian shall be acceptable to ONE Investment. For Short-Term Funds the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Funds, otherwise the Custodian shall be acceptable to the Municipality.

### **6.7 Reporting**

#### **6.7.1 Short-Term Funds**

For the investment of Short-Term Funds, the Manager of Finance/Treasurer shall report at least annually to Council, such report to be in such form and contain such content as Council may request. The report to Council shall include investment performance during the period covered and such other information as required under regulation and as the Manager of Finance/Treasurer may consider to be pertinent.

#### **6.7.2 Long-Term Funds**

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Funds at least annually. Such 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, their average term to maturity and yield relative to the benchmark, book value, market value, realized/unrealized gains/losses and actual income received;
- Dates of all transactions including the purchase and sale prices;
- A statement by the Manager of Finance/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 Manager of Finance/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, which shall provide monthly reporting showing all securities held, their book values, market values and all income received.

## **7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE**

### **7.1 Revocation / Amendment of Previous Investment Policy**

As of the effective date of this IPS the previously approved Investment Policy of the City of Kenora is superseded 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 Manager of Finance/Treasurer with respect to the investment of Short-Term Funds and from ONE JIB with respect to the investment of Long-Term Funds.

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 take into account:

- 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 November 19, 2024. The Director of Finance 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:

Rya 

Director of Finance/Treasurer

November 19, 2024

Date

## Schedule A

### Third-Party Trust Funds and Designated Funds

#### Third-Party Trust Funds

Cemetery land fund	\$ 13,234
Cemetery perpetual care fund	753,383
Inscription fee fund	179,694
Library	28,479

#### 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.

**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.

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***Section 1 – Client Information***

Name of Municipality: City of Kenora

Address: 1 Main Street South, Kenora

***Treasurer Information***

Name: Ryan Marsh

Phone Number: (807) 487-2197

Extension: \_\_\_\_\_

Email: rymarsh@kenora.ca

***Primary Day to Day Contact Information\****

☐

*Check if same information as Treasurer above*

Name: Sola Okuboyejo

Phone Number: (807) 467-2013

Extension: \_\_\_\_\_

Email: sokuboyejo@kenora.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

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

## 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 (\$)
1. Lower risk/Return	\$22,319,937.79	5,000,000	0	16,368,797.56
2. Capital / Investment preservation	\$43,545,521.21			\$43,545,521.21
3. Growth in Investment Portfolio				
Total MNRI	NaN	NaN	0	NaN

- 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.

1. Funding of capital projects
2. Internal debt financing
3. City Operating funding / return on investment
4. Inflation
5. Alternative Investment opportunities

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	See Attached				
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?

Yes, the City of Kenora prepares a 10 year Capital budget that is accurate to +/- 30-40%. The asset management plan informs the budget process and supports the requirement replacement amount. It is revisited each year through the budget process - adjusting priority and value of the projects.

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.

City of Kenora maybe required to support the Provincial build of the a new local Hospital, which may include the land or other contributions to the project. \$3-5 million is contemplated as the amount of cash support, with the remainder to be supported through Debt financing.



## 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?

Use of reserve funds - a balance of cash management and reliance on our investemnts - whereby cash on hand would be leverage prior to reliance on the invested funds.

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?

## 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)		See Attached 
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 30<sup>th</sup> day of October, 20 24

Ryan Marsh

\_\_\_\_\_



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)

MCQ - City of Kenora

Description - <b><u>CPTF Portion (MNRI)</u></b>	As of Date (DD/MM/YY)	Value
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	September 30, 2024	\$43,545,521
Pledged (in kind) Securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (B)	September 30, 2024	\$398,367
Expected Contributions (withdrawals) of MNRI and <i>Date</i> fund to be remitted / paid (C)	na	nil
Locked in portion (LDC shares or notes as of <i>Date</i> (D)	na	nil
Total MNRI (A to D)		\$43,943,889

Description - <b><u>General Account Portion (MNRI)</u></b>	As of Date (DD/MM/YY)	Value
Invested in ONE JIB Outcomes as of <i>Date</i> (A)	September 30, 2024	\$22,319,938
Pledged (in kind) Securities (Bonds, GICs, PPNs etc.) as of <i>Date</i> (B)	na	nil
Expected Contributions (withdrawals) of MNRI and <i>Date</i> fund to be remitted / paid (C)	June 30, 2025	\$500,000
Locked in portion (LDC shares or notes as of <i>Date</i> (D) (Synergy North - Notes )	Note \$2.069m & Shares \$6.931m	\$9,000,000
Total MNRI (A to D)		\$31,819,938



## Attachment 3

# The City of Kenora Investment Plan

Date: November 27, 2024

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



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## 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 Kenora's Long-Term Money as defined in section 23 of Kenora's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Kenora.

## 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 Kenora's IPS.

## 4. Investment Goals and Objectives

Kenora'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 Kenora'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 Kenora's Long-Term Money in this Plan is consistent with the details as disclosed in Kenora'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 the principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Kenora has an obligation for a specific project at a specific time.

While individually Kenora's reserve and reserve funds require liquidity, collectively they provide Kenora 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 Kenora'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 Sept. 30, 2024\**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	-	-
Stable Return	\$ 43,545,521	66.1%
Contingency	18,272,290	27.7%
Asset Management Reserves	-	-
Target Date 3-5 Years	4,047,647	6.1%
Target Date 5-10 Years	-	-
Target Date 10+ Years	-	-
Total	\$ 65,865,459	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 September 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 Kenora'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 Sept. 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 Sept. 30, 2024*

<b>ONE Investment Funds</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
ONE Canadian Equity Fund	\$ 7,329,539	11.1
ONE Global Equity Fund	17,102,257	26.0
ONE Canadian Government Bond Fund	10,604,519	16.1
ONE Canadian Corporate Bond Fund	5,440,437	8.3
ONE Global Bond Fund	25,388,707	38.5
<b>Total</b>	<b>\$ 65,865,459</b>	<b>100.0</b>

### 5.3 In-Kind Securities (in transition)

This section does not apply.

### 5.4 Other Accounts

Kenora 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 Kenora are expected to be financed with the sale of units of the investment pools.

#### **b. Anticipated mid-year cashflow requests**

Kenora has not disclosed any known mid-year cashflow needs.

#### **c. Unanticipated mid-year cashflow requests**

Upon receipt of an updated MCQ from Kenora 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: November 27, 2024  
 Re: Fund Manager Performance Review Q3 2024  
 Report: ONE JIB 2024-076

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.
2. Confirm that its members have reviewed the Fund Manager Performance Reports for Q3 2024 provided in the Resource Library.

## 2. SUMMARY

This report summarizes the performance of the ONE Investment Prudent Investment Funds for the third quarter of 2024, including a brief overview of contributing factors.

The ONE Investment pooled fund performance produced positive returns in all funds in the quarter with both fixed income and equity markets generating strong returns. All five funds also produced notable investment gains over the last 12 months, with equity funds experiencing significantly stronger returns than fixed income funds. The environment of falling inflation amid signs of moderate economic growth allowed central banks across most developed nations to lower interest rates, helping to push bond prices higher. Equity markets moved higher despite a spike in volatility mid-quarter with interest rate-sensitive sectors like Real Estate and Utilities outperforming.

	Quarter	1 Year
ONE Canadian Equity Fund	9.4%	27.1%
ONE Global Equity Fund	2.8%	17.0%
ONE Canadian Corporate Bond Fund	4.0%	11.1%
ONE Canadian Government Bond Fund	2.3%	6.5%
ONE Global Bond Fund	4.4%	11.1%

### 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, identifying any issues arising from the quarterly review of the external investment managers. The report is to include a summary of mandate positioning, information on investment performance, and an explanation of the drivers of performance, with commentary to explain the performance and market context.

#### **Most major global central banks cut interest rates in the quarter as inflation pressures continued to decline, augmenting returns for fixed income**

As inflation pressures diminished, the inflation rate converged on central bank targets, reducing the need to maintain high interest rates. Signs of labour markets softening and the prospect for slower GDP growth allowed central banks flexibility to lower interest rates.

Bond markets performed well as central banks cut interest rates, helping push bond prices higher. Bond returns in the quarter included a notable capital gains component. While cash and term deposits produced solid returns over the last few years, often outpacing bond returns, this trend was reversed in the quarter with bond returns augmented by significant capital gains. The prospects of falling interest rates also supported equity markets, leading to strength in interest-sensitive market sectors, especially the Real Estate and Utilities sectors.

#### **The leadership of large-capitalization technology stocks changed as the 'Magnificent-7' stocks slightly underperformed the broader market in the third quarter**

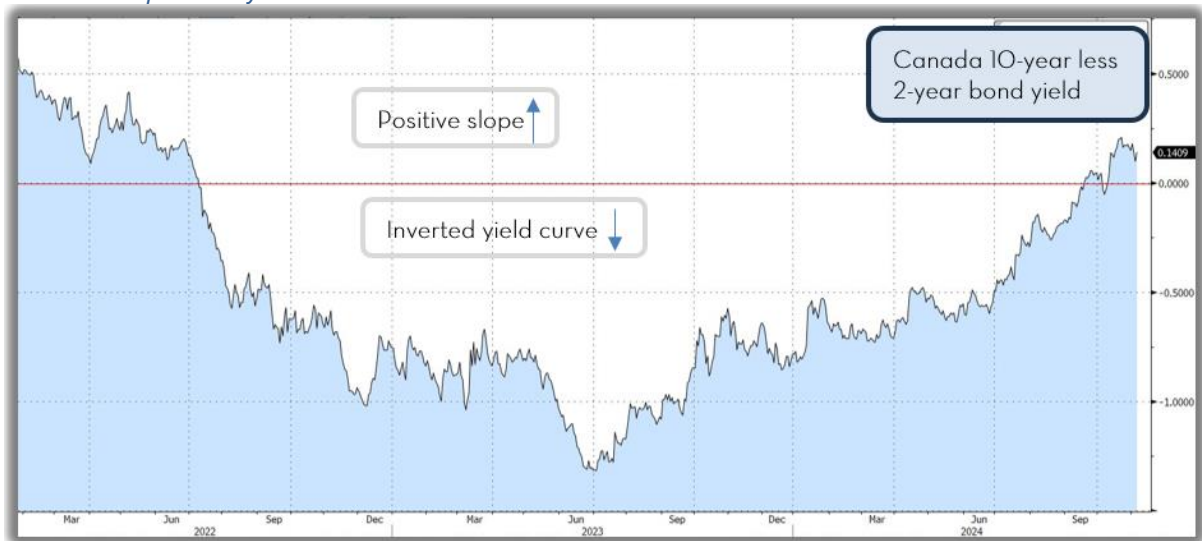
The performance of seven large technology-related companies had a significant impact on overall market performance, but the performance of these companies lagged the broader market for the first time since the start of 2023. These stocks, known as the Magnificent-7 stocks (Microsoft, Apple, Nvidia, Alphabet, Amazon, Meta and Tesla) have had a spectacular performance as investor interest in Artificial Intelligence peaked, leading to returns of nearly 200% for this group of stocks over 21 months. As they collectively represent more than 30% of the S&P 500 index, this made a significant contribution to the overall performance of the index. This has been a prominent feature of market dynamics over the last few years as the strength in equity returns was highly concentrated in a handful of companies. While the US equity markets had a strong rally, the breadth of the market strength was narrow, with most of the smaller companies not fully participating. In the quarter the Magnificent-7 stocks modestly underperformed the broader US equity markets, while small market capitalization companies had strong performance.

#### **Movement in the yield curve saw short-term interest rates fall more than longer-term interest rates**

Over the last few years, short-term bond yields exceeded rates available on longer-term

bonds, known as an inverted yield curve. This resulted from central banks raising short-term interest rates after the COVID-19 crisis to address inflation pressures. The Bank of Canada started raising interest rates in March 2022 and they have remained elevated since then, with the Bank of Canada's Overnight Interest Rate peaking at 5%. The Bank of Canada started cutting the policy interest rate in June, with the rate dropping to 3.75% by October 2024. The rapid decline in the policy interest rate led to short-term bond yields dropping faster than long-term bond yields. The inversion of interest rates that have persisted since 2022 ended in September 2024. Table 1 shows this, using the spread between the Government of Canada's 10-year bond yield and 2-year bond yield.

*Table 1 – Slope of the yield curve and the end to its inversion.*



Source: Bloomberg LLP

### **Volatility spiked mid-quarter as a mini-market meltdown emerged, then quickly abated**

The financial markets were affected by elevated volatility in the quarter which affected both equity and bond markets, also creating noise in certain foreign exchange markets. Japan was the focal point of this market event, as the Bank of Japan raised interest rates shortly after weaker US economic data was released. The prospects of the US Federal Reserve lowering interest rates while Japan was raising interest rates created significant dislocations in financial markets. The Japanese equity market (Nikkei 225 index) dropped over 25% between mid-July and early August while the Japanese Yen appreciated versus the US dollar by about 12%. These sharp changes affected other global equity markets, leading to a spike in volatility in equity markets as shown in Table 2 below.

Table 2 – The CBOE VIX index spiked in the quarter as market volatility spiked.



Source: Bloomberg LLP, CBOE Exchange, Inc.

#### 4. ANALYSIS

**The ONE Canadian Equity Fund had returns of 9.4% in the quarter, bringing returns over the last year to over 27%**

Canadian equity markets were very strong in the quarter, with the ONE Canadian Equity Fund producing returns of 9.4%, modestly underperforming its benchmark in the quarter. The fund's significant underweight exposure to the energy sector, the weakest TSX sector in the quarter, helped fund performance relative to the benchmark, while a significant overweight to the second weakest TSX sector, the Industrial sector, had the opposite effect. Security selection in the Energy and Consumer Discretionary sectors also contributed to underperformance. Over the 12 months ending September 30, 2024, Canadian Equity markets performed very strongly, amidst a strong rally in global equity prices. The fund's returns were 27.1%, broadly in line with the strength in Canadian equity markets over the last year.

Canadian equity markets performed well in the quarter with interest-sensitive sectors performing particularly well. The best-performing sectors included the Real Estate (+23.0%), Financials (+17.0%), and Utilities (+16.6%) sectors, which benefit from a lower interest rate environment. All market sectors had positive performance with the weakest being the Energy sector (+1.9%). Energy sector performance was negatively affected by oil prices moving 16% lower in the quarter. Strength in TC Energy, which was up 25% in the quarter helped the sector produce a small positive return. The fund has always maintained a significant underweight exposure to this sector as returns are highly dependent on commodity prices, which can be highly volatile. The fund typically has half the exposure to commodity-related sectors versus the broader Canadian equity market, which helps to dampen the volatility of fund returns.

**The ONE Global Equity Fund returns were 2.8%, with the fund providing returns of 17% over the past year**

The ONE Global Equity Fund had returns of 2.8% in the quarter, while the broader global equity markets were up more than 5% in this period. The investment manager's approach, which focuses on a bottom-up security selection process to identify well-managed firms with a sustainable competitive advantage and reasonable valuations is not currently being rewarded by the market, leading to shorter-term underperformance. Over the 12 months ending September 30, 2024, the fund produced returns of 17%, also underperforming its benchmark. It is expected that actively managed investment mandates with positions that reflect manager convictions and concentrated portfolio positions will not always replicate or outperform the market, but the underperformance merits ongoing monitoring.

