ONE JIB

Investment Policy Committee

Agenda

Date: October 2, 2026, 2:00 p.m.

Location: Zoom Virtual Meeting

RBC Global Asset Management
PH&N Institutional

Portfolio modelling overview for ONE Investment

Presented by:

Paul Purcell, Institutional Portfolio Manager
Martin Leclair, Institutional Portfolio Manager
Katherine Rusin, Institutional Portfolio Manager

October 2, 2026

Reviewing the ONE JIB model portfolios

Capital Market Assumptions

10-yr forward-looking capital market forecasts (Return, volatility, downside risk, correlations)

Eligible Capital Market Exposures

Money market, global fixed income and credit, global equity markets and private markets

Modeling Constraints

Ensure proper diversification, liquidity and practicality.

Portfolio Optimization

Proprietary modeling tools to help identify the balance of risk and reward opportunities

Current model portfolios – no Alternatives

Models approved in September 2025

	A	B	C	D	E	F	G
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%	7.5%	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%	12.5%	10%	0%
Equities	**0%**	**20%**	**30%**	**40%**	**50%**	**60%**	**70%**
Canadian Equities	0%	5%	7%	10%	12.5%	20%	30%
Canadian Low Volatility Equities	0%	5%	7%	10%	12.5%	10%	5%
U.S. Equities	0%	2%	4%	5%	4%	5%	6%
U.S. Low Volatility Equities	0%	2%	4%	5%	4%	5%	6%
International Equities	0%	6%	8%	10%	12%	14%	16%
Emerging Market Equities	0%	0%	0%	0%	5%	6%	7%
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%

[1] Refer to appendix for modeling assumptions and disclosures.
[2] 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

Current model portfolios – with Alternatives

Models approved in September 2025

	D+	E+	F+	G+
Fixed Income	**50%**	**40%**	**30%**	**20%**
Canadian Money Market	0%	0%	0%	0%
Short-Term Bonds and Mortgages	20%	20%	20%	20%
Corporate Bonds	0%	0%	0%	0%
Private Placement Corporate Debt	5%	2.5%	0%	0%
Commercial Mortgages	10%	10%	10%	0%
High Yield Bonds	0%	0%	0%	0%
Global Multi-Asset Credit	15%	7.5%	0%	0%
Equities	**40%**	**50%**	**60%**	**70%**
Canadian Equities	10%	12.5%	20%	35%
Canadian Low Volatility Equities	10%	12.5%	10%	0%
U.S. Equities	5%	4%	5%	9%
U.S. Low Volatility Equities	5%	4%	5%	3%
International Equities	10%	12%	14%	16%
Emerging Market Equities	0%	5%	6%	7%
Alternatives	**10%**	**10%**	**10%**	**10%**
Canadian Core Real Estate	5%	5%	5%	5%
Global Infrastructure	5%	5%	5%	5%

[1] Refer to appendix for modeling assumptions and disclosures.
[2] CVaR95 which represents the expected loss during the worst 5% of return outcomes.
Hypothetical performance analyses are for illustrative purposes only and there is no guarantee that hypothetical returns or projections will be realized

