



2020 ANNUAL
PERFORMANCE REPORT

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About ONE Investment

ONE Investment is an investment solutions provider established to sustainably service the investing needs of the Ontario municipal sector by building sector capacity and providing legally compliant investment opportunities that meet municipal objectives.

With over 25 years of experience serving the sector, ONE Investment understands the needs of municipalities. Since the 1990s, ONE has offered a Money Market portfolio and Bond portfolio. Over the years, we expanded our investment offerings with an Equity portfolio in 2007 and a Universe Corporate Bond portfolio in 2008. In 2010, we rebranded to “One Investment Program.” In 2015, we introduced a high-interest savings account (HISA) that offers a competitive rate for short-term monies.

In 2018, ONE Investment incorporated as a not-for-profit organization and received an exemption from the Ontario Securities Commission. This exemption granted ONE Investment the ability to provide municipalities with investment advice. The ONE Board was also established, comprised of LAS and MFOA/CHUMS representatives.

In 2019, the Municipal Advisory Team was formed; the team is comprised of a CFA Charterholder and a municipal finance expert. The advisory team guides municipalities through each step of the municipal investing process, from leveraging asset management plans and reserve and reserve fund knowledge to develop long-term cash flow forecasts, to building municipal investments into a capital financing strategy. In addition, the team provides guidance on the appropriate investment policy and portfolio structure.

On May 19, 2020, the ONE Joint Investment Board (JIB) was established by six Founding Municipalities: the Town of Innisfil, the Town of Whitby, the District Municipality of Muskoka, the Town of Huntsville, the City of Kenora, and the Town of Bracebridge. ONE JIB is a joint municipal service board, established under Section 202 of the Municipal Act, in accordance with Part II of O. Reg. 438/97. It is the first Joint Investment Board in the sector, providing access to the Prudent Investor Standard to all municipalities in Ontario. ONE Investment serves as agent to ONE JIB.

At year-end 2020, 183 Ontario municipalities and broader public sector investors held investments with ONE Investment. That is a year-over-year increase of 8 participants.

ONE Investment reached a milestone with total investment balances that surpassed \$2.7 billion in 2020.

ONE Investment's Core Values

Knowledge: We understand the municipal sector and provide resources that build municipal capacity and support evidence-based decision-making. At the same time, we understand the sector's need for investment solutions and advice.

Professionalism: We maintain high standards of expertise in all of our activities and ensure our investments and services are fully compliant with the legislation of Ontario.

Accountability: We assume responsibility for our decisions, actions, and operations. We monitor our activities through robust governance practices.

Cost effective: We provide efficient investment opportunities that recognize the competing needs for municipal resources.

Community: We give back to the municipal sector through the services provided by MFOA and AMO.

Governance

A robust governance and oversight structure is integral for ONE Investment to deliver on its core value of accountability. Previously as a program of the CHUMS and LAS Boards and now for the ONE Investment Board, the advice of municipalities and industry experts has been crucial. For over a decade, the Peer Advisory Committee, comprised of Municipal Finance representatives across the province, has been providing ONE with feedback regarding investments from the municipal perspective. In 2016, the Investment Advisory Committee, comprised of industry experts, was formed to provide guidance to ONE staff in making investment management decisions.

ONE Investment's Board of Directors features 10 members, with five members being appointed by each of the LAS and CHUMS boards.

ONE Investment Board of Directors

Ken Nix, Town of Scugog (Chair)

Gary McNamara, Town of Tecumseh (Vice-chair)

Robin Jones, Village of Westport

Gary Kent, City of Mississauga

Trevor Pinn, Municipality of Clarington

Julie Pittini, Region of Peel

Jean-Pierre Ouellette, JPO Next

Julie Stevens, District Municipality of Muskoka

Nancy Taylor, Regional Municipality of Durham

Sandra Zwiers, County of Essex

Committees

The following committees were established to provide advice to the Board of Directors and ONE staff:

Audit Committee

The Committee assists the ONE Investment Board (OIB) in its oversight responsibilities to review financial reporting requirements under ONE Legal List Investment Program and ONE Prudent Investment Program. The Committee also oversees the integrity of the financial management and reporting systems to help monitor and develop the financial-related risk management policies. The Committee consists of at least three Members, including representatives from the ONE Investment and Joint Investment Boards. Each member is financially literate, and independent of any external auditors.