The fund's sector allocation choices helped performance in the quarter as the fund has no exposure to the Energy sector, which was down over 3% in the quarter due to dropping oil prices. Light exposure to the Information Technology sector also helped as this was the second weakest sector of the market, with returns close to zero.

Fund security selection detracted from performance in the quarter as the stocks that reflect the manager's long-term investment approach were simply not rewarded by the market in the quarter, and market performance was instead driven by other themes. Holdings in BMW were down more than 7% in a market sector that was up 8%. Other weaker holdings included Moderna, which was down 44% due to weakness in demand for COVID-19 vaccines and Novo Nordisk, which dropped 19% in response to increasing regulatory risk concerns and ongoing market share losses to competitors.

**The ONE Investment fixed income funds benefitted from the changing interest rate outlook that led to strong returns**

The global fixed-income markets performed well in the third quarter of 2024, as most major global central banks cut interest rates. This helped push bond prices higher, allowing all ONE Investment fixed income-oriented funds to generate investment gains that augmented the recurring income generated by bond holdings. The ONE Canadian Corporate Bond Fund, the ONE Canadian Government Bond, and the ONE Global Bond Fund produced returns of 4.0%, 2.3%, and 4.4%, respectively in the quarter. All three funds generated strong returns over the twelve months ending September 30, 2024, with returns of 11.1% for the ONE Canadian Corporate Bond Fund, 6.5% for the ONE Canadian Government Bond Fund, and 11.1% for the ONE Global Bond Fund. The ONE Canadian Government Bond Fund's returns trailed the returns of the other two bond funds due to its shorter maturity profile. When bond yields fall, it tends to have a larger impact on the performance of bonds that have a longer maturity profile.

The ONE Global Bond Fund, which invests in foreign currency-denominated bonds was affected by currency movements in the quarter. The fund has a large allocation to US dollar-denominated bonds with 58% of the fund invested in US bonds. As the US dollar appreciated by about 1% versus the Canadian dollar, this made a positive contribution to returns. The fund typically has currency hedges in place to reduce foreign exchange risk

and currently has about 78% of currency exposure hedged back to the Canadian dollar. These currency hedges generated losses in the quarter, offsetting most of the positive effects of the US dollar's strength in the quarter.

## **5. CONCLUSION**

The review of manager performance for the third quarter of 2024 did not identify any significant performance issues of concern, but the underperformance of the ONE Global Equity fund merits continued close monitoring. While there was elevated volatility in financial markets over the third quarter, all ONE Investment Pooled funds generated solid gains and have had very strong returns over the last 12 months.

Markets responded positively to central banks lowering interest rates in most major economies, which has a direct positive effect on bond prices. This environment was also supportive of equity markets, which responded well to moderation in inflation pressures, lower interest rates and relatively stable economic growth.

Drafted by: Keith Taylor, Chief Investment Officer

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

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: November 27, 2024  
Re: ONE Investment Audit Committee – ONE JIB Reappointment  
Report: ONE JIB 2024-062

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Reappoint Heidi Franken and Jim Giles to ONE Investment's Audit Committee for a term of two years.

## 2. SUMMARY

The Audit Committee is a committee of the ONE Investment Board.

The ONE Investment Board has requested that ONE JIB appoint two members to the Audit Committee as there is an identified need for skills related to investment experience.

## 3. BACKGROUND

### **The Committee's skills matrix identified investment experience as a key skill**

The Audit Committee has Terms of Reference and a skills matrix that identifies the various skills the Committee should be comprised of and key among those skills is experience with investment industry compliance and more generally investment experience. Attachment #1 includes the Committee's Terms of Reference and Attachment #2 is the Skills Matrix.

### **ONE JIB currently has representation on the Audit Committee**

ONE JIB Board Members Heidi Franken and Jim Giles currently sit on the Audit Committee, with Member Giles being the Chair of the Committee.

Member Franken has served two terms on the Audit Committee. Member Giles was first appointed to the Committee in 2022.

## 4. ANALYSIS

### **ONE JIB's current members on the Audit Committee have agreed to be reappointed**

ONE JIB member Heidi Franken has sat on the Audit Committee since 2020. Her skills are of value to the Committee. Ms. Franken is agreeable to continue to sit on the Audit

Committee.

ONE JIB member Jim Giles has assumed the role of Chair of the Audit Committee and has provided the investment perspective to the Committee it was seeking. Mr. Giles is agreeable to continue to sit on the Audit Committee.

## **5. CONCLUSION**

ONE Investment's Audit Committee is a key to its strong governance structure. Further the ONE Investment Board sees the value in ONE JIB being actively engaged in this Committee. The reappointment of ONE JIB members Franken and Giles will continue to strengthen the Audit Committee with investment experience, as well as the relationship with ONE Investment.

Drafted by: Judy Dezell, Co-President/CEO

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

## **Attachment 1**

### **Terms of Reference ONE Investment Board's Audit Committee**

#### **Scope**

The Audit Committee (Committee) assists the ONE Board in fulfilling its oversight responsibilities of:

- ONE Investment, as a not-for-profit, financial reporting; and
- ONE Legal List Investment Program and ONE Prudent Investment Program, offered in compliance with the Municipal Act, 2001 Section 418 and 418.1 respectively and ONE Savings Accounts.

#### **Purpose**

The Committee assists the ONE Investment Board (ONE) in its oversight responsibilities as follows:

- Review and recommend approval of Financial Statements and applicable Ontario Securities Commission reporting requirements under ONE Prudent Investment Program;
- Bring financial information such as external audit management letter, to the attention of the Board.
- Overseeing the integrity of the financial management and reporting systems; including the effectiveness of the ONE Investment's internal controls;
- Ensuring the independence of the external auditors;
- overseeing the work of Chief Compliance Officer under ONE Prudent Investor Program;
- Overseeing the portfolio management system;
- Monitoring financial-related risk management policies and systems and,
- Such other initiatives as may be necessary or desirable as ONE may refer to the Committee.

#### **Composition and Operations**

The Committee consists of at least five Members, including representatives from the ONE Investment and Joint Investment Boards. Each Member is financially literate, and independent of any external auditors. Skill sets considerations include:

- accounting and financial reporting;
- investment compliance;
- Ontario security reporting requirement;



- other relevant financial management expertise.

The Members of the Committee select the Chair of the Committee.

ONE's Co-Presidents/Co-CEO's, Secretary-Treasurer and Chief Compliance Officer are non-voting ex-officio members of the Committee and will make available meeting support.

## Meetings

The Committee meets at least two times a year, and otherwise as necessary. The Committee operates under these Terms of Reference.

## Duties and Responsibilities

The Committee has the following specific responsibilities.

### Financial Management and Reporting

Ensure that effective lines of communication exist among external auditors, ONE Investment's management, and ONE Investment Board.

Review and discuss with the external auditors:

- the scope and plan of audits;
- the audit fee;
- legal, accounting, and regulatory matters that may have a material impact on the financial statements; and,
- any significant findings and recommendations together with management's responses.

Review and discuss with ONE Investment management:

- any problems with financial policies, financial reporting, or matters in contention with or under consideration;
- the appropriateness of key accounting estimates, the accounting principles being employed, and any change in accounting policy or practice;
- any proposed changes in financial statement presentation or notes;
- other matters that, in the opinion of the auditor, ought to be brought to the attention of the Committee; and,
- confirm ONE Investment has completed all statutory reporting requirements.

Reviewing the annual financial statements of ONE Investment

- Assessing the quality and appropriateness of the generally accepted accounting principles used in preparing the statements.
- Reviewing the external auditor report and discussing the financial statements with



management and with the external auditor.

- Reviewing the auditor management letter and management's response thereto, as well as the status of any significant issues reported previously.
- Recommending to ONE Investment Board, approval of annual audited financial statements.

### **Investment Compliance**

Review with ONE Investment management and Chief Compliance Officer:

- Risks and controls over municipal investments; and,
- Identification, reporting and follow up actions of breach in compliance procedures.

### **Financial - Internal Controls**

Meet with ONE Investment management at least once a year to:

- review the design and effectiveness of ONE Investment's internal controls and any reports from management or others on significant control deviations or indications of fraud and the corrective action undertaken;
- review the design and effective management information systems, and any recommendations for improvements; and
- discuss any matters that the committee, the external auditor or ONE Investment management consider appropriate.

### **Auditor Independence**

Review:

- the independence of the external auditor from the ONE Investment management, and report any concerns to ONE;
- the appointment of the external auditor and recommend to ONE the compensation and terms of engagement.

### **Other Issues**

Address such other issues that may, from time to time, come before the Committee or arise in its deliberations including periodic review of key processes, consultants and contractors.

### **Terms of reference Review and Self-Evaluation**

On an annual basis, review these Terms of Reference and evaluate the committee's performance against them. Report the results of the review and self-evaluation and make appropriate recommendations to ONE.

# Attachment 2

## ONE Investment Audit Committee Skills Matrix

Collectively the members of the Audit Committee represent a range of skills, knowledge and experience to execute their duties in an effective manner.

<b>Each Committee member must possess the following attributes:</b> Independence, impartiality and sound judgement Integrity and the highest standards of professional conduct Long-term, strategic outlook Ability to operate effectively as part of a diverse team	<b>Each Committee member must be willing to:</b> Understand and exercise their fiduciary responsibility Devote the time and effort necessary to be an effective Committee member, including attending and contributing to Committee meetings Engage in ongoing learning e.g. take courses, attend conferences as required				
	Members (up to 5 to be selected)				
	1	2	3	4	5
ONE Investment Audit Committee Member					
Term Expiry					
Senior Level Management Experience					
<b>Senior Level Management</b> Executive level experience in a major public or private organization such as: Holds or held the position of Treasurer/Deputy Treasurer as per section 286 of the Municipal Act; OR, Senior level experience in a major public or private corporation or the investment industry such as the management of institutional portfolios and/or mutual funds					
<b>Communications</b> Demonstrates good verbal and written communication skills Exhibits ability to discuss and defend different thoughts and ideas Willing to engage in discussions with differences of opinion, but able to "speak with one voice" on Committee decisions					
<b>Strategy</b> Demonstrates strategic and innovative thought leadership Ability to analyze issues and make decisions that support the mandate					
<b>Education and Professional Designations</b> Post graduate degree in the fields of finance, business, economics, risk management, accounting, public administration, law, policy, or related fields; or, Certification such as the CFA Charter holder, Canadian Investment Manager Certification, CPA, MBA etc.					
Financial Literacy and Risk Management					
<b>Risk Management</b> Understands risk and financial administration Ability to identify potential risks through knowledge of risk management programs Experience/knowledge of the risks inherent in the operations of an investment management program					
<b>Financial Literacy</b> Demonstrated ability to read, understand and analyze financial statements and reports Experience with financial accounting standards, internal controls, reporting and valuations Understanding of portfolio management system, controls, reports Understanding of investment accounting, reporting and performance measurement standards					
Board Knowledge, Skills and Experience					
<b>Governance Knowledge</b> Understands: Structure and rules of a Board of Directors (ONE Investment and ONE JIB) and the relationship with the Audit Committee and ONE Investment Staff Guidelines involved in disclosing information, maintaining privacy and confidentiality Importance of the governance role and the difference between managing and monitoring/oversight Importance of solidarity in decisions, even though the Member may not agree with the decision taken					
<b>Oversight Experience</b> Knowledge, experience or demonstrated understanding of the responsibilities involved in overseeing investments Experience providing advice in a fiduciary capacity					
Government/Policy Experience					
<b>Governmental Policy Experience</b> Knowledge, experience and demonstrated understanding of the workings of government and public policy Experience in developing public policy with respect to economics and finance Strong understanding of relevant regulatory regimes					
<b>Municipal Finance Experience</b> Understanding of key concepts, issues and practices in municipal finance Oversight of municipal investments					
<b>Public Funds and Institutions</b> Understands the principles of public accountability and integrity Comfortable with public transparency Has experience working with/for public institutions/entities Experience in or demonstrated understanding of the workings of institutions					
Investment Knowledge, Skills and Experience					
<b>Investments/Portfolio Management</b> Hands-on experience managing investment portfolios Knowledge and understanding of the workings of public and/or private market investing					
<b>Investments/Managing Investment Risk</b> Experience in managing risk inherent in investment strategies though techniques such as asset allocation, diversification, hedging etc. Understands the key concepts related to building efficient portfolios Understands asset/liability techniques					

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: November 27, 2024  
Re: Board Governance Self-Evaluation Report – Fall 2024  
Report: ONE JIB 2024-065

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.
2. Direct ONE Investment staff to bring forward the 2025 Board Governance Self-Evaluation Survey in the fourth quarter.

## 2. SUMMARY

The Board Governance Self-Evaluation was completed by board members in October 2024. The response rate was 89%.

2024 in-person conferences and events provided ONE JIB members with many opportunities to meet and learn from municipal investors.

## 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 boards' continuous improvement efforts, identify substantive and process strengths and weaknesses, help orient new board members, and validate the board's future priorities. As contemplated in section 4.13 of ONE JIB's Terms of Reference, the ONE JIB directed ONE Investment staff to develop an online self-assessment. The first self-assessment survey was completed in Fall 2020, and a self-assessment survey has been completed every Fall since 2020.

### **The self-assessment is part of the continuous improvement process**

2024 saw growth in the number of Participating Municipalities and launch of the OCIO model – a significant change in the business model for ONE Investment. Undertaking a self-assessment is a critical part of the continuous improvement process. The self-evaluation questions were designed to identify where improvements could be made, celebrate successes, and plan the future work of ONE JIB.

## 4. ANALYSIS

### How well has ONE JIB done its job?

The survey received an 89% response rate from ONE JIB members who indicated that ONE JIB is making good decisions within a strong governance framework. The use of a consent agenda was designed to help ONE JIB focus on key areas of business and deal with matters that support the key business through consent. The use of this agenda technique will be even more valuable as the number of Participating Municipalities increases. Nonetheless, ONE JIB members continue to voice concerns about the size of the agenda package. More work is needed to streamline as much as possible. Table 1 identified areas of focus that were identified by ONE JIB members in the 2024 survey.

*Table 1 - Areas of Focus for 2025*

<b>Key ONE JIB Areas of Focus</b>	<b>ONE Investment Response</b>
The Outcomes Framework is an effective means of translating municipal reserves and investment objectives into asset allocations.	With the move to the OCIO model and adoption of model portfolios, the Outcomes Framework will become a communication tool for ONE Investment staff to use in conversations with municipalities.
The core documents (Municipal Client Questionnaire, Investment Policy Statement template, Investment Plan template) are adequately designed to meet ONE JIB's needs.	Consistently identified by ONE JIB as an area of focus. ONE Investment just brought a comprehensive review to ONE JIB in September to support the transition to the OCIO model. Visibility on the results of the new templates will take time – ONE Investment suggests waiting until Fall 2025 for further review.
ONE JIB has a sound performance reporting framework in place	With the transition to the OCIO model, ONE Investment is working on a performance reporting dashboard for ONE JIB to reduce the volume of paper it receives and provide the right level of information to make informed decisions about Phillips, Hager & North Institutional (PH&N) performance.

### How well has ONE JIB functioned?

Members indicate an ongoing investment in municipal finance training is helpful and would like to see it continue. The quarterly municipal insights report is designed to provide regular opportunities to consider municipal finance issues. Table 2 identifies the most frequently mentioned areas of focus for 2025 in the survey.