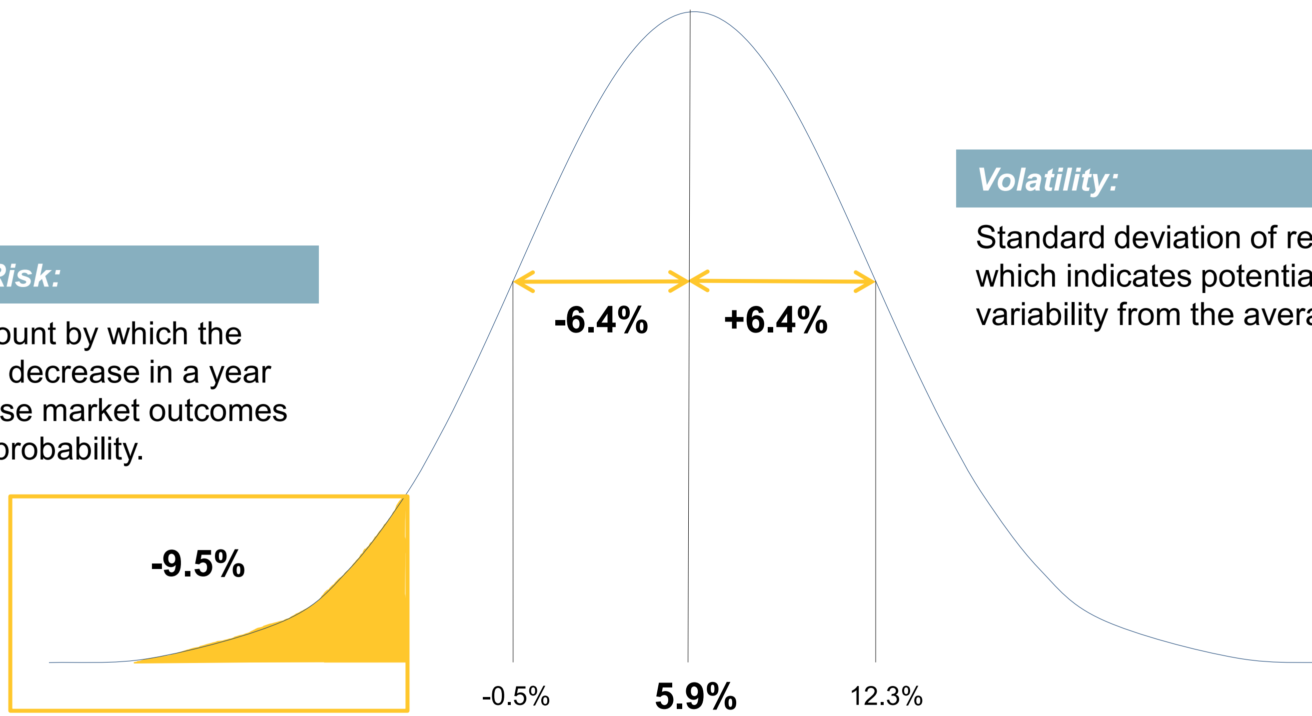
Capital market assumptions

Assumptions drive the portfolio risk/return metrics

Example – Portfolio D (2025)

Current Portfolio	
Expected Return	5.9%
Downside Risk	-9.5%
Volatility	6.4%

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

Expected returns

Fixed Income (IG, HY, EM)

Based on projected yield and spread movements

- Risk-free interest rates assumed to follow the applicable forward curve
- Credit spreads expected to mean revert with adjustments for structural market changes

Returns on bonds with credit risk are adjusted for expected default and recovery rates

Equities & Alternatives

Based on output of different forecasting models

- Fundamental Fair Value
- Valuation
- Cross-sectional
- Economic Forecasts

Final assumptions are the result of blending the output from the different models

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 return assumptions for strategic portfolio modeling

- Most return assumptions are for generic asset class representations (e.g. market indices)
  - No provision for value-add over a benchmark
  - Expected returns are before fees
- However, alternative asset classes are all-in, net-of-fee returns
- Expected structural biases are incorporated

Capital market assumptions – Q2 2026

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	3.6%	0.4%	2.7%
Universe Bonds	FTSE Canada Universe Bond Index	3.9%	4.9%	-6.6%
Canadian Money Market	PH&N Canadian Money Market Strategy	3.7%	0.9%	1.8%
Short-Term Bonds and Mortgages	Custom Index[1]	3.9%	2.3%	-1.0%
Enhanced Universe Bond Strategy	Custom Index[2]	4.3%	5.0%	-6.9%
Corporate Bonds	Custom Index[3]	4.4%	4.3%	-5.7%
Private Placement Corporate Debt	Custom Index[4]	5.4%	4.7%	-6.3%
Commercial Mortgages*	Custom Index[5]	6.8%	3.3%	-6.1%
Global Sovereign Bonds	Custom Index[6]	3.7%	4.2%	-4.9%
High Yield Bonds	ICE BofA US High Yield Master II (CAD-Hedged)	5.9%	9.1%	-15.5%
Broad EMD	Custom Index[7]	5.6%	10.6%	-14.7%
Global Multi-Asset Credit	Custom Index[8]	6.7%	8.2%	-16.0%
Canadian Equities	S&P/TSX Composite Index	6.1%	16.9%	-25.3%
Canadian Low Volatility Equities	RBC QUBE Low Volatility Canadian Equity Strategy	5.4%	12.8%	-14.7%
U.S. Equities	S&P 500 Index (CAD)	6.1%	14.6%	-23.1%
U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Strategy (CAD)	5.5%	13.0%	-15.9%
International Equities	MSCI EAFE Index (CAD)	7.0%	16.2%	-28.0%
Global Equities	MSCI World Index (CAD)	6.5%	14.2%	-23.7%
Emerging Market Equities	MSCI Emerging Markets (EM) Index (CAD)	8.5%	21.1%	-31.7%
Canadian Core Real Estate*	RBC Canadian Core Real Estate Strategy	6.3%	9.6%	-13.1%
Global Infrastructure*	EDHEC Infra 300 Index (Local)	6.7%	11.6%	-16.5%
Inflation	Canadian CPI (Non-Seasonally Adjusted)	2.3%	1.5%	N/A

Please see disclosures on the following slide.

Capital market assumptions – Q2 2026

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

[1] 49% FTSE Canada Short Term Government Bond Index, 45% FTSE Canada Short Term Corporate Bond Index and 6% PH&N Mortgage Strategy.

[2] 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).

[3] 25% FTSE Canada Corporate AA+ Bond Index , 25% FTSE Canada Corporate A Bond Index and 50% FTSE Canada Corporate BBB Bond Index.

[4] 13% FTSE Canada Short Term Federal and 87% FTSE Canada Mid Term Federal Bond Index + 50% FTSE Canada Short Term Corporate Bond Index (spread) and 50% FTSE Canada Mid Term Corporate Bond Index (spread).

[5] 39% PH&N Mortgage Strategy and 61% PH&N High Yield Mortgage Strategy.

[6] 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.

[7] 20% J.P. Morgan Emerging Market Bond Index (CAD-H), 14% J.P. Morgan Corporate Emerging Markets Bond Index (CAD-H) and 66% 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, 2026).