Legal List Oversight Committees

Program and portfolio review and oversight of ONE Investment’s Legal List offerings is provided by two complimentary committees who provide advice to ONE staff. The Peer Advisory Committee is comprised of Ontario municipal financial professionals and provides a municipal perspective, while the Investment Advisory Committee is comprised of members with institutional investment and municipal finance experience to ensure the program is aligned with best practices and emerging trends in capital markets.

Peer Advisory Committee	Investment Advisory Committee
Ed Hankins, Region of York	Jennifer Dowty, CFA
Ed Stankiewicz, City of Greater Sudbury	Heather Douglas, Committee Chair, WF
Mark Martin, City of Ottawa	James Giles, CPA, CFA
Michael Coffey, TBayTel	Geri James, CFA
(a board of the City of Thunder Bay)	Bill Hughes, MBA, MES
Michael McGovern, Township of Central Frontenac	
Erika Kromm, Municipality of Neebing	
Tara Baker - City of Guelph	

ONE Prudent Investment Program

ONE Joint Investment Board

ONE JIB is a joint municipal service board ultimately responsible for the plan and execution of investments for participating municipalities under the Prudent Investor Regime as described in Part II of O. Reg. 438/97. ONE Investment acts as agent to ONE JIB, providing the services it requires to ensure it meets the requirements of a municipal service board and fulfill its duties with respect to executing investment decisions and portfolio monitoring and oversight.

Launched May 19, 2020, ONE JIB manages combined Municipal Investments of over \$300 million dollars under the Prudent Investment Program. ONE JIB is comprised of current and former municipal treasurers and investment industry professionals.

Many ONE JIB members have worked with ONE for several years through participation on ONE's Investment Advisory Committee (Legal List) and are committed to understanding the sector. Through their role on the Investment Advisory Committee, they advised on the development of the Prudent Investment Program, including providing expertise and oversight into the selection of the foundational investment offerings included in ONE's Prudent Investment Program.

ONE Joint Investment Board

Bill Hughes, Board Chair (MBA, MES)

Geri James, Board Vice Chair (CFA)

Heidi Franken, Board Member (CPA, CA)

James G. Giles, Board Member (CPA, CFA)

Jennifer Dowty, Board Member (CFA)

Mike Melinyshyn, Board Member (MBA, CPA, CMA)

Stephen Rettie, Board Member (CPA, CMA)

Committees

The following Committees are established by and report to ONE JIB:

- **Nominating Committee** - responsible for recruiting and recommending nominees to fill vacancies in ONE JIB.
- **New Products Committee** - responsible for researching and recommending appropriate investment products for the Prudent Investment Program, as well as reviewing existing product mandates and recommending changes, if necessary.

ONE Legal List Offering

Investment Options

1. High Interest Savings Account (HISA) - Recommended investment time horizon: 1+ months

The HISA preserves capital and maintains liquidity while maximizing short-term income via secure deposits with a Schedule One Canadian Bank under a master LAS/CHUMS savings account.

2. Money Market Portfolio - Recommended investment time horizon: 18 months

Portfolio Manager: MFS Investment Management Canada

The ONE Money Market Portfolio preserves capital and maintains liquidity while maximizing short-term income through a diversified portfolio of Canadian Treasury Bills and high-quality commercial paper.

3. Canadian Government Bond Portfolio - Recommended investment time horizon: 18 - 36 months

Portfolio Manager: MFS Investment Management Canada

The ONE Canadian Government Bond Portfolio is intended to provide a higher return over longer investment horizons than the Money Market Portfolio or HISA. These higher returns are garnered primarily through investment in a diversified selection of federal, provincial, and municipal bonds maturing within five years, as well as high quality bank paper.

4. Canadian Corporate Bond Portfolio - Recommended investment time horizon: 3 to 5 years

Portfolio Manager: MFS Investment Management Canada

Launched in 2008, the ONE **Canadian Corporate Bond Portfolio** (formerly known as the ONE Universe Corporate Bond Portfolio) allows municipalities to invest in highly rated corporate bonds, which historically have produced greater investment returns with only incremental additional risk. This investment type is available to Ontario municipalities only through ONE Investment, as per current municipal regulation.