*Table 2 - Functional Areas of Focus*

<b>Key ONE JIB Areas of Focus</b>	<b>ONE Investment Response</b>
The reports to ONE JIB are well written.	Consistently identified by ONE JIB as an area of focus. ONE Investment continues to focus on improving the reports to ONE JIB. The focus for 2025 will be reducing the size of ONE JIB's agenda packages, including staff reports, with clear options for consideration by ONE JIB.
The frequency of ONE JIB meetings is adequate for ONE JIB to deliver on its mandate.	As participation in ONE JIB continues to grow ONE Investment staff are looking at the frequency of meetings.

### **Does ONE JIB have effective relationships?**

Post pandemic, ONE JIB has been meeting in person consistently for about two years – the result is the collegiality between ONE JIB members has increased. ONE Investment staff will look for opportunities to continue building the relationships amongst ONE JIB members.

*Table 3 - Effective Relationships Areas of Focus*

<b>Key ONE JIB Areas of Focus</b>	<b>ONE Investment Response</b>
The ONE JIB is sufficiently familiar with the needs of its municipal investors.	A quarterly report to ONE JIB called Municipal Insights will continue to keep ONE JIB up to date on recent and continuing developments within the municipal sector, including feedback from municipal investors.
ONE JIB is clear about its relationship with ONE Investment	ONE Investment staff will provide a refresher on the governance structure of ONE Investment and ONE JIB early in 2025.
ONE JIB is sufficiently familiar with the fund managers	With the transition to the OCIO model ONE JIB will need to build a new relationship with PH&N including understanding its ESG perspectives and compliance regimes. PH&N will meet quarterly with ONE JIB as of the fourth quarter of 2024.

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

This part of the survey offered Board members 14 different topics for consideration as priorities.

Developing a data strategy informed by systematic data collection and filling data gaps is

an objective of ONE JIB's strategic plan and was identified by ONE JIB as a priority for 2025 during the budget consultation discussion in September. In addition to the data strategy work, Table 4 reflects the top two highest-ranked priorities.

*Table 4 - ONE JIB Priorities Next 1-2 Years*

<b>Key ONE JIB Areas of Focus</b>	<b>ONE Investment Response</b>
Growing assets under management through the OCIO model	ONE Investment staff are working on a pipeline of potential investors for 2025 and 2026.
Building relationships with municipal investors	<p>Attendance at key municipal conferences by ONE JIB members has helped members understand the challenges municipalities face and network with both senior municipal staff and elected officials. This opportunity will be presented again in 2025.</p> <p>In addition, regular delegations of new investors and existing investors will be an opportunity for members to engage with investors.</p>

## 5. CONCLUSION

ONE JIB's Governance Self-Evaluation achieved an 89% response rate. The survey results were helpful by informing the 2025 Futures List. Two key priorities for 2025 will be growing assets under management through the OCIO model and developing a data strategy. Both are directly supportive of ONE JIB's Strategic Plan.

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: November 27, 2024  
Re: 2025 Futures List  
Report: ONE JIB 2024-063

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the 2025 Futures List.

## 2. SUMMARY

- ONE Investment staff have been planning agendas for the 2025 ONE JIB meetings.
- The approved Strategic Plan will be integrated into all aspects of ONE JIB agendas throughout its lifecycle of 2023-2028.
- The ONE JIB Board Governance Self-Evaluation contained a question on members' priorities that has helped to shape ONE JIB's 2025 agendas.

## 3. BACKGROUND

### ONE Investment is planning for 2025

ONE Investment, as the ONE JIB's service provider, has been actively monitoring progress on the 2024 Futures List and looking to what staff support will be required for 2025 activities. This planning enables ONE Investment to allocate the resources necessary to have robust reports for the ONE JIB on a timely basis. It will also ensure that ONE JIB meets both its regulatory obligations and the needs of Participating Municipalities. For full transparency, ONE Investment is providing a high-level futures list by quarter in 2025 for ONE JIB to consider.

## 4. ANALYSIS

### Good planning results in good governance practices

There are agenda items that recur in specific quarters every year. For example, the Board Governance Self-Evaluation occurs in the third quarter and the fourth quarter will include planning for the next year. With the transition to the OCIO model, ONE JIB's focus will shift to compliance monitoring of Phillips, Hager & North Institutional (PH&N) in addition to quarterly performance monitoring. The first two quarters of 2025 will see compliance reporting on the current model as well as the OCIO model. There will be a single focus by the third quarter. ONE JIB will need to continue regularly reviewing the templates for core documents such as the Investment Policy Statement, the Municipal Client Questionnaire,

and the Investment Plan. This is planned for the third quarter, a full year after the most recent review. The Board will also need to update Investment Plans for current Participating Municipalities and approve Investment Plans for new Participating Municipalities. All of this will need to occur in the context of a new Strategic Plan which will continue to influence ONE JIB agendas throughout 2025. Lastly, new for 2025 will be establishing a regular review timeframe for ONE JIB's approved model portfolios PH&N Institutional will be using. This has been slotted for the third quarter. Appendix A provides a high-level snapshot of current plans for 2025.

### **The ONE JIB Self-Evaluation Survey and the budget consultation informed work in 2025**

In September, ONE JIB provided input to ONE Investment on priorities for 2025. Resources are being proposed to the ONE Investment Board to start working on developing a data strategy in the third quarter of 2025. In addition, ONE JIB undertook its self-evaluation survey in October 2024 which allowed for members' perspectives to be included in the plans for 2025. One section of questions in the self-evaluation survey asked ONE JIB members for their views on potential priorities for 2025 – the highest ranked priorities were growing assets under management (AUM) and building relationships with municipal investors. The full results of the survey can be found in ONE JIB Report #2024-065.

### **Review of ONE JIB Committee mandates planned for 2025**

ONE JIB is five years old in 2025 – in that time it has created committees to support its work. With the change in business models to the OCIO model it is timely to review committee mandates to ensure they continue to align with the objectives and priorities of ONE JIB.

### **2025 will see growth in Participating Municipalities' pipeline with a focus on growing AUM**

ONE Investment is collaborating with PH&N on a marketing and outreach plan for 2025. ONE JIB members may be asked to attend these events as well as municipal conferences. There will also be opportunities throughout 2025 for ONE JIB members to meet with current investors along with the ongoing quarterly municipal insights reporting.

## **5. CONCLUSION**

ONE Investment is working to provide ONE JIB with high quality information at the appropriate time for effective decision making. Having a plan for future agendas will help ONE Investment and ONE JIB perform effectively and efficiently.

## **ATTACHMENT**

Attachment 1: 2025 Futures List

Drafted by: Judy Dezell, Co-President/CEO

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

The implementation of ONE's Strategic Plan will be integrated across all agenda categories used by ONE JIB throughout 2025.

Agenda Category	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Board Governance & Administrative Matters	Exemption reporting to Ontario Securities Commission  ONE JIB Committee Mandate Review	Pooled Trusts Audited Financial Statements	Board Governance Self-Evaluation Survey	Board Competencies and Skills Matrix Review  Board Governance Self-Evaluation Results  Annual Futures List
Strategy and Policy	Municipal Insights  Quarterly Futures List Review	Municipal Insights  Quarterly Futures List Review  Annual Review of the External Sub-Investment Manager	Municipal Insights  Quarterly Futures List Review  Municipal Template Review  Data Strategy	Municipal Insights  Quarterly Futures List Review  Data Strategy
Investment Oversight	Municipal Reports: Q4 Investment Reports Investment Plan Implementation Update Year End Compliance Reports Investor Onboarding IPS and MCQ review and Investment Plan Approval  Fund Manager Reports: Q4 Performance Review  External Sub-Investment Manager Report: Q4 Performance  External Sub-Investment Manager Presentation  Quarterly Compliance Reports	Municipal Reports: Q1 investment reports Investment Plan Implementation Update Investor Onboarding IPS and MCQ review and Investment Plan Approval  Fund Manager Reports: Q1 Performance review  External Sub-Investment Manager Report: Q1 Performance  External Sub-Investment Manager Presentation  Quarterly Compliance Reports	Municipal Reports: Q2 Investment reports Investment Plan Implementation Update Investor Onboarding IPS and MCQ review and Investment Plan Approval  External Sub-Investment Manager Report: Q2 Performance  Model Portfolio Review  External Sub-Investment Manager Presentation  Quarterly Compliance Reports	Municipal Reports: Q3 Investment reports Investment Plan Implementation Update Investor Onboarding IPS and MCQ review and Investment Plan Approval  External Sub-Investment Manager Report: Q3 Performance  External Sub-Investment Manager Presentation  Quarterly Compliance Reports

To: ONE Joint Investment Board  
From: Judy Dezell, Co-President/Co-CEO, ONE Investment  
Date: November 27, 2024  
Re: Transition to OCIO Business Model  
Report: ONE JIB 2024-058

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the Transition Plan for the current 11 Participating Municipalities in Attachment 1 for execution by the end of Q1 2025.
2. Approve the OCIO Compliance Monitoring Policy in Attachment 2.
3. Approve the Policy for Reviewing the External Sub-Investment Manager in Attachment 4.
4. Rescind the External Fund Manager Review Policy, the Outcomes Framework Policy, the ONE JIB Distribution Policy, the ONE JIB Rebalancing Policy and the ONE JIB Currency Hedging Policy.

## 2. SUMMARY

ONE Investment is undertaking a complex business transformation to the OCIO model to allow it to scale up over the next few years.

This includes a transition plan for moving the 11 current Participating Municipalities to the OCIO model, deletions of several existing ONE JIB policies, and new compliance and external fund manager review policies.

## 3. BACKGROUND

**ONE Investment business model transformation will provide scale as ONE JIB assets under management continue to growth**

The business transformation planning to fully move to an OCIO model for the Prudent Investment Offering is well underway. The change in business direction is attracting both large and small municipal investors as planned as it offers more to municipalities at the same or lower cost. The transition of the existing 11 Participating Municipalities will mark the completion of the business transformation and on a go-forward basis there will only be reference to the Prudent Investment Offering.

## **ONE Investment is committed to maintaining a strong governance framework**

ONE Investment is ONE JIB's agent with obligations that ONE Investment 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 Phillips, Hager & North Institutional (PH&N) to undertake the quarterly performance analysis required for municipalities. This, 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 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 monitoring 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 model as the only Prudent Investment Offering in three phases:

<b>Phase</b>	<b>Activity</b>	<b>Status</b>
Phase 1	Initial onboarding of 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 final planning stages

ONE Investment and PH&N have taken the lessons learned from the transition of Durham Region into the OCIO model to develop a transition plan for the 11 Participating Municipalities. It is seeking ONE JIB's approval of the transition plan for the 11 Participating Municipalities along with approval of two policies to support the new business model.

### **PH&N's transition plan maintains the Outcomes Framework for now with rebalancing to occur as ONE JIB approves Investment Plans in 2025**

ONE Investment is seeking ONE JIB's approval of the Attachment 1 Transition Plan for all 11 Participating Municipalities which will be executed in the first quarter of 2025.

Throughout 2025, as each council of the Participating Municipalities does its annual review of the IPS, there will be also a conversation about the expanded opportunities through PH&N's model portfolios, including alternative investment options. At that time, there may be a need for rebalancing for each municipality. The New Products Committee is recommending model portfolios in the OCIO model. The model portfolios will need to be

approved by ONE JIB – they are covered under a separate report. The model portfolios provide ONE JIB a framework for implementing Investment Plans with short-, medium- and long-term investment horizons like the Durham Region’s ONE JIB approved Investment Plan.

**Some ONE JIB Policies should be rescinded, and new compliance and external fund manager review policies should be adopted**

The OCIO model necessitated 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). These will continue to be reviewed every five years or after relevant *Municipal Act* changes.

Most policies were developed in the context of ONE Investment being the investment fund manager. This is now the responsibility of PH&N Institutional. Once all 11 existing Participating Municipalities transition, ONE Investment staff are recommending the adoption of two new policies that reflect the compliance monitoring role ONE JIB and ONE Investment will take on in the OCIO business model and the replacement of the External Manager Review Policy with a Policy for Reviewing the External Sub-Investment Manager.

The Outcomes Framework, Distribution, Rebalancing and Currency Hedging Policies should all be rescinded. Table 1 below provides a summary of all ONE JIB Policies for reference.

**OCIO Compliance Monitoring Policy will identify areas of focus for ONE JIB**

In an OCIO model, ONE Investment is no longer an investment fund manager required to have an extensive compliance framework. Most obligations for compliance now rest with PH&N. ONE JIB will need to closely monitor PH&N’s adherence to its compliance framework. Attachment 2 is a draft OCIO Compliance Monitoring Policy along with Attachment 3 RBC GAM Policies and Procedures combined identify the key areas ONE JIB will monitor for compliance.

**The External Manager Review Policy is being replaced with a Policy for Reviewing the External Sub-Investment Manager**

ONE JIB still has a fiduciary obligation to monitor the performance of PH&N. Attachment 4 outlines in detail the Policy for Reviewing the External Sub-Investment Manager to reflect the new business environment and key areas ONE JIB will continue to monitor through engaging an independent third-party consultant.

**PH&N Institutional, as a fund manager, will be reviewed starting with the partial year 2024**

ONE Investment has engaged [Eckler Ltd.](#) to undertake an annual review of the OCIO

Table 1 - ONE JIB Policies

ONE JIB Policy	Policy Purpose	ONE Investment Recommendation
Sale and Disposition of Land	<i>Municipal Act</i> requirement.	Review five years from policy approval or changes to the <i>Municipal Act</i> .
Hiring of Employees Policies	<i>Municipal Act</i> requirement.	Review five years from policy approval or changes to the <i>Municipal Act</i> .
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 Outcomes Framework.	Rescind the policy.
Distribution Policy	The policy establishes guidelines and processes for the distribution of Net Income and Net Realized Gains for the Prudent Investment Funds	Rescind the policy.
Rebalancing Policy	The policy establishes the principles governing the rebalancing of Investment Fund Allocation Weights to those established in the Participating Municipality Investment Plans.	Rescind the policy.
Currency Hedging	Effectively establishes that there will be no currency hedging requirements imposed on fund managers by ONE JIB.	Rescind the policy.
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.	Rescind and replace with a Policy for Reviewing the External Sub-Investment Manager
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.
OCIO Compliance Monitoring Policy	The policy establishes metrics to monitor the sub-investment manager's performance on all matters related to compliance.	New ONE JIB Policy

provider, also known as the external sub-investment manager, PH&N. The reviews will be conducted based on performance of the previous calendar year as of December 31<sup>st</sup>. Eckler is an independent actuarial and consulting firm that does extensive consulting on identifying OCIO partners but offers no line of OCIO business, which makes it an objective reviewer. The first review of the new offering will be provided to ONE JIB in Q2 2025.

### **Existing Prudent Investment Offering Funds notice of wind down has been given**

Effective September 5, 2024 ONE Investment has advised each fund manager that the Prudent Investment Offering funds will be wound down due to a change in ONE Investment's business model, not the performance of the fund managers. Further, ONE Investment will engage PwC to conduct close-out audits of the existing funds in Q1 2025.