[8] 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 2026

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	Emerging Market 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	0.9	1.0	1															
Private Placement Corporate Debt	0.1	0.9	0.1	0.9	1.0	1.0	1														
Commercial Mortgages	0.2	0.7	0.2	0.7	0.7	0.7	0.7	1													
Global Sovereign Bonds	0.1	0.9	0.1	0.8	0.8	0.7	0.8	0.6	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	0.7	1										
Global Multi-Asset Credit	0.0	0.3	0.0	0.3	0.5	0.5	0.5	0.2	0.3	0.9	0.9	1									
Canadian Equities	-0.1	0.1	0.0	0.1	0.3	0.3	0.3	0.1	0.1	0.7	0.6	0.7	1								
Canadian Low Volatility Equities	0.0	0.3	0.0	0.1	0.4	0.4	0.3	0.2	0.2	0.6	0.5	0.6	0.8	1							
U.S. Equities	-0.1	0.2	-0.1	0.1	0.2	0.3	0.2	0.2	0.1	0.5	0.3	0.4	0.6	0.5	1						
U.S. Low Volatility Equities	-0.1	0.3	-0.1	0.2	0.3	0.3	0.3	0.2	0.2	0.2	0.1	0.2	0.3	0.5	0.7	1					
International Equities	0.0	0.2	0.0	0.2	0.3	0.3	0.3	0.2	0.1	0.6	0.5	0.6	0.7	0.6	0.8	0.5	1				
Global Equities	-0.1	0.2	-0.1	0.1	0.3	0.3	0.3	0.2	0.1	0.5	0.4	0.5	0.7	0.6	1.0	0.6	0.9	1			
Emerging Market Equities	0.0	0.2	0.0	0.2	0.3	0.3	0.3	0.1	0.1	0.6	0.7	0.7	0.6	0.5	0.5	0.3	0.7	0.6	1		
Canadian Core Real Estate	0.0	-0.2	0.0	-0.3	-0.2	-0.3	-0.3	-0.3	-0.2	-0.1	-0.1	-0.2	-0.1	0.0	-0.1	0.0	0.0	-0.1	-0.1	1	
Global Infrastructure	0.0	0.4	0.0	0.3	0.4	0.3	0.4	0.3	0.5	0.1	0.2	0.1	0.0	0.2	0.0	0.2	0.1	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.

Updated capital market assumptions

- See full disclosure of capital market assumptions in the Appendix
  - Expected returns, risk and correlations at Q2/2026
  - Expected returns and risk at Q2/2025
  - Comparison of expected returns: Q2/2026 vs. Q2/2025

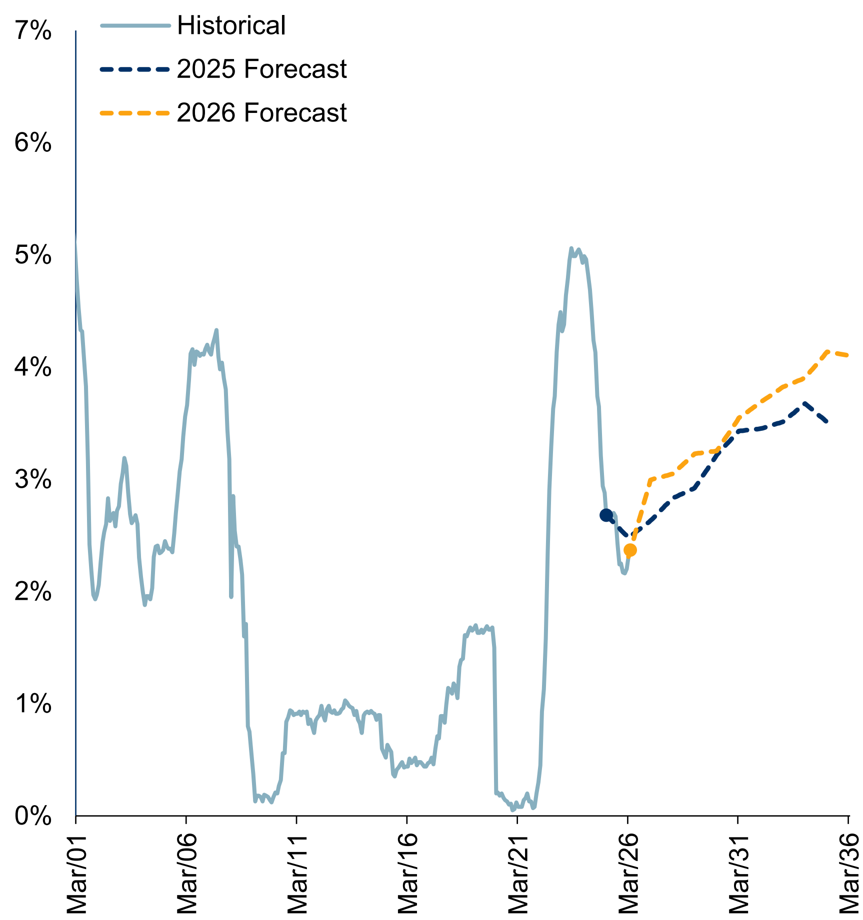
- Comparison of expected returns for some key asset classes:

Asset Classes	2026 Expected Long-Term Return	2025 Expected Long-Term Return	Difference
Cash	3.6%	3.1%	+0.5%
Canadian Universe Bonds	3.9%	3.6%	+0.3%
Global Multi-Asset Credit	6.7%	6.4%	+0.3%
Canadian Equities	6.1%	7.4%	-1.4%
U.S. Equities	6.1%	5.6%	+0.5%
International Equities	7.0%	7.8%	-0.8%
Emerging Market Equities	8.5%	8.3%	0.2%
Canadian Core Real Estate	6.3%	6.3%	0.0%
Global Infrastructure	6.7%	6.7%	0.0%

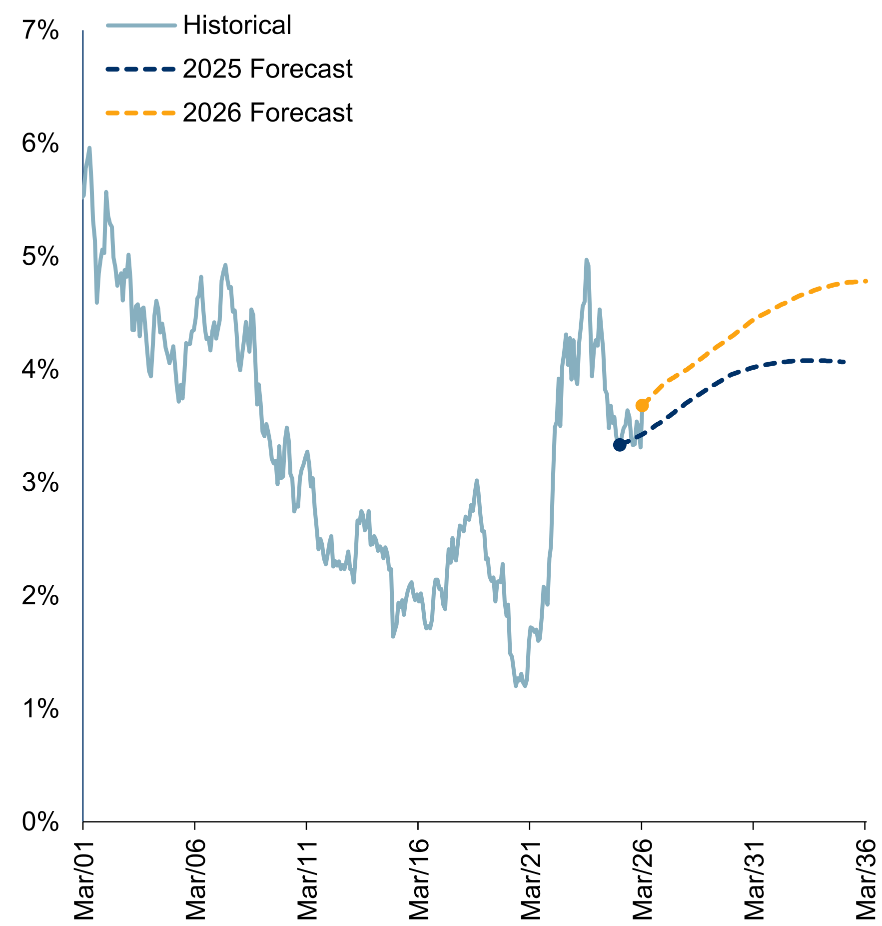
Change in Canadian fixed income forecasts

Higher interest rates and spreads are net positive to expected returns

30-Day T-bills
Yield-to-maturity and forward curve



Universe Bonds
Yield-to-maturity and forward curve



Source: FTSE Global Debt Capital Markets Inc., RBC GAM.

Change in multi-asset credit forecasts

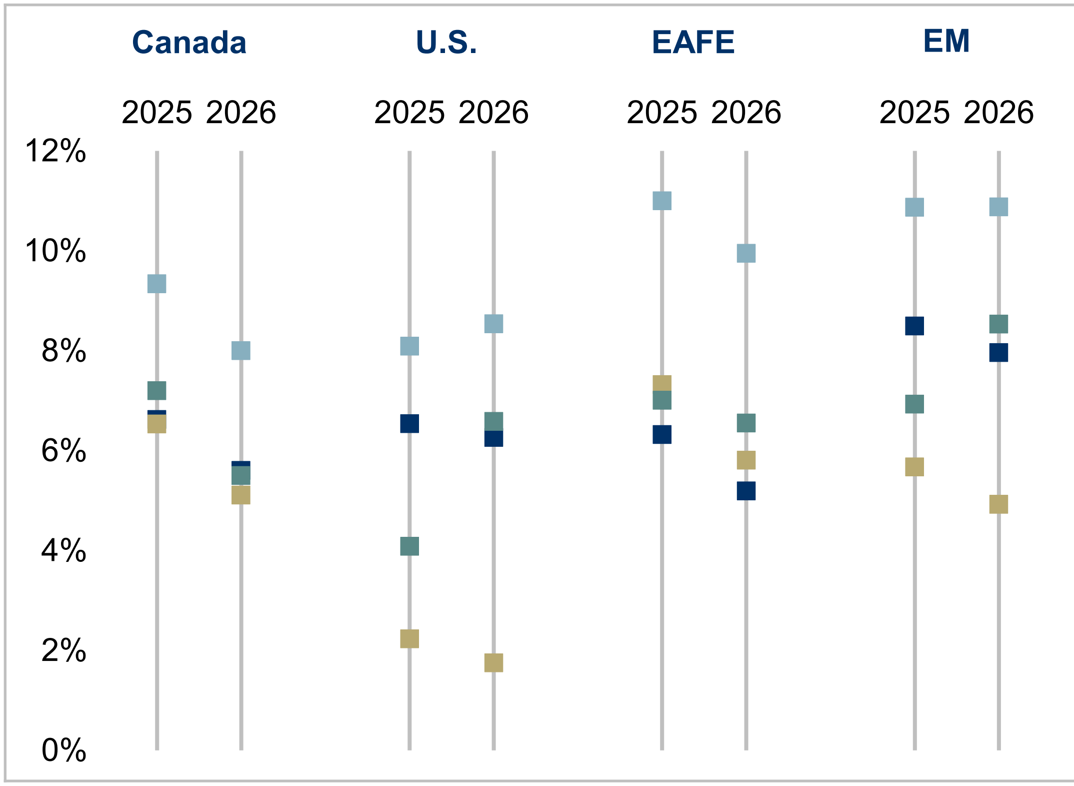
Driven primarily by decrease in currency hedging cost