5. Canadian Equity Portfolio - Recommended investment time horizon: 5+ years

Portfolio Manager: Guardian Capital LP

Launched in 2007, the ONE Equity Portfolio is the only opportunity for Ontario municipalities to invest their long-term investment dollars in the equity market, as per current municipal regulation. The portfolio has outperformed the major Canadian stock indices since inception as well as other investment vehicles available to the sector.

ONE Legal List Historic Returns

ONE INVESTMENT ANNUALIZED PORTFOLIO RETURNS & COMPARATORS

	1 year	2 year	3 year	5 year
High Interest Savings Account (HISA)	1.23%	-	-	-
Money Market Portfolio	0.85%	-	-	-
Canadian Government Bond Portfolio	5.29%	3.94%	3.13%	1.97%
Canadian Corporate Bond Portfolio	7.54%	6.24%	4.52%	3.42%
Canadian Equity Portfolio ¹	6.52%	12.26%	6.95%	9.00%
<u>Comparator Investment Returns</u>				
Bank Prime less 1.75% <i>(Source: Bank of Canada)</i>	0.7%	-	-	-
Guaranteed Investment Certificate (GIC) <i>(Source: Bank of Canada)</i>	0.35%	-	0.6%	0.8%
Canada Bond <i>(Source: Bank of Canada)</i>	-	0.51%	0.52%	0.59%
TSX Composite Index <i>(unmanaged without fees)</i>	5.6%	16.91%	9.11%	8.26%

* All ONE Investment returns shown are net of fees.

¹ 13-year return annualized since January 2007 portfolio inception is 7.26%

The following chart illustrates the number of investors participating in each of the five ONE Investment offerings under the Legal List, as well as the average and total deposit in each portfolio as of December 31, 2020. Year-over-year the number of active investors has increased by 14 in the HISA. Money Market, Canadian Government Bond and Canadian Corporate Bond (CCB) portfolio had a slight decrease whereas Canadian Equity portfolio had additional participants.

ONE's Legal List Balances at December 31, 2020 (\$ Mions)					
	HISA	MM	Bond	Corp Bond	Equity
Participants	132	37	64	48	60
Change in Participants from 2019	+14	-6	-4	-2	+3
Average Balance per Participant	\$9.9	\$0.5	\$2.7	\$5.6	\$11.7
Balance	\$1308.1	\$19.4	\$172.6	\$270.5	\$702.8

2020 Legal List Review

Legal List Program assets under management stood at \$2.47 billion as of December 31, 2020, 8.5% higher than the December 31, 2019 year-end balance of \$2.28 billion.

The interest rate environment changed significantly in 2020 in response to the economic impacts stemming from COVID-19. There were multiple rate cuts during the year that resulted in the overnight rate having an effective lower bound of 0.25% at the end of 2020. During these highly uncertain times, the Bank of Canada introduced quantitative easing programs to lower borrowing costs for businesses and individuals. Global economic growth also slowed down in 2020 due to high uncertainty in financial markets. Some resilience to maintain consumer activity was provided by quantitative easing in emerging and developed markets around the world. ONE Investment's fixed income portfolios have performed well given the market conditions and conservative risk profile of the investment mandates governed by the legislation.

As a result of the rate cuts noted above, the HISA rate was adjusted downward multiple times throughout the year. The HISA paid an average of 1.22% -with revised rate calculation finalized from bank prime rate to CIBC's monthly average prime less 2.285%