### **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*

<b>Activity</b>	<b>Q3 2024</b>	<b>Q4 2024</b>	<b>Q1 2025</b>
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			
Model Portfolio Adoption by ONE JIB			
Business Transformation execution			
Prudent Investment Funds Close Out Audit			

## **5. CONCLUSION**

ONE Investment's business transformation to the OCIO model 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 FINAL Transition Plan  
Attachment 2: OCIO Compliance Monitoring Policy  
Attachment 3: RBC GAM Policies and Procedures  
Attachment 4: Policy for Reviewing the External Sub-Investment Manager

Drafted by: Judy Dezell, Co-President/CEO

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

# Attachment 1

## 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.

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%
	ONE Canadian Government Bond Fund	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
Duration (yrs)	1.57	2.62	0	0	2.65	1.59
Yield (%)	4.20	3.90	4.66	4.96	4.39	4.62
Credit Rating	AAA	AAA	AAA	AAA	AA	AA+
<b>Asset Mix</b>						
Cash	40%	0%	100%	100%	3%	42%
Government	60%	100%	0%	0%	46%	28%
Provincial	0%	0%	0%	0%	0%	0%
Corporate	0%	0%	0%	0%	45%	27%
Other	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%
	ONE Canadian Corporate Bond Fund	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	PH&N Canadian Bond Fund	PH&N Short Term Bond & Mortgage Fund	PH&N Blend
Duration (yrs)	5.02	7.68	2.65	2.74	0	7.06	2.65	4.86
Yield (%)	4.31	3.94	4.69	4.47	4.66	4.43	4.39	4.41
Credit Rating	AA	AAA	A	AA+	AAA	AA	AA	AA
Asset Mix								
Cash	2%	0%	0%	0%	100%	3%	3%	3%
Government	48%	100%	0%	0%	0%	24%	46%	35%
Provincial	0%	0%	0%	0%	0%	33%	0%	16%
Corporate	50%	0%	100%	100%	0%	37%	45%	41%
Other	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
Duration (yrs)	6.44	6.44	6.88	2.73	6.05
Yield (%)	4.12	4.12	4.39	6.4	4.79
Credit Rating	AA+	AA+	AA	BB+	A+
<b>Asset Mix*</b>					
Global Sovereigns**	62%	62%	77%	0%	61%
Global IG Credit	17%	17%	11%	1%	9%
Global HY Credit	3%	3%	0%	35%	7%
Securitized Credit	3%	3%	0%	16%	3%
Emerging Markets	16%	16%	10%	30%	14%
Others	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	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	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

ONE JIB Statement of Policy			
Policy:	<b>Prudent Investment – OCIO Compliance Monitoring Policy</b>	Date approved:  Date of Next Review:	<b>Person Most Responsible:</b> Chief Compliance Officer

### Purpose statement

The purpose of the policy is to establish guidelines and processes for the ongoing monitoring of the Sub-Investment Manager's compliance processes under the Prudent Investment Program.

### Scope

This policy applies to: ONE Investment and ONE Joint Investment Board.

### Definitions

- **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** Participating Municipality means from time to time each of the municipalities for whom ONE JIB acts as the Joint Investment Board under the terms of the ONE JIB Agreement and includes the Participating Municipalities that established ONE JIB (sometimes referred to as the Founding Municipalities).

### Policy

ONE JIB must fulfill its fiduciary responsibilities by ensuring that all investment decisions are made in the best interest of the Participating Municipalities.

The responsibility in part is fulfilled through regular due diligence evaluating the Sub-Investment Manager's performance, risk management practices, and adherence to its compliance regime.

Performance and risk management practices of the Sub-Investment Manager are dealt with through the Sub-Investment Manager Review Policy. Adherence to its compliance

## Attachment 2

regime is the focus of this policy. The Chief Compliance Officer will report quarterly to ONE JIB on a pre-defined set of metrics providing transparency on whether the Sub-Investment Manager is meeting its compliance obligations.

---

### Compliance Metrics

Compliance by the Sub-Investment Manager will be assessed based on its adherence to RBC GAM Policies and Procedures, attached as Appendix A, including:

- Use of derivatives;
- Securities Lending;
- Leverage;
- Distributions; and,
- Rebalancing – at the client portfolio level based on each Participating Municipality's risk tolerance within the ONE JIB approved Investment Plan

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### Review

This policy shall be reviewed at least once every three years.

Attachment 3

# Policies & Procedures Summary

RBC Global Asset Management Inc.

December 2023

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## Corporate Structure & Compliance Framework

### Corporate Structure and Registration

RBC Global Asset Management (RBC GAM) is the asset management division of Royal Bank of Canada (RBC) which includes RBC Global Asset Management Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of RBC.

In Canada, RBC Global Asset Management Inc. (RBC GAM Inc.) manages the collective assets of Canadian individual and institutional investors, and includes Phillips, Hager & North Investment Management a division of RBC GAM Inc., and PH&N Institutional, the division of RBC GAM Inc. responsible for managing assets for Canadian institutional clients.

RBC GAM Inc. is registered as a Portfolio Manager and an Exempt Market Dealer in all jurisdictions of Canada. RBC GAM Inc. is also registered as an Investment Fund Manager in Ontario, British Columbia, Quebec and Newfoundland and Labrador and as a Commodity Trading Manager in Ontario. The Ontario Securities Commission is the principal regulator of RBC GAM Inc., but RBC GAM Inc. is also subject to the regulatory oversight of the securities commission in each of the other Canadian jurisdictions in which it is registered.

### Compliance Department and Chief Compliance Officer

RBC GAM Inc. is supported by a dedicated Compliance team comprised of 9 full-time compliance professionals located in Vancouver and Toronto and led by the Chief Compliance Officer (CCO). The team supports the RBC GAM Inc. business units regarding regulatory compliance issues faced by the firm as a fund manager, portfolio manager, and exempt market dealer. While supporting RBC GAM Inc., the Compliance team maintains an independent reporting line into RBC's Regulatory Compliance group, ultimately reporting into the Global CCO of RBC.

#### **Mona McManus**

*BA (Economics), University of Toronto, Canada*

Mona is the Head of the Compliance team at RBC GAM Inc. and the CCO of RBC GAM Inc. She leads the team of professionals responsible for developing, implementing, and maintaining a regulatory compliance framework for RBC GAM Inc. Mona has a long history with RBC GAM Inc. dating back to 2009 and is a seasoned compliance professional with over 20 years of experience in regulatory compliance for firms registered in the categories of Portfolio Manager, Investment Fund Manager and Exempt Market Dealer. Her

most recent role prior to returning to RBC GAM Inc. was CCO for RBC Phillips, Hager & North Investment Counsel Inc., leading the compliance team supporting RBC Wealth Management Canada's discretionary wealth and trust businesses. Prior to this role, she spent 12 years with RBC GAM Inc., as Director, Compliance and Alternate CCO, reported into the CCO of RBC GAM Inc. and managed the compliance team in Canada. Prior to joining RBC in 2009, she held the position of CCO of the Canadian division of a large U.S. based global asset manager.

### Role of Compliance

The Compliance team assists the business units of RBC GAM Inc. in developing an appropriate framework for maintaining a generally acceptable compliance and regulatory risk management control environment. RBC GAM Inc. business units have the day-to-day responsibility of ensuring that they act in compliance with the relevant regulations, as well as with firm policies and procedures. The Compliance team, as a second line of defense function, advises and monitors these business units and performs regular reviews of certain activities in which the business engages in accordance with RBC's Regulatory Compliance Management Framework, in order to determine whether there has been adherence to applicable regulations and to policies and procedures. Under Canadian regulatory requirements, the CCO is required to report all material breaches of securities laws or policies and procedures to the firm's Board, and to the Ultimate Designated Person, who is Damon Williams, the Chief Executive Officer of RBC GAM Inc., and the CEO of RBC GAM.

### Policies & Procedures Framework

RBC GAM Inc. has individual policy and procedure documents that are specific to different departmental or firm-wide requirements. These policy documents are made available to employees via the firm's intranet. Employees are to refer to and understand their roles under the policies that apply to them in order to contribute to the firm's ability to comply with its regulatory obligations, industry best practices and the professional standards with which those of its employees who are CFA® charterholders are required to comply. The firm's policies and procedures have also been designed to mitigate operational risks associated with each primary investment management function within the organization, and to contribute to the firm's ability to meet its fiduciary duty and contractual commitments to its clients. RBC GAM Inc.'s policy and procedure documents are for internal use only and, with very few exceptions, are not distributed outside the firm.

The following section provides overviews of some of the major policies at RBC GAM Inc. It is not a full list of all policies, nor is any overview a substitute for any internal policies. Further information on these or any other internal policies may be provided on request.

## Summary of Policies and Procedures Part A: General

### Anti-Money Laundering, Anti-Terrorism, and Economic Sanctions

RBC GAM Inc. is committed to preventing the use of its financial services for money-laundering or terrorist financing purposes and to ensuring that the manner in which it provides financial services complies with the applicable anti-money laundering (AML) and anti-terrorism laws and regulations, and economic sanctions/embargoes of the jurisdictions in which it conducts business. RBC GAM Inc. has formally adopted the following enterprise control standards and policies:

- RBC Enterprise Control Standards on Anti-Money Laundering and Anti-Terrorist Financing
- RBC Enterprise Anti-Money Laundering Client Risk Management Policy
- RBC Enterprise Economic Sanctions Policy

RBC's global approach to its enterprise AML compliance program is described at the following link on the RBC website: <http://www.rbc.com/aboutus/globalapproach.html>

All RBC employees are required to complete annually the online Combating Money Laundering and Terrorist Financing Course. The RBC Global AML Compliance Group is responsible for ensuring that the training content is reviewed and revised as required annually.

RBC GAM Inc. has in place additional policies that specifically apply to its business covering account opening requirements and client due diligence. It also has in place controls designed to ensure that the firm does not knowingly enter into transactions with or provide or assist in providing, directly or indirectly, financial services to, or for the benefit of, states, entities, and individuals where prohibited by anti-terrorism laws or by economic sanctions in Canada or other jurisdictions that apply to the firm. Accordingly, as warranted, RBC GAM Inc., with the assistance of the Global Economic Sanctions unit at RBC, monitors economic sanctions applicable to it, and as required, places restrictions on investing in certain countries or issuers in the portfolios it manages.

### Economic Sanctions

RBC GAM Inc. and RBC are committed to preventing the use of its financial services for money-laundering (AML) or terrorist financing purposes and to ensuring that the manner in which they provide financial services complies with the applicable AML and anti-terrorism laws and regulations, and economic sanctions/embargoes of the jurisdictions in which they conduct business.

RBC has in place a number of control standards and policies that apply to all its subsidiaries including RBC GAM Inc.:

- RBC Enterprise Control Standards on Anti-Money Laundering and Anti-Terrorist Financing

- RBC Enterprise Anti-Money Laundering Client Risk Management Policy
- RBC Enterprise Global Economic Sanctions Policy

RBC GAM Inc. has in place additional policies that specifically apply to its business, and collectively, these policies and controls are designed to ensure that the firm does not knowingly enter into transactions with or provide or assist in providing, directly or indirectly, financial services to, or for the benefit of, states, entities, and individuals where prohibited by Economic Sanctions in Canada or other jurisdictions that apply to the firm. Accordingly, as required, RBC GAM Inc., with the assistance of the Global Economic Sanctions unit at RBC, monitors Economic Sanctions applicable to it, and as required, places restrictions on investing in certain countries or issuers. Sanctions lists are maintained by RBC's Global Economic Sanctions unit, and updates are communicated to RBC GAM Inc. on an ongoing basis. RBC GAM Inc.'s trade order management system is utilized to place any necessary restrictions and monitor trades.

### Anti-Bribery and Anti-Corruption

RBC's *Code of Conduct* includes fundamental principles that address political involvement and contributions, anti-bribery, and anti-corruption. It is the responsibility of each employee to ensure strict adherence to the Code of Conduct. In addition, RBC has an enterprise-wide policy on Anti-Bribery and Anti-Corruption. The *Enterprise Anti-Bribery Anti-Corruption Policy* expands on those principles set out in the Code of Conduct and sets out the minimum standards to be followed by RBC and its subsidiaries. RBC GAM Inc.'s anti-bribery functions are overseen by the RBC Global AML Compliance Group; RBC's Chief Anti-Money Laundering Officer is also responsible for Anti-Bribery and Anti-Corruption for RBC and all of its business units, including RBC GAM Inc.

### Code of Ethics & Professional Conduct

All employees of RBC and its direct or indirect subsidiaries and business units must comply with an extensive number of policies and control standards that dictate how employees conduct themselves and deal with conflicts of interest. These include:

- RBC Code of Conduct
- RBC Conflicts of Interest Control Standards for Personal Trading
- RBC Conflicts of Interest Control Standards on Inside Information and Information Barriers
- RBC Enterprise Conflicts of Interest Policy and associated Control Standards (including Outside Business Activities and External Directorships, and Gifts and Entertainment).

An RBC employee who breaches or fails to report an actual or suspected breach of the RBC Code of Conduct is subject to corrective or disciplinary action. Corrective or disciplinary action is RBC's response to

unacceptable behaviour, including breach of the RBC Code of Conduct, and can range from reprimands to termination of employment. All RBC employees must confirm their understanding of and commitment to abide by the RBC Code of Conduct annually.

A copy of the RBC Code of Conduct may be found on the RBC website:

[https://www.rbc.com/our-company/\\_assets-custom/pdf/Code-Of-Conduct.pdf](https://www.rbc.com/our-company/_assets-custom/pdf/Code-Of-Conduct.pdf)

In addition to the above RBC policies, RBC GAM Inc. has implemented its own conflicts of interest, insider trading prohibition, information barriers and personal trading policies in order to impose further restrictions on its employees and certain other individuals in accordance with the highest level of personal investment and conflicts of interest standards and practices for investment management firms.

RBC GAM Inc. also complies with the CFA Institute Asset Manager Code and conducts its affairs in a manner consistent with the objectives of the CFA Standards of Practice Handbook.

### Whistleblowing

RBC has established and institutionalized as one of its core values “Integrity”, meaning we hold ourselves to the highest standards to build trust. RBC’s Code of Conduct incorporates our Values with a view to guiding day-to-day actions and decisions. Section 2 of our Code of Conduct (Speaking Up) articulates RBC’s commitment and describes to employees their rights and responsibilities associated with: speaking up and asking questions, reporting misconduct, investigations, inquiries and reviews, and RBC’s commitment to non-retaliation.

To reinforce this commitment, RBC has had a program in place called “Doing What’s Right”, which promotes a culture of Integrity across RBC and educates employees of the role they each play in upholding RBC’s Values and the responsibility they share in the firm’s compliance with the RBC Code of Conduct, RBC policies and the law. RBC employees may submit sensitive workplace issues anonymously through a Conduct Hotline (sometimes referred to as a whistleblowing hotline), open to all employees and contractors. This hotline is a secure, fully accessible 24/7 method to report concerns, anytime, anywhere. “Doing What’s Right” also promotes speaking up and asking questions, in a safe environment that prohibits retaliation of any kind against anyone who respectfully challenges a decision, reports an incident, or makes a truthful complaint.