Asset Classes	Representative Data Series	2025 Expected Long-Term Return	2025 Neutral Asset Mix	2026 Expected Long-Term Return	2026 Neutral Asset Mix	Difference
Global Multi-Asset Credit		**6.4%**		**6.7%**		**+0.30%**
3 Month U.S. T-Bills	ICE BofA 3 Month US T-Bills (USD)	4.3%	7.5%	-	-	**-0.06%**
3 Month Cdn T-Bills	FTSE Canada 30 Day TBill Index	-	-	3.6%	7.5%	
Global High Yield Bonds	ICE BofA Global High Yield Index (USD)	6.9%	35%	6.8%	35%	**-0.03%**
Hard Currency Government EMD	J.P. Morgan Emerging Market Bond Index (USD)	7.1%	11.25%	6.6%	10.5%	**-0.10%**
Hard Currency Corporate EMD	J.P. Morgan Corporate Emerging Markets Bond Index (USD)	6.4%	11.25%	6.3%	10.5%	**-0.05%**
Local Currency Government EMD	J.P. Morgan Government Bond Index-Emerging Markets (GBI-EM) (USD)	6.2%	7.5%	6.3%	6.5%	**-0.05%**
CLO BBB Post-Crisis	J.P. Morgan BBB CLO Post-Crisis Index (USD)	-	-	7.4%	10%	**+0.20%**
Leveraged Loans	Credit Suisse Leveraged Loan Index (USD)	7.3%	7.5%	-	-	
Global Convertible Bonds	Thomson Reuters Convertible Global Focus Index (USD)	6.6%	20%	6.5%	20%	**-0.03%**
						-0.12%
CAD/USD Currency Hedge	Differential between Canada and U.S. short rates	-1.2%	100%	-0.9%	92.5%	**+0.42%**
Global Multi-Asset Credit						**+0.30%**

Source: RBC GAM

Change in equity forecasts

Driven by changes in underlying models



The expected returns for Canadian and International equities have decreased across all models

- Higher valuations due to strong 2025 performance, coupled with negative revisions to earnings forecasts and GDP growth resulting from economic and geo-political uncertainty

The expected return for U.S. equities has increased, driven primarily by the economic model which has revised underlying forecasts favourably relative to 2025 estimates

Cross-Sectional Model	Fair Value Model	Valuation Model	Economic Model
Relies on the capital asset pricing model (CAPM) to estimate long term return from forward-looking measures of an assets internal rate of return	*Uses a regression framework to create equilibrium price estimates from P/E and ROE and assumes that markets revert from current levels over time*	*Estimates future return based on the historical relationship with a composite of different absolute and relative valuation metrics*	*Uses a combination of historical norms, projections of key economic variables and demographic characteristics to derive expected returns*

Source: RBC GAM

Disclaimer

This presentation is intended for qualified institutional investors only.

This document has been provided by PH&N Institutional for information purposes only and may not be reproduced, distributed or published without the written consent of PH&N Institutional. It is not intended to provide professional advice and should not be relied upon in that regard. Any securities information provided in this presentation is confidential and for illustration purposes only to demonstrate the investment management process of the investment team(s), and is not a recommendation to buy or sell any specific security.

PH&N Institutional takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when printed. PH&N Institutional reserves the right at any time and without notice to change, amend or cease publication of the information.

Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by PH&N Institutional, its affiliates or any other person as to its accuracy, completeness or correctness. We assume no responsibility for any errors or omissions in such information.

This information is not intended to be an offer or solicitation to buy or sell securities or to participate in or subscribe for any service. No securities are being offered, except pursuant and subject to the respective offering documents and subscription materials, which shall be provided to qualified investors. This document is for general information only and is not, nor does it purport to be, a complete description of an investment in any RBC, PH&N or BlueBay funds. If there is an inconsistency between this document and the respective offering documents, the provisions of the respective offering documents shall prevail.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund investments. Please read the offering materials before investing. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated.

The indicated rates of return are the historical annual compounded total returns including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns.

The amount of risk associated with any particular investment depends largely on the investor's own circumstances. Investors should consult their professional advisors/consultants regarding the suitability of the investment solutions mentioned in this presentation.