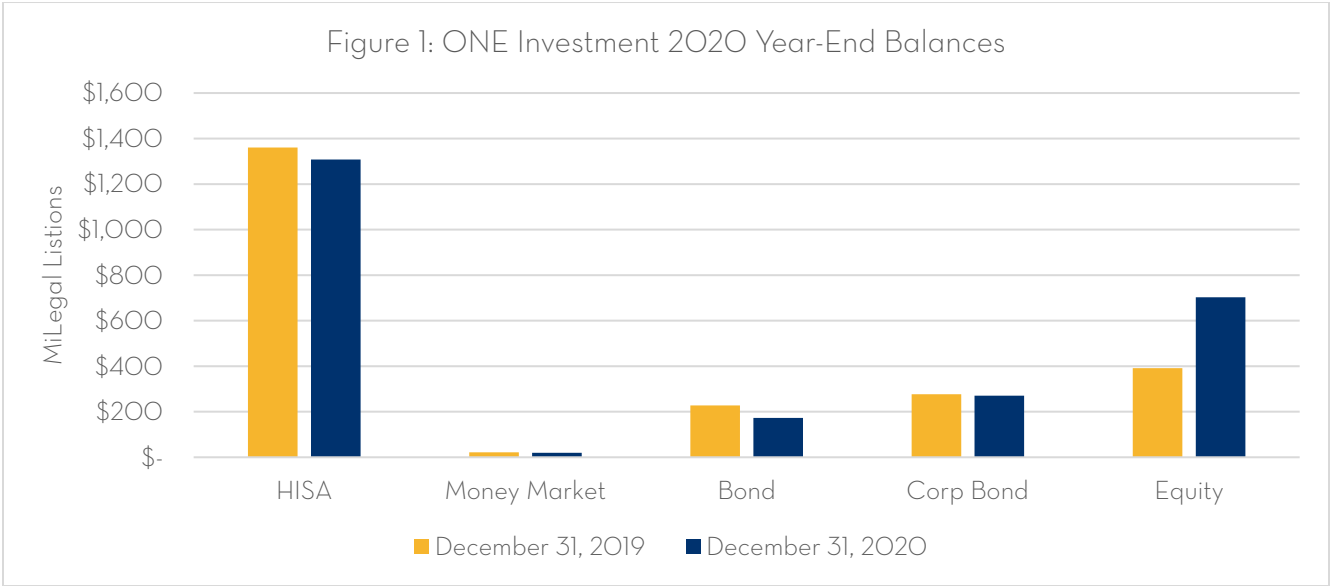
Year-Over-Year Change in ONE's Legal List Balance by Investment Offering				
	2019 (\$M)	2020 (\$M)	\$ Change	% Change
HISA	1,360.9	1,308.1	-52.8	-3.8
Money Market	22.1	19.4	-2.7	-12.2
Govt Bond	227.9	172.6	-55.3	-24.3
Corp Bond	277.1	270.5	-6.6	-2.4
Equity	391.7	702.8	311.1	79.4
TOTAL	2,279.8	2,473.5	193.7	8.5

- The total balance for the four traditional ONE Investment portfolios under the Legal List at year-end 2020 was \$1,165.3M, up \$246M or 8.4%, over the 2019 year-end balance of \$918M.
- Under the Legal List, the ONE Equity Portfolio ended 2020 with a balance of \$702.8M, almost double the amount from the previous year regardless of the turbulent market situation last year. This change can be attributed to a significant increase to investment in the fund coupled with markets that rebounded from the decline in March 2020. The change represents close to an 80% increase, which is significantly higher than the 2019 closing balance.
- In 2020, four investment products from Legal List offering were cloned into Prudent Investment Program, including High-Interest Savings Account, ONE Canadian Government Bond Fund, ONE Canadian Corporate Bond Fund, and ONE Canadian Equity Fund. A significant portion of Legal List assets was moved to the cloned investment products during 2020. Details of the balance transitioned to the Prudent Investment Program are provided in the next section.

Balance & Participation

The average monthly assets under management in the Canadian Equity portfolio was close to \$702M in 2020, up 79.4% from the average monthly balance of \$391M in 2019. If the money transitioned to the Prudent Investment Program’s Canadian Equity Fund are also included, the overall percentage increase is 89.5%. These levels were higher than any other year since the portfolio’s inception in 2007.

Figure 1 presents investment balances for HISA and the four investment portfolios under the Legal List at both 2019 and 2020 year-ends. On a year-over-year basis, the HISA the Canadian Government Bond and the Canadian Corporate Bond portfolio have decreased by 3.9% 24.2% and 2.3% respectively, but the decrease was largely due to transfers from Legal List to Prudent Investment Program, shown in Figure 2.



The Canadian Equity portfolio balance increased by 89.5% including the portion moved to Prudent Investment Program and 79.4% based on the final balance at the year end. The Money Market portfolio balance decreased by 12.1% as investors transitioned some of the monies to HISA or other investment options given the unstable market conditions during 2020.