All RBC employees must confirm their understanding of and commitment to abide by the RBC Code of Conduct annually. A copy of the RBC Code of Conduct may be found on the RBC website:

[https://www.rbc.com/our-company/\\_assets-custom/pdf/Code-Of-Conduct.pdf](https://www.rbc.com/our-company/_assets-custom/pdf/Code-Of-Conduct.pdf)

## Summary of Policies and Procedures Part B: Conflicts of Interest

### Conflicts of Interest – General

RBC and RBC GAM Inc. view conflicts of interest management as a fundamental part of how they do business and maintain the strictest standards for all employees.

RBC maintains a list of enterprise-wide conflicts policies and standards to which all employees are required to adhere. These include:

- RBC Enterprise Conflicts of Interest Policy;
- RBC Conflicts of Interest Control Standards for Outside Business Activities and External Directorships; and
- RBC Conflicts of Interest Control Standards for Gifts and Entertainment.

In addition to this, RBC GAM Inc. has its own set of conflicts of interest related policies and procedures that outline how the firm adheres to the RBC conflicts policies and standards, and provide additional requirements for RBC GAM Inc. employees to ensure that RBC GAM meets its regulatory obligations with respect to identifying, addressing, and disclosing conflicts of interest in accordance with *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations (NI 31-103)*.

Pursuant to NI 31-103, as a registered firm, RBC GAM Inc. is required to take reasonable steps to identify existing material conflicts of interest and material conflicts of interest that are reasonably foreseeable (a) between it and a client (including an investment fund), and (b) between any employee acting on its behalf and a client.

In addition to its obligations under NI 31-103, as an investment fund manager, pursuant to *National Instrument 81-107– Independent Review Committee for Investment Funds (“NI 81-107”)*, RBC GAM Inc. refers all conflict of interest matters of the Prospectus Funds (and in some cases where required under exemptive relief, the Private Funds) to the Independent Review Committee (the “IRC”). The IRC acts as the independent review committee that each Prospectus Fund is required to have under NI 81-107 and reviews and provides input on conflict of interest matters in respect of RBC GAM Inc. and the Prospectus Funds and Private Funds that are referred to the IRC by RBC GAM Inc.

RBC GAM Inc.’s conflict of interest policies and procedures framework is designed to meet these regulatory obligations. Once a material conflict is identified, RBC GAM Inc. must address it in the best interest of the client and must avoid any material conflict of interest if the conflict cannot otherwise be addressed in the best interest of the client. RBC GAM Inc.’s employees have similar obligations to identify, address and/or avoid material conflicts of interest between each such individual and the client in the best interests of the client. An

escalation process must be followed when a new conflict of interest matter is identified. RBC GAM Inc. must inform its impacted clients, in a timely manner, of the nature and extent of an identified material conflict of interest where such clients would reasonably expect to be informed of it. Conflicts of interest information is confidential and is only provided to regulators, lawmakers and government authorities where required by law, regulation, or regulatory expectation.

### Gifts & Entertainment

The *RBC Code of Conduct*, and specifically Principle 5 – Integrity in How We Do Business, includes a section about “Managing gifts and entertainment”. The Code of Conduct indicates that while in business it is common to foster relationships by exchanging courtesies, such as meals, gifts and entertainment, RBC employees must ensure that any gift or entertainment accepted is not intended or designed to influence their business judgement on behalf of RBC.

In order to comply with the objectives of the Code of Conduct, all RBC employees are also subject to the *RBC Conflicts of Interest Control Standards for Gifts and Entertainment* that sets out the minimum control standards that must be applied when providing or accepting gifts and entertainment and requires the use of RBC’s conflicts of interest management application for reporting or approvals. Employees are encouraged to consider the motive behind business gifts and entertainment. Employees are to ensure that the practice is done only in the spirit of business courtesy and relationship management and in no way creates an environment where one party feels a sense of obligation to the other party or creates a real, potential, or perceived conflict of interest. Gifts may only be customary, modest, and culturally sensitive. There is a C\$100 limit on gifts annually (or close equivalent in other currencies). Gifts in the form of cash, cash equivalents, bonds, or negotiable securities, in any amount, may not be accepted or given. Entertainment shall always be in good taste and consistent with usual business practices and cannot include travel and lodging expenses.

### Outside Business Activities and External Directorships

RBC maintains a list of enterprise-wide conflicts policies and standards to which all employees are required to adhere. These include:

- RBC Enterprise Conflicts of Interest Policy;
- RBC Enterprise Control Standards for Outside Business Activities and External Directorships;

In addition to this, RBC GAM Inc. has a specific Outside Business Activities, External Directorships and Close Personal Relationships Policy requiring its employees to consider actual, potential, or perceived conflicts of interest when contemplating a new Outside Business Activity or External Directorship, and to disclose and obtain approval prior to commencing the activity or External Directorship using RBC’s conflicts of interest

management application. The Policy also requires Employees to consider actual, potential, or perceived conflicts associated with Close Personal Relationships, and outlines their obligations to identify and disclose these relationships to their Managers so that they can be appropriately managed to avoid any situations that could reflect negatively on RBC GAM Inc. RBC GAM Inc. does not publicly share information about its employees' outside activities or external directorships.

### Personal Trading

All employees of RBC and its direct or indirect subsidiaries and business units must comply with the *RBC Conflicts of Interest Control Standards for Personal Trading*.

In addition to the enterprise-wide policy, RBC GAM Inc. has its own business unit *Personal Trading Policy*. The focus of RBC GAM Inc.'s policy is to require all employees to work with the sole purpose of doing what is best for the clients of RBC GAM Inc., and to manage and/or avoid any actual or perceived conflicts of interest that may arise from employees' personal investment activities in the course of managing investments for clients. RBC GAM Inc. restricts each member of the firm who is considered to be an "access person" from trading in nonpermitted investments, to obtain pre-clearance before undertaking certain personal investment activities, and to review and sign an annual certification.

RBC GAM Inc.'s Compliance department monitors personal trading of access persons electronically using RBC's conflicts of interest management application. The Chief Compliance Officer provides an annual report on employees' compliance with the *Personal Trading Policy* to RBC GAM Inc.'s Personal Trading Review Committee, a sub-committee of the Board of Directors of RBC GAM Inc., and the Independent Review Committee of the investment funds managed by RBC GAM Inc.

Any employee who fails to meet the standards set out in the *Personal Trading Policy* is subject to corrective or disciplinary action, which could include written warnings, forfeiture of trading profits, suspension or dismissal for cause or a combination of the foregoing. The *Personal Trading Policy* does not apply to those directors of RBC GAM Inc. who are not involved in the day-to-day management of its business.

## Summary of Policies and Procedures Part C: Investment Management & Trading

### Best Execution

As an investment manager, RBC GAM Inc. has a fiduciary obligation to seek best execution for client trades. RBC GAM Inc. considers best execution to be a process that seeks the best overall result for a client on a trade-by-trade basis. Brokers are selected to execute specific securities transactions for client accounts based on RBC GAM Inc.'s analysis of the broker's best execution abilities.

To attain the most advantageous terms of trade execution, RBC GAM Inc. assesses a number of factors, such as price, volume, the market, and services that may help improve investment decisions on behalf of clients. To improve best execution capabilities, RBC GAM Inc. uses an electronic trade order management system and has established procedures to regularly monitor the quality of trade execution.

### **Elements Of Best Execution**

Best execution generally includes the following elements:

- **Price:** The duty to obtain the best price requires RBC GAM Inc. to have access to current and complete trading information to ensure that the transaction is executed on the market that will provide the best price to the client.
- **Speed and certainty of execution:** Timely execution of client orders is an essential element of best execution. In situations where speed of execution is crucial, RBC GAM Inc. traders use their experience and knowledge to select the appropriate broker or marketplace for execution.
- **Total transaction cost:** The overall cost of a transaction, including the spread or commission paid to the executing broker, market impact and opportunity costs, must also be considered when measuring best execution. RBC GAM Inc. monitors commission rates for securities in all markets in which it deals and with every broker through which it executes orders. Data is evaluated over various time frames, with the goal of identifying trends that will help to ensure the highest quality of execution going forward. RBC GAM Inc. also strives to hold down internal costs.

All parties involved in a trade have a role in achieving best execution. The most favourable results for clients are achieved through a combination of investment research, portfolio managers' judgment and efficient trade execution. RBC GAM Inc. is required to make reasonable efforts to achieve best execution when acting for a client and must also monitor total transaction costs and ensure that they are minimized.

RBC GAM Inc.'s traders play a role in achieving best execution. Given the size and type of the transaction, its complexity and where it takes place, a trader will seek to satisfy the following objectives:

- A favourable price taking into account any restrictions;
- A favourable commission;
- Certainty of execution;
- Prompt and accurate order execution; and
- Prompt and accurate order confirmation.

A trader's use of a particular broker with special abilities or access to or knowledge of a specific type of investment or transaction may also contribute to RBC GAM Inc. achieving best execution.

### **Best Execution Monitoring**

#### **Equities**

RBC GAM Inc. utilizes the services of third-party providers to analyze the quality of its equity trade executions and a venue analysis provider to monitor broker routing practices and assess the quality of execution across different venues which encompass exchanges and Alternative Trading Systems such as dark pools.

Equity trade execution quality monitoring is performed using a third-party vendor's Trade Cost Analysis (TCA) tool. The primary benchmark for analyzing trading execution quality is Implementation Shortfall. Volume Weighted Average Price (VWAP) is used as an additional check for evaluating equity trade prices in its best execution analysis. RBC GAM Inc. does not evaluate the success of a single equities trade based solely on execution price or TCA benchmarks. Other factors are considered, as required, as detailed in the Elements of Best Execution above.

#### **Fixed income**

Fixed income trading takes place largely in the over-the-counter (OTC) market, and experience and judgment play a significant role in determining the best course of action for the trade desk to achieve best execution factoring the best price available given the size of the trade and certainty of fulfilling it. Generally, best execution for fixed income is sought by asking for quotes (spreads for investment grade, prices for high yield grade) from as few as one dealer to multiple dealers, either using a multi-broker electronic platform, or by telephone/Bloomberg IB Chat.

#### **Derivatives**

RBC GAM Inc. trades a variety of exchange-traded derivatives, including but not limited to options, futures, and swaps. Brokers are selected by the trader based on factors including the availability of electronic trading connections with the broker and the broker's expertise in that market. Generally, orders in exchange-traded derivatives will be traded on a regulated market. As with other asset classes, trades will be executed in the best way, in the context of the market using an objective outcome (e.g., primarily a combination of price, volume, certainty, timing, and the intention of respective ticket).

For OTC derivatives, pre- and post-trade price transparency is limited and the certainty of execution with a counterparty is a pre-requisite to a decision to execute a trade with it. The desk will use its judgement on how to obtain best execution regarding how many counterparties to approach for quotes based on the liquidity and

the volatility of an OTC derivative relative to the value of the transaction it is attempting to execute and the investment rationale behind the transaction.

### **Trade Management Oversight Committee**

RBC GAM Inc. has a Trade Management Oversight Committee (TMOC) which is responsible for reviewing trading statistics and execution rates, commission budgets, confirming the suitability of counterparties and staying on top of emerging issues in trading and related regulation. The TMOC also evaluates and, when appropriate, recommends to senior management improvements to the trade management policies and procedures of RBC GAM Inc.

### **Broker Selection Process**

RBC GAM Inc. has procedures in place to monitor brokers/dealers' capacity to execute trades for client accounts that are on the most advantageous terms for the client. RBC GAM Inc. analyses and selects brokers who demonstrate that they have the operational, financial, and regulatory capacities to achieve the goal of best execution.

RBC GAM Inc. believes that having a list of approved brokers from which it can choose in order to execute trades for client accounts helps it to achieve best execution for clients. To fulfil its fiduciary duty, RBC GAM Inc. performs due diligence on each broker that is proposed for addition to its list of approved brokers and monitors existing approved brokers in order to ensure that it uses only brokers that are or remain in good standing. RBC GAM Inc. uses certain characteristics to assess a broker's qualifications, such as whether the broker has:

- Substantial and sophisticated facilities, including extensive trading networks;
- Access to smaller and more specialized brokers whose expertise allows them to effect trades in securities that are more difficult to trade efficiently;
- Reasonable-cost execution expertise;
- Satisfactory regulatory standing;
- Investment research that is of appropriate quality;
- Trade processing which is reliable; and
- Appropriate creditworthiness.

### **Brokerage Arrangements**

As a portfolio manager with discretion to direct trade orders for the accounts it manages, RBC GAM Inc. directs trade orders to certain brokers to execute the trades (from its approved broker list). The commissions paid for

some of these trades reflect not only the cost of order execution, but also the cost of research goods and services and order execution goods and services that RBC GAM Inc. receives from brokers and, in some cases, from third-party vendors.

RBC GAM Inc. receives research goods and services, which may include: (i) advice as to the value of securities and the advisability of effecting transactions in securities; and (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends that may have an impact on the value of securities. The executing dealer may provide such goods and services to RBC GAM Inc. directly (known as proprietary research) or a party other than the executing dealer may provide such goods and services to RBC GAM Inc. (known as third party research).

RBC GAM Inc. may also receive order execution goods and services, such as data analysis, software applications and data feeds. The executing dealer may provide these goods and services to RBC GAM Inc. directly or a party other than the executing dealer may provide these goods and services to RBC GAM Inc.

In certain instances, RBC GAM Inc. may receive goods and services that it uses in its investment or trading decisions or in effecting securities transactions for the accounts that contain some elements that qualify as research goods and services and/or order execution goods and services and other elements that do not qualify as either. These types of goods and services are considered to be mixed-use goods and services. If RBC GAM Inc. obtains mixed-use goods and services, RBC GAM Inc. may only use clients' brokerage commissions to pay for the portion of those goods and services that qualifies as research goods and services and/or order execution goods and services. Examples of the types of mixed-use goods and services that RBC GAM Inc. may receive are software applications and data analysis.

### Investment Fund Investment Mandate/Client Investment Policy Statement Monitoring

RBC GAM Inc. is responsible for monitoring its investment funds and client accounts in accordance with the investment restrictions outlined in the investment mandate/ investment policy statement. RBC GAM Inc. has integrated investment mandate compliance processes and procedures throughout the investment management process and has set out the details of these processes and procedures in a number of its policy documents including, *Trading Policy*, *Investment Policy Statements and Internal Investment Mandates Policy*, and *New Account Opening policies and procedures*.

RBC GAM Inc. has trading desks in Toronto and Vancouver that utilize a number of proprietary and third-party trade order management systems. The Vancouver trade desk utilizes SS&C Pacer, a product of SS&C Technologies Inc. and BondLab, a proprietary risk and portfolio management platform that serves as a trade order management system for fixed income trades, as well as Charles River Investment Management System (Charles River), a third-party trade order management system, for equity trades. The Toronto trade desk

utilizes Charles River for both fixed income and equity trades. These systems are used for monitoring of account level compliance with client and investment fund guidelines and restrictions where such monitoring can be conducted electronically.

Trades entered into the trade order management systems are subject to pre- and/or post-trade compliance checks that will generate prohibitions (alerts) or notifications (warnings) when orders are entered that do not match with fund/client investment guidelines or restrictions.

On a pre-trade basis, Portfolio Managers responsible for ensuring that a trade fits within a client or an investment fund's investment guidelines or investment mandate. Portfolio Managers are also responsible for reviewing their prior day's trades to ensure that they have adhered to client or investment fund investment guidelines, and to ensure that trades occurred accurately and correctly.