This document may contain forward-looking statements about general economic factors which are not guarantees of future performance. Forward-looking statements involve inherent risk and uncertainties, so it is possible that predictions, forecasts, projections and other forward-looking statements will not be achieved. We caution you not to place undue reliance on these statements as a number of important factors could cause actual events or results to differ materially from those expressed or implied in any forward-looking statement. All opinions in forward-looking statements are subject to change without notice and are provided in good faith but without legal responsibility.

PH&N Institutional is the institutional business division of RBC Global Asset Management Inc. (RBC GAM Inc.). RBC GAM Inc. is the manager and principal portfolio adviser of the Phillips, Hager & North (PH&N) investment funds and RBC investment funds.

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.

Our offices

VANCOUVER

Waterfront Centre
200 Burrard St.
20th Floor
Vancouver, BC
V6C 3N5
Canada

TORONTO

RBC Centre
155 Wellington St. West
22nd Floor
Toronto, ON
M5V 3K7
Canada

MONTREAL

Place Ville Marie
1 Place Ville Marie
9th Floor, North Wing
Montréal, QC
H3C 3A9
Canada

THUNDER BAY

Fort William First Nation
300 Anemki Place
Suite E
Thunder Bay, ON
P7J 1H9
Canada

WINNIPEG

Swan Lake First Nation 8A
300 Alpine Way
Suite 110
Headingley, MB
R4H 0E1
Canada

CONTACT US

Toll Free: 1-855-408-6111
Email: institutional@phn.com
Website: institutional.phn.com

REPORT

To: Investment Policy Committee
From: Jennifer Hess, Manager of Investment Services, MFOA
Date: October 2, 2026
Re: 2026 Model Portfolio Review
Report: ONE JIB 2026-050

1. RECOMMENDATIONS

It is recommended that the Committee:

1. Recommend that the ONE JIB approve the updated model portfolios included in Attachments 1 and 2 to this report.

2. SUMMARY

This report presents the results of the 2026 annual review of the ONE JIB-approved model portfolios. The review confirms that the existing model portfolios remain fundamentally sound and continue to be positioned close to the 'efficient frontier'. The efficient frontier represents the sent of optimal portfolios that can deliver the highest expected return for each level of risk, or alternatively, the lowest level of risk for each target return.

The proposed 2026 updates are incremental in nature and are intended to refine asset mix exposures, improve risk/return characteristics where appropriate, and reflect updated capital market assumptions. The recommended changes do not alter the overall model portfolio framework and are not expected to result in disruptive rebalancing for the Participating Municipalities.

If approved, the updated model portfolios will be reflected in the applicable investment portfolios for each of the Participating Municipalities per the existing fund fulfillment procedure, with the exception of Durham Region, which has a custom portfolio that is reviewed through its individual Investment Plan process.

3. BACKGROUND

ONE JIB last reviewed the eleven model portfolios on September 4, 2025. As part of the established annual review process, the external investment manager has completed its 2026 review and is recommending targeted adjustments based on updated capital market assumptions and current efficient frontier analysis.

To provide an opportunity for a thoughtful discussion and given the time constraints of the quarterly ONE JIB meetings, for 2026 the review of the model portfolios has been assigned to ONE JIB's Investment Policy Committee.
.

4. ANALYSIS

The annual review of the model portfolios is consistent with prudent fiduciary oversight

The annual review of the model portfolios used by ONE JIB supports prudent fiduciary oversight and the disciplined governance of the Prudent Investment Program. The 2026 review incorporates updated capital market assumptions to reflect current market conditions and outlook. It also considers opportunities to modestly expand allocations to selected asset classes, including emerging market equities and alternatives such as real estate and infrastructure, where appropriate within the risk profile of each model portfolio.

The current model portfolios remain fundamentally sound

This review confirms that the 2025 model portfolios remain appropriate and continue to be positioned close to the efficient frontier. Significant changes are not recommended or required. The proposed updates are focused on incremental optimization, with the objective of modestly improving risk/return metrics while maintaining the integrity and suitability of the existing model portfolio structure.

The proposed changes to the model portfolios better align with the efficient frontier and show modestly improved risk/return metrics

The proposed changes to the asset class allocations are summarized below and reflect the external investment manager's review and recommendations. Similar to the approach taken in 2025, the proposed 2026 updates represent modest refinements rather than a material shift in investment strategy. The changes are intended to support continuous improvement, align the portfolios more closely with the efficient frontier, and avoid disruptive rebalancing. Current municipal allocations to the applicable model portfolios are also noted below.