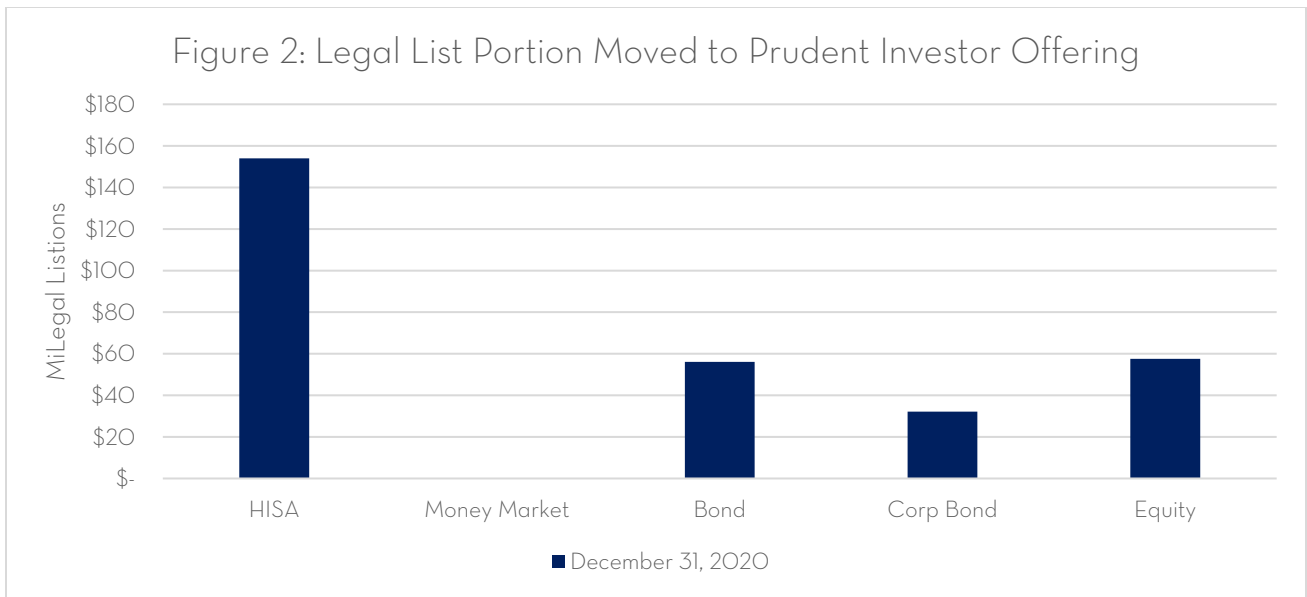


Figure 3 shows growth in Legal List portfolios including the portion moved to Prudent Investment Program offering. This chart is for illustration purposes with no compounding or market effect projected on the portion moved to Prudent Investment Program from July 2, 2020 to December 31, 2020.