The Investment Policy (IP) team is responsible for the monitoring process and rule set up for accounts specifically managed and traded in Toronto, and the Institutional Investment Policy Analysts (IIPAs) are responsible for monitoring accounts managed and traded in Vancouver.

### Cross-Trades (Inter-Fund Trades)

Cross-trades between the investment funds and/or segregated accounts that RBC GAM Inc. manages are permitted as long as the transaction is in compliance with the *Inter-Fund Trades (Cross Trade) Policy*.

All cross-trades must be in the best interests of the investment funds or clients involved and must be consistent with their investment objectives.

A cross-trade of exchange listed securities will be executed at the current market price or, if executed intraday, the last sale price of the security (as defined in the Universal Market Integrity Rules administered by the Investment Industry Regulatory Organization of Canada).

Pricing for mortgages will be valued by Canada Mortgage Loan Services Limited or another independent provider of mortgage valuation services, at the price determined in accordance with *Section III (2) (2.3) of the Canadian Securities Administrators' National Policy 29*.

For all other securities the cross-trade will be executed at the current market price of the security, which is the average of the highest current bid and lowest current ask determined on the basis of reasonable enquiry.

### Derivatives

RBC GAM Inc.'s policy with respect to the use of derivatives in the investment funds and client accounts that it manages focuses on the risk management and control practices to which it must adhere in order to meet *National Instrument 81-102 Investment Funds* investment restrictions related to the use of derivatives as

investments for investment funds that are offered under a simplified prospectus and on maintaining prudent practices in managing the risks that are associated with the use of derivatives in non-prospectused (exempt pooled) funds and client accounts.

The investment funds and client accounts that utilize derivatives may only do so in ways that are allowed under Canadian securities legislation and under the risk management guidelines developed by RBC GAM Inc. as manager of these funds and client accounts.

### Error Correction

RBC GAM Inc. has a *Global Error Review Policy* in place to deal with guideline restriction breaches, trading, and other errors. For each error, a written error report must be prepared and sent to the Operational Risk Team, Senior Management and the Compliance department for review and reporting to the North American Error Review Committee, which reviews all errors monthly and approves the corrective measures taken. RBC GAM Inc. notifies a client if an error occurred in the client's account and ensures that any client or fund that incurred a loss as a result of an error is reimbursed.

### Expert Networks and Alternative Data Providers

RBC GAM Inc. utilises various external sources of research to inform the investment decisions it makes for discretionary clients and investment funds it manages.

"Expert Networks" are external research providers that connect clients such as RBC GAM Inc. with consultants who hold themselves out as experts in a particular industry sector based on their current or former work for a company in the sector or government or regulatory agencies that regulate the industry. Such consultants may also work or have performed work for affiliated parties to the industry such as suppliers, contractors, consultants, or advisors. Research from Expert Networks may be communicated through various means including reports, meetings, and phone consultations.

"Alternative Data Providers" provide information gleaned from non-traditional sources beyond traditional financial statements, company filings and press releases. Examples include but are not limited to information gleaned from satellite and drone imagery of crop fields and retailers' parking lots, analyses of aggregate credit card transactions, social media and internet search data, geolocation data from consumers' mobile phones and email data obtained from apps and tools that consumers may utilize.

While Expert Networks and Alternative Data Providers can be a source of valuable research, engaging them poses the risk that RBC GAM Inc. may come into possession of unwanted inside information that was misappropriated or disclosed in violation of a duty of confidentiality. With Expert Networks such risk is elevated

in situations where a consultant employed or recently employed by a public company or regulatory or government agency discloses information about a particular company or agency.

RBC GAM Inc. has an *Expert Networks and Alternative Data Providers Policy* that governs RBC GAM Inc.'s use of Expert Networks and Alternative Data Providers, and details the procedures that RBC GAM Inc. will follow to review and approve an Expert Network or Alternative Data Provider before it is used by an investment management team and the controls that RBC GAM Inc. has implemented to mitigate the risk of inadvertently obtaining inside information from an Expert Network or Alternative Data Provider.

### Fair Allocation of Trades (Equities)

RBC GAM Inc. adheres to its *Fairness in Allocation of Investment Opportunities Policy*. RBC GAM Inc.'s policy and practice is not to intentionally favour or disfavour any client, class of clients, or investment fund in the allocation of investment opportunities so that over a period of time, such opportunities are allocated among clients and funds on a fair basis.

From time-to-time RBC GAM Inc. may make the same investments for an investment fund and for one or more of its other clients. However, RBC GAM Inc. may also give advice and take action with respect to any of its clients or investment funds that differ from the advice given to, or the action taken for, other clients or other investment funds. RBC GAM Inc.'s emphasis is on ensuring that all clients and investment funds, through their discretionary portfolio managers or fund managers, are given a fair opportunity to invest in a security that is appropriate for the specific client. Each portfolio manager or fund manager makes the final determination as to whether a particular investment opportunity is appropriate for the specific client or the specific investment fund to which RBC GAM Inc. provides investment management services.

RBC GAM Inc.'s trade allocation methodologies specify how trade orders are to be allocated across portfolios and are made available to traders, analysts, fund managers, portfolio managers, and other relevant parties. RBC GAM Inc.'s computer systems are preconfigured to allocate executed equity trades automatically to all participating portfolios in accordance with the firm's policy.

The Compliance department conducts periodic reviews, on a sample basis, of trade allocations and any amendments; its focus is to monitor whether RBC GAM Inc. has complied with regulatory requirements and with its own policies.

### Fair Allocation of Trades (Fixed Income)

RBC GAM Inc.'s trade allocation methodologies specify how trade orders are to be allocated across portfolios and are made available to traders, analysts, fund managers, portfolio managers, and other relevant parties. The governing policy in this area is the *Fairness in Allocation of Investment Opportunities Policy*. RBC GAM

Inc.'s policy and practice is not to intentionally favour or disfavour any client, class of clients, or investment fund in the allocation of investment opportunities such that, over a period of time, investment opportunities are allocated among clients and investment funds on a fair basis.

For fixed income securities specifically, the trader or fund manager must decide which broker to use, based on best execution. Trades are only executed with counterparties that have been formally approved by RBC GAM Inc.'s New Broker Selection Committee.

Fixed Income investment portfolios with similar objectives and characteristics (i.e., similar risk profiles) are constructed to ensure consistency of duration, maturity distribution and issuer selection distribution, although they may not have the identical security holdings. Differences in holdings combined with market movements tend to result in the respective risk profiles drifting over time. Trade allocation in bonds, therefore, aims primarily to ensure consistency among portfolios with similar risk profiles, including realigning them as necessary, rather than following a pro rata approach that is more typical of equity investing or some corporate bond issues.

That said RBC GAM Inc. is not always trying to realign portfolio risk profiles when allocating corporate bond trades. If a corporate credit issue is pending that has a large concession to secondary bonds (implying that the issue price may experience an upward swing once trading starts), RBC GAM Inc. generally allocates these trades pro-rata across eligible fixed income portfolios, so all clients can participate in the price appreciation.

RBC GAM Inc.'s tenure and stature in the Canadian bond market is an advantage for its clients. As a result of RBC GAM Inc.'s presence, it usually receives advance notice about new corporate bond issues. Advance notice is important in this market because the timing of a new issue order can have a significant impact on the quality of the fill that the investor receives, especially an investor as large as RBC GAM Inc. An early order has the potential to receive a better fill than a late order. As time passes, new information about a bond issue will be disseminated and the risks associated with placing the order and associated with the issue itself may change and may impact the availability of the issue.

The Compliance department conducts periodic reviews, on a sample basis, of trade allocations and any amendments; its focus is to monitor whether RBC GAM Inc. has complied with regulatory requirements and with its own policies.

### Global Investment Performance Standards

RBC GAM (the Firm) claims compliance with the CFA Institute's Global Investment Performance Standards (GIPS®) and has been independently verified for the periods January 1, 2002, through December 31, 2022. Verification was undertaken by ACA Performance Services (ACA) for the year ended December 31, 2022.

Verification assesses whether the Firm has established policies and procedures for complying with GIPS standards related to composite and pooled fund maintenance and the calculation, presentation, and distribution of performance that are designed in compliance with the GIPS standard as well as whether these policies and procedures have been implemented on a firm-wide basis. Verification does not relate to or provide assurance on any specific performance report of the Firm or on the operating effectiveness of the Firm's controls or policies and procedures for complying with the GIPS standards.

ACA issued their Auditors' Report (dated October 31, 2023) in which they expressed the following about the Firm:

For the periods from January 1, 2019, through December 31, 2022, the Firm's policies and procedures for complying with the GIPS standards related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects:

- Designed in compliance with the GIPS standards, and
- Implemented on a firm-wide basis.

Verification covering the periods from January 1, 2002, through December 31, 2018, was performed by another verification firm, whose report expressed an unqualified opinion thereon.

### Investment Restrictions for the Firm

There may be several restrictions in place for RBC GAM Inc.'s capabilities as an investment manager at any given time including the following – depending on the restriction type, these may be monitored by Compliance or the business unit:

- Securities are restricted if a division of RBC GAM Inc. possesses inside information or if its and another division's ownership level of an issuer's shares brings it close to acquiring a control position.
- RBC GAM Inc. restricts trading in securities upon request from affiliates if they are involved in a transaction in the UK under the rule of the UK Takeover Panel.
- Related party restrictions that prevent RBC GAM Inc. from purchasing related party underwritten stock or related party issued debt until a certain amount of time has passed since the distribution.
- Restrictions as a result of economic sanctions, or other AML/ATF requirements.
- Any restrictions placed on RBC GAM Inc. by a client's investment mandate.
- Investment restrictions for employees as outlined in the *Personal Trading Policy*.

## Insider Trading and Other Investment Restrictions

All employees of RBC and any of its direct or indirect subsidiaries and business units, including RBC GAM Inc., must comply with the *RBC Conflicts of Interest Control Standards on Inside Information and Information Barriers*.

In addition to complying with securities laws with respect to inside information, RBC GAM Inc. imposes information barriers through its *Personal Trading Policy*, its *Insider Trading Prohibition Policy and Procedures*, *Securities Aggregation and Information Barriers Policy and Procedures*, as well as additional conflicts of interest policies. These procedures aim to safeguard inside information from inappropriate access by persons who do not have a legitimate need to know such information.

## Late Trading and Short-term Trading

RBC GAM Inc. is committed to the highest standards of ethics and best practices within the investment management and fund management industry.

Therefore, in order to prevent trading abuses, such as late trading and short-term trading of units of mutual funds that benefit selected investors at the expense of others, from taking place in the PH&N Funds or RBC Funds, RBC GAM Inc., as the fund manager, has established policies and procedures to address these issues.

RBC GAM Inc. has strict controls to prevent late trading and has set 4pm Eastern Time/1pm Pacific Time as the cut-off time for all trades in units of PH&N Funds and RBC Funds. If RBC GAM Inc. receives a trade order after the cut off time, RBC GAM Inc. will not process such an order until the next trading day. RBC GAM Inc. strictly enforces this policy.

RBC GAM Inc. regularly monitors transactions in all of the mutual funds that it manages and has established criteria for acceptable transaction activity in an effort to eliminate activity that is deemed potentially detrimental to long-term unit holders including activity associated with attempts to engage in market timing. RBC GAM Inc. also has a policy to deter excessive trading and to offset its associated costs.

## Proxy Voting Guidelines

As a portfolio manager, RBC GAM has an obligation to act in the best interests of the accounts that it manages, including, segregated client accounts and investment funds (the portfolios). This responsibility includes exercising the voting rights attached to securities in the portfolios it manages. It is RBC GAM's policy to exercise the voting rights of the portfolios it manages in their best interest and with the view to enhancing the long-term value of the securities held.

RBC GAM is satisfied that investments in issuers that have more transparent disclosure and more effective governance generally yield better results. RBC GAM believes that it can help to protect and enhance the long-term value the portfolios it manages through its support of organizations that work to promote good governance, through direct or indirect engagement with issuers, and by communicating with an issuer's management through the exercise of voting rights.

RBC GAM's Guidelines reflect the following guiding principles:

- Proxies will be voted in the best interests of the portfolio and with a view to enhancing the long-term value of the securities held;
- RBC GAM encourages issuers and their boards of directors to consider and adopt recognized best practices in governance and disclosure;
- A decision to invest in an issuer is based in part on the quality of an issuer's disclosure, the performance of its management and its corporate governance practices. Since a decision to invest is generally an endorsement of management of the issuer, RBC GAM will usually vote with management on routine matters. When considering the election of directors, RBC GAM will consider the board's past course of action and any plans to improve governance and disclosure. RBC GAM will be particularly concerned with any management proposal having financial implications for the issuer or the potential to adversely impact investment value; and
- Proxies may also contain shareholder proposals requesting a change in the policies and practices of management. Where those proposals align with the views of RBC GAM and have not been adequately addressed by management, RBC GAM will support them.

RBC GAM participates in securities lending programs. In order to allow proxy voting for securities that it has loaned out, RBC GAM recalls all of its securities in North America on or before the record date to ensure vote eligibility. For loaned shares outside of North America, RBC GAM will recall all of the securities of an issuer where it manages at least 1% of the outstanding shares of that issuer or there is a significant voting issue where RBC GAM's position could impact the result.

Through its internal expertise and resources, with the assistance of leading independent research firms, RBC GAM has established the *RBC GAM Proxy Voting Guidelines* (the "Guidelines") to govern the exercise of RBC GAM's voting rights. RBC GAM reviews and updates its Guidelines on an ongoing basis as corporate governance best practices evolve.

RBC GAM publishes its Guidelines for the information of its clients and to assist issuers in understanding the message RBC GAM has sent or intends to send through the exercise of proxy voting rights.

While RBC GAM generally votes proxies in accordance with the Guidelines, there may be circumstances where RBC GAM believes that it is in the best interests of the portfolios for RBC GAM to vote differently than the manner contemplated by the Guidelines, or to withhold a vote or to abstain from voting.

In the event of a perceived or actual conflict of interest involving the exercise of proxy voting rights, RBC GAM follows procedures to ensure that a proxy is exercised in accordance with the Guidelines, uninfluenced by considerations other than the best interests of its portfolios.

The most recent version of RBC GAM's Guidelines is available on the following website:

<https://www.rbcgam.com/en/ca/products/proxy-voting/guidelines>

### Referral Arrangements

A referral arrangement means any arrangement in which RBC GAM Inc. agrees to provide or receive a referral fee or other benefit to or from another person or company for the referral of a client. Receiving such a referral fee or other benefit may create an inherent conflict between the interests of a referred client and the interests of the referring party because the referral may not necessarily be based on factors that are in the best interests of the client. Accordingly, prior to referring a client in exchange for a referral fee or other benefit, RBC GAM Inc. must determine that making the referral is in the client's best interest including a consideration of the benefits to the client of making the particular referral over alternatives or at all. Similarly, RBC GAM Inc. may not refer a client to an entity unless RBC GAM Inc. first takes reasonable steps to satisfy itself that the entity has the appropriate qualifications to provide the contemplated services, and if applicable, is registered to provide those services to the client. RBC GAM Inc. must also conduct an assessment of the types of clients that the referred products / services will be appropriate for, and consider the features, characteristics, and fees associated with the products / services, and the benefits to clients, including against alternative products / services (internal or external, as applicable). RBC GAM Inc. also monitors and supervises each referral arrangement that it enters to ensure that it complies with the requirements of applicable securities laws and continues to comply for so long as the referral arrangement remains in place. In all cases, the terms of each referral arrangement will be set out in a written agreement and clients will receive disclosure regarding the referral arrangement in accordance with applicable laws.