Model A

	2026	2025	Change
Fixed Income	**100%**	**100%**	
Short Term Bonds and Mortgages	50%	50%	
Corporate Bonds	10%	20%	(10%)
Private Placement Corporate Debt	10%	5%	5%
Commercial Mortgages	10%	5%	5%
High Yield Bonds	5%	5%	
Global Multi-Asset Credit	15%	15%	

Current Municipalities – none

Model B

	2026	2025	Change
Fixed Income	**80%**	**80%**	
Short Term Bonds and Mortgages	48%	50%	(2%)
Private Placement Corporate Debt	10%	10%	

	2026	2025	Change
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	12%	10%	2%
Equities	**20%**	**20%**	
Canadian Equities	4%	5%	(1%)
Canadian Low Volatility Equities	4%	5%	(1%)
US Equities	3%	2%	1%
US Low Volatility Equities	3%	2%	1%
International Equities	5%	6%	(1%)
Emerging Market Equities	1%		1%

Current Municipalities – none

Model C

	2026	2025	Change
Fixed Income	**70%**	**70%**	
Short Term Bonds and Mortgages	35%	35%	
Private Placement Corporate Debt	10%	10%	
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	15%	15%	
Equities	**30%**	**30%**	
Canadian Equities	6%	7%	(1%)
Canadian Low Volatility Equities	6%	7%	(1%)
US Equities	4.5%	4%	0.5%
US Low Volatility Equities	4.5%	4%	0.5%
International Equities	7%	8%	(1%)
Emerging Market Equities	2%		2%

Current Municipalities – Innisfil

Model D (no alternative investments)

	2026	2025	Change
Fixed Income	**60%**	**60%**	
Short Term Bonds and Mortgages	25%	25%	
Private Placement Corporate Debt	10%	10%	
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	15%	15%	
Equities	**40%**	**40%**	
Canadian Equities	8%	10%	(2%)
Canadian Low Volatility Equities	8%	10%	(2%)
US Equities	6%	5%	1%
US Low Volatility Equities	6%	5%	1%
International Equities	9%	10%	(1%)
Emerging Market Equities	3%		3%

Current Municipalities – Huntsville, Georgian Bay, Red Lake, Whitby

Model D+ (includes alternative investments)

	2026	2025	Change
Fixed Income	**50%**	**50%**	
Short Term Bonds and Mortgages	20%	20%	
Private Placement Corporate Debt	5%	5%	
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	15%	15%	
Equities	**35%**	**40%**	**(5%)**
Canadian Equities	14%	10%	4%
Canadian Low Volatility Equities		10%	(10%)
US Equities	3.5%	5%	(1.5%)
US Low Volatility Equities	3.5%	5%	(1.5%)
International Equities	11%	10%	1%
Emerging Market Equities	3%		3%
Alternatives	**15%**	**10%**	**5%**
Canadian Core Real Estate	7.5%	5%	2.5%
Global Infrastructure	7.5%	5%	2.5%

Current Municipalities – Port Hope (two accounts)

Model E (no alternative investments)

	2026	2025	Change
Fixed Income	**50%**	**50%**	
Short Term Bonds and Mortgages	20%	20%	
Private Placement Corporate Debt	7.5%	7.5%	
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	12.5%	12.5%	
Equities	**50%**	**50%**	
Canadian Equities	14%	12.5%	1.5%
Canadian Low Volatility Equities	6%	12.5%	(6.5%)
US Equities	7%	4%	3%
US Low Volatility Equities	7%	4%	3%
International Equities	12%	12%	
Emerging Market Equities	4%	5%	(1%)

Current Municipalities – Aurora, Kenora (General), Neebing, New Tecumseth

Model E+ (includes alternative investments)

	2026	2025	Change
Fixed Income	**40%**	**40%**	
Short Term Bonds and Mortgages	20%	20%	
Private Placement Corporate Debt		2.5%	(2.5%)
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	10%	7.5%	2.5%
Equities	**45%**	**50%**	**(5%)**
Canadian Equities	18%	12.5%	5.5%
Canadian Low Volatility Equities		12.5%	(12.5%)
US Equities	5%	4%	1%
US Low Volatility Equities	5%	4%	1%
International Equities	13%	12%	1%
Emerging Market Equities	4%	5%	(1%)

	2026	2025	Change
Alternatives	**15%**	**10%**	**5%**
Canadian Core Real Estate	7.5%	5%	2.5%
Global Infrastructure	7.5%	5%	2.5%

Current Municipalities – Aylmer, Kenora (CPTF), Thunder Bay

Model F (no alternative investments)

	2026	2025	Change
Fixed Income	**40%**	**40%**	
Short Term Bonds and Mortgages	20%	20%	
Commercial Mortgages	10%	10%	
Global Multi-Asset Credit	10%	10%	
Equities	**60%**	**60%**	
Canadian Equities	20%	20%	
Canadian Low Volatility Equities	3%	10%	(7%)
US Equities	8%	5%	3%
US Low Volatility Equities	8%	5%	3%
International Equities	16%	14%	2%
Emerging Market Equities	5%	6%	(1%)

Current Municipalities – Central Frontenac, District of Muskoka, Oliver Paipoonge, Quinte West

Model F+ (includes alternative investments)

	2026	2025	Change
Fixed Income	**30%**	**30%**	
Short Term Bonds and Mortgages	20%	20%	
Commercial Mortgages	10%	10%	
Equities	**55%**	**60%**	**(5%)**
Canadian Equities	22.5%	20%	2.5%
Canadian Low Volatility Equities		10%	(10%)
US Equities	12.5%	5%	7.5%
US Low Volatility Equities		5%	(5%)
International Equities	15%	14%	1%
Emerging Market Equities	5%	6%	(1%)
Alternatives	**15%**	**10%**	**5%**
Canadian Core Real Estate	7.5%	5%	2.5%
Global Infrastructure	7.5%	5%	2.5%

Current Municipalities – none

Model G (no alternative investments)