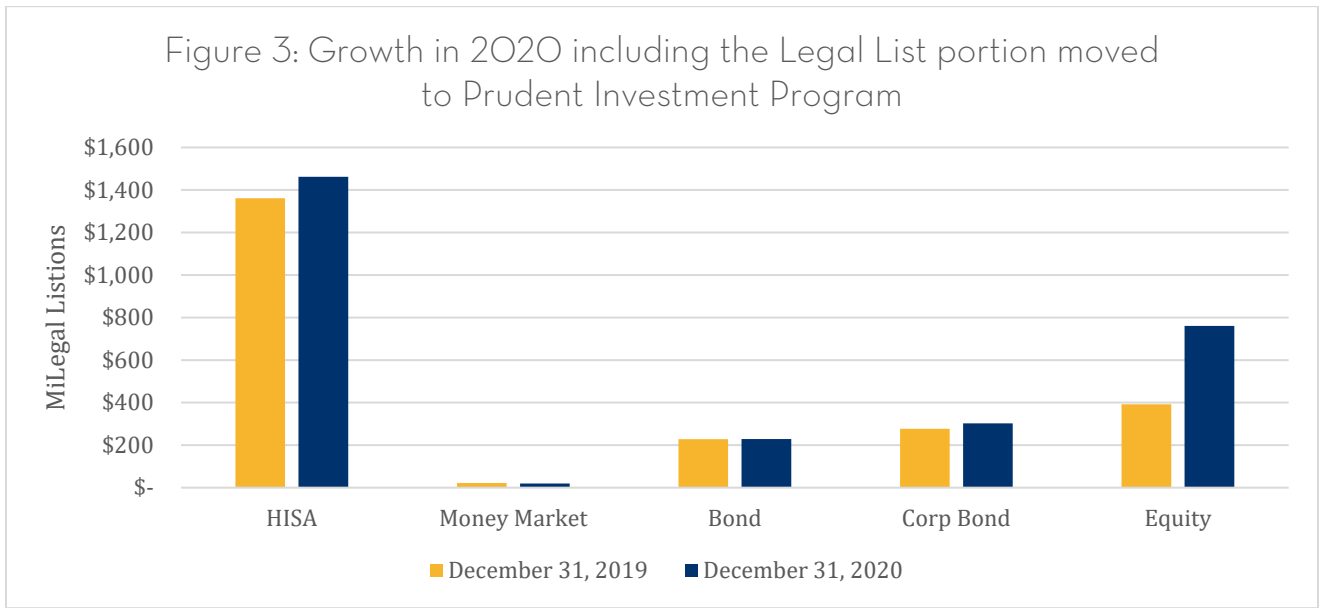


Figure 4 illustrates average quarterly balances over the last five years. ONE Investment saw consistent growth over the last five years, and despite market uncertainty in 2020, the overall balances showed significant growth in each quarter surpassing any period to date. This growth has resulted from a combination of factors, including educational opportunities offered by ONE. This training equipped municipal staff with the knowledge and expertise required to develop an investment approach suitable for their investment needs and also built their confidence in ONE's offerings. Another key factor is

ONE's Investment Advisory Services Team consisting of a municipal finance expert and an in-house CFA Charterholder. They assisted municipalities in making prudent decisions on their investible funds combined with turnkey solutions for easier implementation.

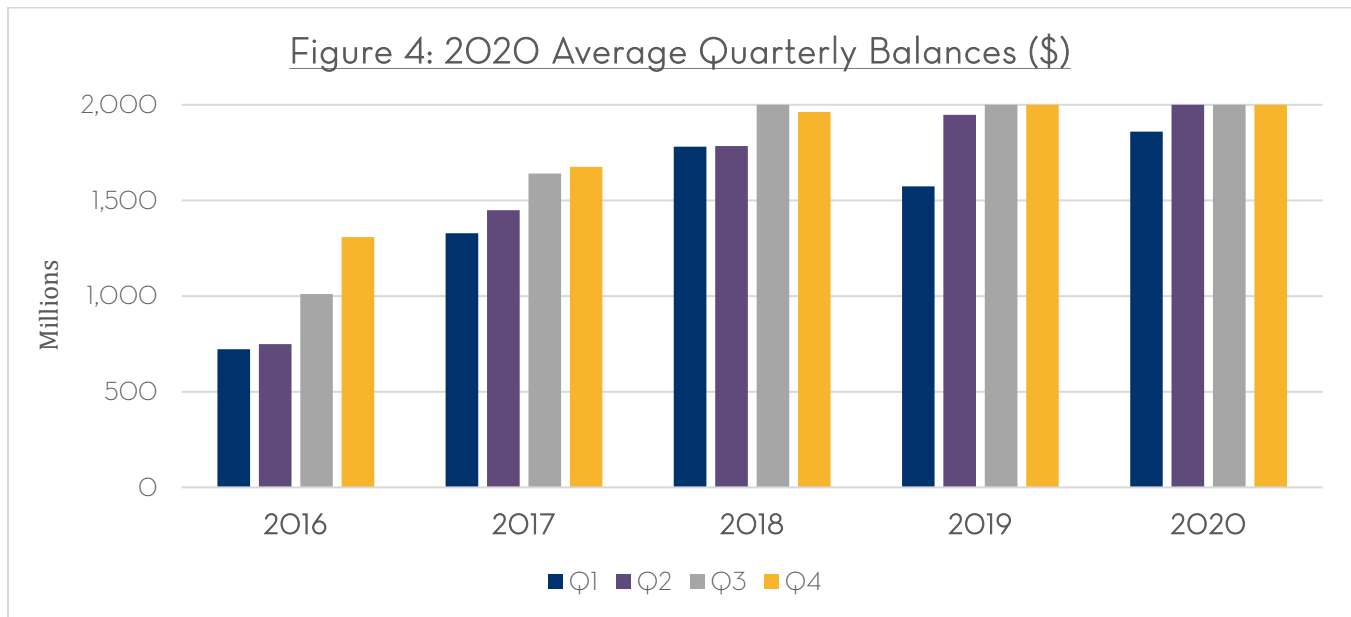


Figure 5 shows an analysis of 2020 activity within each of the four co-mingled ONE Investment portfolios including the unit price for each at both year-end 2019 and 2020. On a year-over-year basis, there has been an overall increase in the balances, but the year-end amounts show HISA, Money Market, Bond and Corporate Bond decrease by \$52.8M, \$2.7M, 55.3M and 6.6M respectively. The decrease in year-end balance is due to money transitioned to the Prudent Investment Program offering in July. The exact amounts moved for HISA, Bond, Corporate Bond and Equity Portfolio are \$154M, \$56.1M, \$32.1M and \$57.1M respectively. The Equity portfolio's year-end balance even after a significant amount was moved to Prudent Investment Program is showing an increase of \$311.1M.