RBC GAM Inc. has entered into a referral agreement with RBC Global Asset Management (UK) Limited ("RBC GAM-UK") where RBC GAM-UK may pay a referral fee to RBC GAM Inc. when RBC GAM Inc. refers a client to RBC GAM-UK under certain specified circumstances. RBC GAM Inc. has also entered into a referral agreement with Arcmont Asset Management Limited ("Arcmont"), an unaffiliated entity. Arcmont may pay a referral fee to RBC GAM Inc. when RBC GAM Inc. refers a client to Arcmont under certain specified

circumstances. Certain employees of RBC GAM Inc. may ultimately receive compensation that, in part, includes a portion of referral fees collected by RBC GAM Inc.

### Related Party Trading Activities

RBC GAM Inc. has a number of policies that govern the treatment of potential conflicts of interest that it may face in its transactions with related parties. These policies deal with issues such as RBC GAM Inc. trading in securities of RBC; RBC GAM Inc. engaging in offerings underwritten by affiliated entities, principal trading with affiliates and Inter-Fund Trades.

Under RBC GAM Inc.'s policy, an investment decision in respect of related-party trading activities must:

- Be made in the best interests of the client or fund and be free from any influence of Royal Bank or its associates or affiliates and without taking into account any consideration relevant to Royal Bank or its affiliates or associates,
- Represent the business judgment of the portfolio manager or fund manager, uninfluenced by considerations other than the best interests of the client or fund,
- Be in compliance with RBC GAM Inc. policies and procedures, and
- Achieve a fair and reasonable result for the client or the fund.

### Securities Lending

Prospectused mutual funds are permitted to engage in securities lending activities. *National Instrument 81-102 Investment Funds* requires prospectus disclosure or prior written notice to unit holders of a mutual fund's intention to begin entering into securities lending activities. In addition, non-prospectused funds may engage in securities lending activities. RBC GAM Inc.'s prospectused investment funds that engage in or intend to engage in securities lending have appointed the funds' custodian, RBC Investor Services Trust (RBC IS), to act as their lending agent.

RBC GAM Inc. has been informed by RBC IS of the following:

- Its policies with respect to securities lending exceed the requirements of the Office of the Superintendent of Financial Institutions (OSFI) guidelines related to the lending of securities.
- Its risk management policies include the following processes:
  1. Potential borrowers are screened on the basis of financial strength, credit rating and reputation by RBC's independent credit specialists;
  2. Borrowers must also have a market capitalization of at least \$10 million and must be regulated by reputable authorities in their country of origin;

3. RBC IS maintains a minimum collateral requirement of 102% of the value of the loaned securities or current market practice, whichever is higher; and
4. Collateral and loan values are monitored daily to ensure that safety margins are maintained.
5. RBC IS also offers an indemnity against borrower default.

### Trading After-Hours and/or Off-Premises

RBC GAM Inc. considers any trading that a trader conducts on behalf of RBC GAM Inc. outside of RBC GAM Inc.'s normal trading hours to constitute after-hours trading and any trading that a trader conducts from a location other than the trading room of RBC GAM Inc. to constitute off-premises trading. After-hours and off-premises trading may be necessary for certain circumstances, for example, to execute orders for securities that trade on foreign markets, or for RBC GAM Inc.'s business continuity purposes.

Senior management determines which traders are permitted to transact in after-hours and/or off-premises trading and a list of approved individuals is maintained by the Investment Policy team reporting into the Chief Investment Officer.

### Unitholder Transaction Errors

RBC GAM Inc. has a *Unitholder Transaction Errors Policy* in place to identify and correct unitholder transaction errors that is consistent with the concepts and objectives set out by IFIC. The policy sets out how we categorize, and correct unitholder transaction errors caused by distributors (external dealers as well as internal) and transfer agents. The policy focuses on: a) the permitted methods of correcting errors which include backdating (but not backward pricing) and correcting at market; and b) the timing of reimbursement to the investment funds impacted by the error. The policy also addresses the issue of dilution that arises when a unitholder transaction error occurs and the net asset value for existing unitholders in a fund is diluted as a result of the correction of the error.

### Use of Client Brokerage Commissions (Soft Dollars)

RBC GAM Inc. uses client brokerage commissions in accordance with *National Instrument 23-102 – Use of Client Brokerage Commissions*, which stipulates that client brokerage commissions, or "soft dollars", can only be directed to a broker in return for the provision of order execution goods and services or research goods and services.

RBC GAM Inc. conducts regular and extensive trade cost analysis to ensure that clients or investment funds are receiving a reasonable benefit considering RBC GAM Inc.'s use of research goods and services and/or order execution goods and services and the amount of client brokerage commissions paid. RBC GAM Inc.

conducts annual reviews to decide which of its approved brokers are allocated brokerage business based on the competitiveness of brokers' commission costs, brokers' ability to provide best execution of trades and the range and quality of research goods and services and order execution goods and services RBC GAM Inc. has received. The goods and services provided by third party vendors are also included in this review.

To comply with the CFA Asset Manager Code, upon request, RBC GAM Inc. is able to provide information to clients who hold segregated securities the amount of soft and bundled commissions paid, the goods and/or services received in return, and how these goods and/or services benefit the client.

### Valuation

RBC GAM Inc.'s *Valuation Policy*, sets out how RBC GAM Inc. manages the conflicts of interests that it faces with respect to valuing the securities owned by both the prospectused and non-prospectused funds that it manages. RBC GAM Inc.'s objective is to ensure that it values the securities held in the funds that it manages fairly and accurately.

Fixed income and equity securities are valued at their current market value on the valuation day. This valuation is obtained from various external pricing sources.

For listed equities the primary provider of market prices is REFINITIV and a last sale price is used where it is available from the primary source. Once the primary pricing source has been established, a number of secondary and tertiary pricing sources are used. In the event that such a price is not available, in the majority of cases RBC GAM Inc. will utilize an average of the bid and ask (mean price). Where this is unavailable, the prior day's close will be used for security valuation purposes.

The primary provider of market prices for Canadian fixed income securities is FTSE Global Debt Capital Markets (PC-Bond), which provides a mid-market 4pm Eastern Time pricing file. The primary providers of market prices for Global fixed income securities are ICE Data Services and BVAL (Bloomberg's evaluated pricing service).

Pricing for mortgages is valued by Intellifi Corporation, pricing for real estate is provided by QuadReal Property Group, and there are a number of providers of market prices for derivative securities (exchange & non-exchange traded) depending upon the security type.

RBC GAM Inc. uses fair value pricing when it does not consider the quoted market price of a security to be a reasonable estimate of its fair value or when there is no market quote for a security. In these circumstances, management is involved in assessing the factors affecting the valuation, such as news releases and discussions with portfolio managers, Investment Funds Institute of Canada (IFIC), industry analysts and brokers.

RBC GAM Inc. follows the specific guidelines for halt traded securities, private company securities and illiquid securities and the fair value general principles set out in the IFIC Bulletin #23, which include materiality and judgment.

RBC GAM fair values foreign equities daily using fair value adjustment factors supplied by ICE Data Services. The ICE Data Services fair value model use a combination of components in determining the fair value adjustment factor for each security.

In certain cases, fair value issues will be escalated to and reviewed by our Valuations Committee and, if applicable for the funds, brought to the attention of the Independent Review Committee of the funds.

RBC GAM Inc. maintains clear segregation of responsibilities for key pricing and valuation functions. Those RBC GAM Inc. staff members involved in the purchase and sale of securities (i.e., fund managers and traders) are not involved in inputting or determining the valuations of securities.

RBC GAM Inc. periodically tests its primary prices to the secondary service to ensure that they are accurate and investigates any significant discrepancies.

## Summary of Policies and Procedures Part D: Technology

### Business Continuity Plan and Disaster Recovery

RBC GAM Inc. maintains a Business Continuity Plan (BCP) to ensure that it is adequately prepared to carry on the investment management of client assets with minimal disruption to client service and to facilitate the recovery of key business functions in the event of loss of information technology; loss of physical facilities; and the loss of essential personnel. The BCP addresses multiple broad threat scenarios and outlines recovery objectives and plans, including tasks, roles, and responsibilities. RBC GAM Inc.'s BCP factors in with broader RBC business continuity plans.

RBC GAM Inc. has an Incident Management Team that is comprised of members of executive management who work with the RBC Enterprise Crisis Management Team to ensure continued service to clients during any significant incident or service disruption.

RBC GAM Inc. conducts regular crisis simulations to test its readiness and ability to respond in a timely manner to a variety of emergency situations including (but not limited to) a departmental or system disruption, building, city-wide or regional disruption, or a pandemic incident. RBC GAM Inc. also ensures that its major external vendors and service providers have adequately designed and tested continuity plans.

RBC GAM Inc.'s BCP testing includes:

- Call tree tests;
- Key application recovery tests;
- Infrastructure and power tests;
- Recovery site tests; and
- Remote access tests.

In short, RBC GAM Inc. has a comprehensive BCP and has effective processes and controls in place to mitigate business continuity risk.

### Cyber Security

Global accountability and ownership for cyber security at RBC, resides with RBC's Chief Information Security Officer (CISO).

Cyber Security is a top priority at the RBC Board level. A cyber security update is presented to the RBC Board of Directors on a regular basis, outlining the current threat landscape with cyber security initiatives underway to address current and emerging threats.

RBC's cyber security strategy is comprehensive, and governance of cyber security risks and issues follows the enterprise risk management framework.

RBC has an established IT Risk Management Framework to provide the organization with a common understanding of the nature of IT Risks. It is intended to implement a robust risk management lifecycle to identify, mitigate and monitor IT risk; and provide clarity on the separation of governance and execution functions. The IT Risk Management Framework is supported by core IT enterprise policies and standards.

The framework, policies and standards undergo regular reviews and receive formal approval. RBC has an Enterprise Information Security Policy and Enterprise Information Security Standards that address such topics as Data Security, Logical Access, Application, and Infrastructure Security, etc.

RBC's cyber security standards are governed by the RBC Enterprise Information Security Policy, which is aligned to international security standards (i.e., NIST, ISO/IEC 27001:2013, ISF). Operating controls and procedures are aligned with global market standards, while additional control requirements are based on industry best practices.

RBC maintains a written cyber security incident response plan that is updated regularly. For cyber security incidents of enterprise significance, appropriate incident response and management teams would be engaged to be the central point of accountability and information dissemination to clients and stakeholders.

### Information Security

RBC GAM Inc. adheres to the *RBC Enterprise Information Security Policy*. The *RBC Enterprise Information Security Policy* is governed by the Enterprise risk group. The policy is based on ISF Standard of Good Practice for Information Security, ISO/IEC 27001:2013 and the National Institute of Standards and Technology 800-53.

Included in the policy are the following:

- End-point devices
- Data security
- Infrastructure security
- Security Incident management and response
- Secure application development
- Identity and access management
- Threat intelligence management
- Vulnerability management
- Acceptable use of computing resources
- Third party
- Training and awareness

## Summary of Policies and Procedures Part E: Sales and Marketing

### Sales Practices

RBC GAM Inc. has policies and procedures which outline our practices relating to cooperative marketing, sponsorships and business promotion activities provided for the benefit of participating dealers and their representatives as governed by *National Instrument 81-105 Mutual Fund Sales Practices*. RBC GAM Inc. and its employees may make payments to participating dealers or provide benefits to representatives of participating dealers only if such payments or benefits comply with these policies.

### Social Media

The RBC GAM Inc. *Marketing Policy and Procedures* addresses the usage of social media websites by RBC GAM Inc., as well as its employees.

All marketing content created by RBC GAM Inc. employees for social media must go through a review and approval process before it is uploaded onto the relevant site.

In addition to the above policy, all employees of RBC and its direct or indirect subsidiaries and business units must comply with an extensive number of policies that dictate how employees conduct themselves when using social media. These include:

- Code of Conduct Governance Policy
- RBC Enterprise Privacy Risk Management Policy
- RBC Enterprise Guidelines for Personal Use of Social Media
- RBC Enterprise Policy on the Use of External Social Media
- RBC Wealth Management Standards on the Use of External Social Media
- RBC Media and Communications Standards
- Respectful Workplace Policy – Enterprise

## Summary of Policies and Procedures Part D: Risk Management

### Fraud Risk Management

The *RBC Enterprise Fraud Risk Management Policy* provides direction and minimum requirements to ensure that RBC conducts business activities within its fraud risk appetite and that its fraud risk profile is used to support informed risk-based decisions in alignment with business strategy.

The policy supports the effective management of fraud risk by:

- (i) Establishing the binding minimum fraud risk management requirements;
- (ii) Defining roles and responsibilities for managing fraud risk; and
- (iii) Ensuring adherence to applicable regulatory requirements and expectations, including the Office of the Superintendent of Financial Institutions (OSFI) Guideline E-21, OSFI Capital Adequacy Requirements and Office of the Comptroller of the Currency Fraud Risk Management Principles.

The policy has been developed in alignment with the joint Association of Certified Fraud Examiners (ACFE) and the Committee of Sponsoring Organizations of Treadway Commission (COSO) Fraud Risk Management program guide released in September 2016.

### Operational Risk Management

RBC recognizes the value of a comprehensive, coordinated enterprise-wide approach for the management of operational risk. Therefore, the *RBC Enterprise Operational Risk Management Policy* defines high-level requirements of the operational risk management tools established at RBC while the RBC Enterprise Operational Risk Management Framework establishes the principles of how RBC manages operational risk.

The RBC Enterprise Operational Risk Management Framework flows directly from the overall approach for management of risk that is articulated in RBC's Enterprise Risk Management Framework. This includes oversight, common language, standard practices and defined roles and responsibilities in managing the risks in RBC's activities. The RBC Enterprise Operational Risk Management Framework supports the Basel II requirements for operational risk management.

The RBC Enterprise Operational Risk Management Framework sets out how operational risk is identified, measured, controlled, monitored, and reported within RBC. This encompasses the practices, requirements, roles, and responsibilities for a fully comprehensive, coordinated enterprise-wide approach for the management of operational risk.

The RBC Enterprise Operational Risk Management Framework and the various program element standards are managed by RBC Group Risk Management – Enterprise Operational Risk Management.

### Privacy

RBC and RBC GAM Inc. and its institutional division and affiliates, agents, directors, officers, and employees are dedicated to protecting client privacy and safeguarding clients' personal, business, and financial information that they entrust to RBC GAM Inc. RBC GAM Inc. follows RBC's comprehensive privacy policies and security practices in compliance with applicable laws.

Collectively, RBC and RBC GAM Inc.:

- Are required to treat as confidential all information about a client, the client's account, and the client's investment program: and
- Will not disclose that information to anyone who is not involved in the management and operation of a client's account, unless the client authorizes that disclosure, or if disclosure is necessary to comply with applicable laws.

Additional details regarding RBC's Privacy Principles are available on the RBC website:

<http://www.rbc.com/privacysecurity/ca/index.html>

## Record Retention

In accordance with *National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations*, RBC GAM Inc. is required to maintain records of its business activities, financial affairs, and client transactions, as well as records to demonstrate the extent of the firm's compliance with applicable securities legislation. Such records are generally maintained for a minimum of 7 years, in safe and durable form and in a manner that permits RBC GAM Inc. to retrieve it in a reasonable period of time.