	2026	2025	Change
Fixed Income	**30%**	**30%**	
Short Term Bonds and Mortgages	20%	20%	
Commercial Mortgages	10%	10%	
Equities	**70%**	**70%**	

	2026	2025	Change
Canadian Equities	28%	30%	(2%)
Canadian Low Volatility Equities		5%	(5%)
US Equities	10%	6%	4%
US Low Volatility Equities	7%	6%	1%
International Equities	19%	16%	3%
Emerging Market Equities	6%	7%	(1%)

Current Municipalities – Bracebridge, Front of Yonge, Georgina, Lambton Shores

Model G+ (includes alternative investments)

	2026	2025	Change
Fixed Income	**20%**	**20%**	
Short Term Bonds and Mortgages	20%	20%	
Equities	**65%**	**70%**	**(5%)**
Canadian Equities	26%	35%	(9%)
US Equities	15%	9%	6%
US Low Volatility Equities		3%	(3%)
International Equities	18%	16%	2%
Emerging Market Equities	6%	7%	(1%)
Alternatives	**15%**	**10%**	**5%**
Canadian Core Real Estate	7.5%	5%	2.5%
Global Infrastructure	7.5%	5%	2.5%

Current Municipalities – Clarington

The investment portfolios for the Participating Municipalities will be updated after ONE JIB approves the updated model portfolios

The model portfolio selected in each Participating Municipality's ONE JIB-approved Investment Plan will remain unchanged. However, following ONE JIB approval of the updated model portfolios, the asset class percentages within the applicable investment portfolios will be adjusted to reflect the results of the 2026 model portfolio review. Consistent with the existing procedure, fund fulfillment will be managed by the external investment manager.

Durham Region will not be impacted by these updates because its portfolios are customized and are reviewed separately through Durham's annual Investment Plan review process with ONE JIB, which was last updated in September 2026.

5. CONCLUSION

The 2026 model portfolio review confirms that the existing model portfolios remain appropriate and aligned with ONE JIB's current approach. The proposed updates are measured refinements that incorporate current market assumptions, modestly improve portfolio risk/return characteristics, and maintain continuity for Participating Municipalities. Approval of the updated model portfolios will allow the applicable municipal investment portfolios to be adjusted in accordance with the revised allocations, while custom portfolios (i.e., Durham Region) will continue to be addressed through their respective Investment Plan review processes.

ATTACHMENTS

Attachment 1: 2026 New Portfolios – No Alternatives
Attachment 2: 2026 New Portfolios – With Alternatives

Drafted by: Jennifer Hess, CPA CMA, Manager Investment Services, MFOA
Approved by: Donna Herridge and Christina Pavone, Co-President/Co-CEOs, ONE Investment

2026 new portfolios – no Alternatives

Attachment 1

Asset allocations

	A*	B*	C*	D*	E*	F*	G*
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%	48%	35%	25%	20%	20%	20%
Corporate Bonds	10%	0%	0%	0%	0%	0%	0%
Private Placement Corporate Debt	10%	10%	10%	10%	7.5%	0%	0%
Commercial Mortgages	10%	10%	10%	10%	10%	10%	10%
High Yield Bonds	5%	0%	0%	0%	0%	0%	0%
Global Multi-Asset Credit	15%	12%	15%	15%	12.5%	10%	0%
Equities	**0%**	**20%**	**30%**	**40%**	**50%**	**60%**	**70%**
Canadian Equities	0%	4%	6%	8%	14%	20%	28%
Canadian Low Volatility Equities	0%	4%	6%	8%	6%	3%	0%
U.S. Equities	0%	3%	4.5%	6%	7%	8%	10%
U.S. Low Volatility Equities	0%	3%	4.5%	6%	7%	8%	7%
International Equities	0%	5%	7%	9%	12%	16%	19%
Emerging Market Equities	0%	1%	2%	3%	4%	5%	6%
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%

[1] Refer to appendix for modeling assumptions and disclosures.
[2] 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

2026 new portfolios – with Alternatives

Attachment 2

Asset allocations

	D+*	E+*	F+*	G+*
Fixed Income	**50%**	**40%**	**30%**	**20%**
Canadian Money Market	0%	0%	0%	0%
Short-Term Bonds and Mortgages	20%	20%	20%	20%
Corporate Bonds	0%	0%	0%	0%
Private Placement Corporate Debt	5%	0%	0%	0%
Commercial Mortgages	10%	10%	10%	0%
High Yield Bonds	0%	0%	0%	0%
Global Multi-Asset Credit	15%	10%	0%	0%
Equities	**35%**	**45%**	**55%**	**65%**
Canadian Equities	14%	18%	22.5%	26%
Canadian Low Volatility Equities	0%	0%	0%	0%
U.S. Equities	3.5%	5%	12.5%	15%
U.S. Low Volatility Equities	3.5%	5%	0%	0%
International Equities	11%	13%	15%	18%
Emerging Market Equities	3%	4%	5%	6%
Alternatives	**15%**	**15%**	**15%**	**15%**
Canadian Core Real Estate	7.5%	7.5%	7.5%	7.5%
Global Infrastructure	7.5%	7.5%	7.5%	7.5%

[1] Refer to appendix for modeling assumptions and disclosures.
[2] 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