These record retention requirements are imbedded into the firm's policies and procedures, including the designated individuals responsible for ensuring compliance with the requirements. Monitoring of adherence to the requirements is covered during the compliance testing process of policies, as well as during specific internal audit reviews.

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Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the fund's prospectus before investing. Mutual funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer. The unit values of non-money market funds change frequently. For money market funds, there can be no assurances that the fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment in the fund will be returned to you. Past performance may not be repeated.

RBC GAM Inc. is the manager and principal portfolio adviser of the Phillips, Hager & North (PH&N) investment funds and RBC investment funds. PH&N Institutional is the institutional business division of RBC GAM Inc. Phillips, Hager & North Investment Management is a division of RBC GAM Inc.

RBC Global Asset Management is the asset management division of Royal Bank of Canada (RBC) which includes RBC GAM Inc., RBC Global Asset Management (U.S.) Inc., RBC Global Asset Management (UK) Limited, and RBC Global Asset Management (Asia) Limited, which are separate, but affiliated subsidiaries of RBC.

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## Attachment 4

Status: DRAFT

ONE Joint Investment Board Statement of Policy			
Policy:	<b>Policy for Reviewing the External Sub-Investment Manager</b>	<b>Date approved:</b>  <b>Date of Next Review:</b>	<b>Person Most Responsible:</b> Chief Investment Officer

### Purpose statement

The purpose of this policy is:

- To provide a framework that helps guide the regular review of the performance of the Sub-Investment Manager to ensure that its performance meets the expectations of the ONE Joint Investment Board (ONE JIB).
- To provide mechanisms for identifying and resolving issues arising from reviews of the Sub-Investment Manager. The external Sub-Investment Manager should meet industry best practices with respect to how the mandates are managed, and they should be managed in a manner consistent with ONE JIB's expectations and direction.

### Scope and Responsibilities

The policy applies to the Prudent Investment Program Sub-Investment Manager engaged to manage investment funds on behalf of ONE JIB. The application of this policy could result in a range of recommendations including changes in investment approach. It could also result in termination in certain circumstances.

ONE Investment is responsible for reporting to ONE JIB in relation to this policy. The Chief Investment Officer and the Chief Compliance Officer will lead the review of the external Sub-Investment Manager and liaise with the Sub-Investment Manager to communicate and implement any direction approved by ONE JIB. ONE JIB is responsible for making decisions that may arise from the Sub-Investment Manager review process.

## Definitions

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- **Investment Management Agreement** refers to the Investment Management Agreement that ONE Investment has signed with the Sub-Investment Manager. The agreement contains guidelines on how each investment mandate is to be managed and places restrictions on the investment choices the fund manager may implement. The agreement also details the fee structure for each Prudent Investment Offering.
- **Money Not Required Immediately (MNRI)** means money that is not required immediately by a Participating Municipality, the control and management of which has been given to ONE JIB. 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.
- **ONE Investment** is the entity that is responsible for the creation, administration and compliance associated with the investment products available for the participating municipalities. ONE JIB authorizes and empowers ONE Investment to direct the day-to-day operations of the Prudent Investment Program, subject to the supervision and overriding authority of ONE JIB.
- **ONE JIB Agreement** means the agreements with each Participating Municipality, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of each Participating Municipality's Money Not Required Immediately.
- **Participating Municipality** means from time to time each of the municipalities for whom ONE JIB acts as the Joint Investment Board under the terms of the

ONE JIB Agreement and includes the Participating Municipalities that established ONE JIB (sometimes referred to as the Founding Municipalities).

- **Prudent Investment Offering** refers to the suite of investment products and services used to invest MNRI of the Participating Municipalities. It is inclusive of the Pooled Funds that were originally formed for this purpose. The ONE Prudent Investment Offering means the ONE Pools Offering and the OCIO Offering and when the transition of all Participating Municipalities to the OCIO Offering is complete, the “ONE Prudent Investment Offering” will mean the OCIO Offering. The ONE Prudent Investment Offering is included in the ONE Prudent Investment Program.

## Policy

### Review criteria

ONE Investment and ONE JIB will continuously monitor the Sub-Investment Manager to ensure it is investing according to the investment guidelines and remains in compliance with the constraints identified in the Investment Management Agreement and any other applicable investment restrictions. Primary or secondary investment benchmarks for each mandate and associated return attribution analysis will aid in the review of each manager’s performance. The key criteria that are relevant for the evaluation of the external Sub-Investment Manager are detailed in Table 1. The evaluation may incorporate other considerations, as appropriate.

*Table 1 – Criteria for External Sub-Investment Manager Review*

Firm Changes:	Ownership, people, responsibilities, investment philosophy, fees, change in assets, reputational issues.
Strategy Changes:	Investment strategy/style, processes, size of strategy, cash flows in/out, trading frequency, proxy voting trends.
Compliance:	Adherence to the mandate’s stated policies. Compliance with Investment Management Agreement, changes to the list of approved funds in the Investment Management Agreement.
ESG Considerations:	Appropriateness of ESG policies and alignment with ONE JIB's views. Integration of ESG into investment decision making. Degree to which manager promotes ESG best practices within owned securities. Implementation of proxy voting process.
Client Service Related:	Quality and timeliness of information provided to the ONE JIB or ONE Investment staff.

Performance metrics:	Frequency and value of educational opportunities offered.
	Absolute return, Risk level assumed, Risk-adjusted returns.
	Return against benchmarks (benchmark relative performance).
	Return against allocation expectations.
Attribution of Returns:	Explanation of the key drivers of investment performance.
	Explanation of how returns differ from benchmark returns.
	Demonstration of how investment constraints & manager style impact relative performance.
Peer Group Comparison	Comparison of Sub-Investment Manager to relevant peer group at the strategy level

As part of any review, ONE JIB will assess its overall level of satisfaction with the Sub-Investment Manager. A low level of satisfaction or persistent weak performance should, at minimum, lead to discussions to determine the reasons for the problem.

It is possible that performance issues could be a result of constraints imposed by the Investment Management Agreement. Modifications of the investment guidelines in the Investment Management Agreement may remedy the issues. It is also possible that a change in the Investment Manager might be required in some situations.

## Non-Compliance

If the external Sub-Investment Manager is not in compliance with the Investment Management Agreement or other direction from ONE JIB, the Sub-Investment Manager is required to advise ONE Investment's Chief Investment Officer and Chief Compliance Officer immediately. The Sub-Investment Manager must describe the nature of the noncompliance and recommend an appropriate remedy.

The Chief Investment Officer and the Chief Compliance Officer will inform ONE JIB in writing of the non-compliance and the recommended remedy as soon as possible. The Chair of ONE JIB should advise ONE Investment in writing of actions to be taken with respect to the noncompliance, on a temporary basis, until ONE JIB can decide on a course of action. This may mean the Sub-Investment Manager remains out-of-compliance on a temporary basis until the issue can be discussed by ONE JIB.

## Termination of External Sub-Investment Manager

ONE JIB may decide to terminate the external Sub-Investment Manager, under certain circumstances. Reasons to terminate the Sub-Investment Manager include, but are not limited to, the following:

- Performance of the mandate is consistently below its benchmark and ONE JIB's expectations over a reasonable time-period.
- Failure to adhere to the investment guidelines in the Investment Management Agreement or other direction provided by ONE JIB.
- Changes in personnel, firm structure, ownership, fees, investment philosophy, style or approach that could adversely affect the potential return and/or risk level.
- Any material reputational or solvency events affecting the external Sub-Investment Manager.
- Changes in the structure of the Prudent Investment Offering that mean the Sub-Investment Manager is no longer required or no longer fit the Offering.

Terminations of an external Sub-Investment Manager require planning and coordination. Typically, there is a required notice period before a manager is terminated, and it may take considerable time to select and hire a new investment manager. If ONE JIB is considering the termination of the Sub-Investment Manager, ONE JIB should work with ONE Investment to formulate a termination plan prior to terminating the manager. This may include creating a transition plan, hiring a transition manager, hiring a consultant to facilitate the search for a new manager, or other steps to ensure the smooth transition of money invested under ONE JIB.

## Reporting

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### Quarterly External Investment Manager Reviews

A quarterly review undertaken by the Chief Investment Officer and the Chief Compliance Officer shall ensure that the external Sub-Investment Manager is managing the mandate in accordance with the Investment Management Agreement. The Sub-Investment Manager will provide a 'certificate of compliance' to ONE Investment that validates compliance with the Investment Management Agreement.

ONE Investment shall report to ONE JIB on a quarterly basis, identifying any issues arising from the quarterly review of the external Sub-Investment Manager. The report will include a summary of the positioning of the mandate, information on investment performance, an explanation of the drivers of performance, and commentary to explain the performance and market context. The report should also identify any related compliance issues or other relevant concerns that the ONE JIB should be aware of.



ONE Investment will follow-up with the external Sub-Investment Manager on any issues that arise from the discussion of these quarterly reports and report back to ONE JIB, as appropriate.

### **Quarterly Investment Manager Presentation to the ONE JIB**

The External Sub-Investment Manager is expected to make a quarterly presentation to ONE JIB in which its representatives would be expected to discuss the basic features of the mandate, the current positioning of the mandate and investment performance, and answer questions posed by the ONE JIB.

### **Annual Review of External Sub-Investment Manager**

At least once per year, ONE JIB will conduct a comprehensive review of the external sub-investment investment manager

ONE Investment will organize this review based on the scope of the review requested by ONE JIB. This review will be conducted by an external consultant capable of providing a 'deep dive' into the Sub-Investment Manager's performance. For example, the review could examine potential breaches in compliance, discrepancies in investment implementation versus investment guidelines, absolute and relative performance, fee structure, changes in investment personnel or any other pertinent matters. The consultant would provide a report to ONE Investment and ONE JIB.

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### **Review of this policy**

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This policy shall be reviewed at least once every three years.

To: ONE Joint Investment Board  
From: Colin MacDonald, Manager of Policy, MFOA  
Date: November 27, 2024  
Re: Municipal Insights Report Q4 2024  
Report: ONE JIB 2024-077

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## 1. **RECOMMENDATIONS**

It is recommended that the Board:

1. Receive the report.

## 2. **SUMMARY**

The Province adjourned legislative business for the summer and resumed on October 21, 2024. This meant a fairly quiet summer with respect to legislation that impacts municipalities; however, it also likely means that the Province is preparing a new housing Bill that will have implications for municipal finance and therefore MNRI forecasts.

The Province released details on two major formula-based funding transfers to municipalities in September and October. On September 26, 2024 the Province announced earlier than usual allocations under the Ontario Community Infrastructure Fund (OCIF) from a \$400 million infrastructure and infrastructure planning fund for municipalities with populations less than 100,000. Early notice of these allocations should better prepare municipalities for their 2025 budget deliberations and consequently their MNRI adjustments for their annual reviews. However, the Province did not provide further details on what will happen to the fund after 2026, when the fund is scheduled to decrease to \$200 million, which could have longer term implications on MNRI forecasts.

Additionally, the Province announced an increase to the Ontario Municipal Partnership Fund (OMPF) during its Fall Economic Statement, which was released on October 30, 2024. The fund will increase to \$600 million from \$500 million. The increase will be phased in over two years, with \$550 million being available to small, rural, and northern municipalities in 2025. The increase will provide some financial relief to eligible municipalities and may have a positive impact on MNRI.

### **3. BACKGROUND**

#### **The Province resumed legislative business on October 21, 2024 after a summer break that began on June 6, 2024**

The Province resumed legislative business on October 21, 2024 after a summer break. This means that no new Bills were introduced during that period. As a result, no new legislation was introduced over the summer.

#### **The OCIF allocations were announced on September 26, 2024**

Municipalities were notified of their OCIF allocations on September 26, 2024. OCIF is a \$400 million formula-based transfer from the Province to municipalities with a population of less than 100,000. It is intended to be used for infrastructure projects or infrastructure planning (i.e., infrastructure asset management planning). In years past, municipalities were not notified of OCIF allocations until mid-December. MFOA and AMO have been advocating for earlier notice of the allocations so that municipalities could incorporate any changes into budget deliberations, so the advance notice is welcome news. OCIF was doubled from \$200M in 2021 for a five-year period. There has been no word on whether the province will extend the fund's increase past 2026.

#### **The OMPF is increasing from \$500 million to \$550 million in 2025 and \$600 million in 2026**

On October 30, 2024, the Province released its Fall Economic Statement. In the statement, the Province announced that it will increase the OMPF to \$600 million from its current \$500 million. The increase will be phased in over two years, with the fund increasing to \$550 million for 2025 and again to \$600 million in 2026. The OMPF is an annual unconditional transfer to Ontario municipalities, which means that the province does not have conditions for how it is to be used. The OMPF targets small, rural, and northern municipalities and is critical to their budgeting process. The OMPF contains four grant components:

1. Assessment Equalization
2. Rural Communities
3. Northern Communities
4. Northern and Rural Fiscal Circumstances

Each grant component has its own formula for determining allocation, and municipalities may qualify under more than one grant component. To manage annual volatility in formula adjustments or general changes in circumstances, the OMPF also includes a transitional component to ensure that municipalities receive at least 85% of their previous year's funding. For 2025, the Province has made adjustments to the transitional component to ensure that no municipalities would see a decrease; this adjustment will not apply to the 2026 allocation.

#### 4. ANALYSIS

**A resumption of legislative business likely means that the Province is preparing new housing legislation, which will likely have municipal finance implications**

Over the past five years, the Province has introduced numerous housing bills, which generally have implications for municipal finances. It is anticipated that the Province will introduce new housing legislation in the coming months. While it is uncertain what any legislation will contain, it should be noted that the ongoing regional review is often positioned to improve governance to get homes built faster. The regional review consultations are ongoing, but it is expected that the recommendations of the Peel Transition Board will be made public soon.

**Early OCIF allocations may provide municipalities with more certainty with respect to MNRI adjustments in 2025 but the uncertainty around OCIF allocations beyond 2026 may result in a reduction of longer term MNRI**

As municipalities prepare and finalize their budgets for 2025, they will begin reevaluating their MNRI position for annual reviews. Having OCIF allocations early may provide earlier certainty around near-term cash flows. However, the uncertainty around the status of the full funding envelope for OCIF post 2026, may cause municipalities to shorten their MNRI horizons depending on how they are forecasting OCIF transfers.

**The increase to the OMPF will relieve some financial pressure on northern, smaller and rural municipalities, which could lead to a change in cashflow forecasts**

Municipalities eligible for OMPF will likely get a larger than expected transfer in 2025 and, for municipalities not in the transitional funding component, that will likely increase again in 2026. This unanticipated increase to the transfer could increase MNRI projections provided that increased costs that are well above inflation, such as policing costs and infrastructure costs, do not erode the full value of the increase.

#### 5. CONCLUSION

The Province's announcements related to two major formula based transfers are timely and welcome for smaller, rural and northern municipalities. Despite this, plenty of uncertainty remains with respect to future OCIF transfers and housing legislation and how they may impact municipal finances and MNRI forecasts.

Drafted by: Colin Macdonald, Manager of Policy, MFOA

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