Figure 5: Activity By Portfolio

		HISA	MM	Bond	Corp Bond	Equity
At December 31 st , 2019	Balance \$M	1360.9	22.1	227.9	277.1	391.7
	Price \$	-	965.6	876.5	1099.3	25.1
At December 31 st , 2020	Balance \$M	1,308.1	19.4	172.6	270.5	702.8
	Price \$	-	964.7	895.5	1143.2	26.0
Difference	Balance \$M	(52.8)	(2.7)	(55.3)	(6.6)	311.1
	Price \$		(0.9)	21.0	43.9	0.9
Portion Moved to PI		154	N/A	56.1	32.1	57.5

The two tables in Figures 6 and 6.1 represent the total investment on participant basis and year-end 2020 to 2019 balances provided for comparison. The number of active investors through 2019 grew by 8 at the year-end. This is 4.5% increase in the total number of ONE investors. Much of this new investor growth can be attributed to the rapid growth in the Equity Portfolio.

Figure 6: Total Deposits By Municipality Across All Products, as at December 31, 2020

Investment	Participants	Total Deposit in Range	Average Deposit in Range	% of Total Deposit
Less than \$100K	15	\$513,337	\$34,222.49	0.02%
\$100K to \$500K	22	\$5,919,381	\$269,062.77	0.2%
\$500K to \$1M	22	\$16,111,345	\$732,334	0.7%
\$1M to \$5M	57	\$156,485,900	\$2,745,367	6.3%
Greater than \$5M	67	\$2,294,465,880	\$34,245,759	92.8%
Totals	183	\$2,473,495,844		100.0%

Total investment in ONE's Legal List products at December 31, 2020 was \$2.47 billion, which is 8.5% higher than the total ONE balance only one year prior. If the portion moved to Prudent Investment Program is included than overall growth is under Legal List is 21.65% The December 31, 2019 balance was \$2.28 billion. Average deposits have a wide change in values but any new investment greater than \$5,000 is eligible within ONE Investment.

Figure 6.1: Total Deposits By Municipality Across All Products, as at December 31, 2019

Investment	Participants	Total Deposit in Range	Average Deposit in Range	% of Total Deposit
Less than \$100K	13	\$309,572	\$23,813	0.01%
\$100K to \$500K	22	\$5,962,071	\$271,003	0.3%
\$500K to \$1M	17	\$11,946,266	\$702,722	0.5%
\$1M to \$5M	61	\$160,391,872	\$2,629,375	7.0%
Greater than \$5M	62	\$2,101,200,568	\$33,890,332	92.2%
Totals	175	\$2,279,810,350	-	100.0%

Figure 7 and 7.1 summarizes ONE Investment participation by municipal population for both year-end 2020 and 2019. Overall, ONE Investment activity grew by 8 new investors. Investors from municipalities under 5,000 population grew by 6 additional investors. Two additional investors, one from medium sized population i.e., 25,001 to 50,000 and other one from over 100,000 population.

The total investments from broader public sector organizations increased by 33.8%. The share of investors with populations of more than 100,000 is close to half of the overall portfolio of ONE Investment.

Figure 7: Total ONE Investment Participation by Population as at December 31, 2020

Population	# of Investors	% of Investors	Investment (Millions)		% of Total Investment
			Per Investor	Total	
Broader Public Sector	18	10%	\$6.8	\$122.5	4.9%
< 5,000	51	28%	\$2.0	\$103.8	4.2%
5,001 to 25,000	64	35%	\$5.0	\$316.7	12.8%
25,001 to 50,000	18	10%	\$20.9	\$376.6	15.2%
50,001 to 100,000	12	7%	\$36.7	\$439.9	17.8%
100,000 +	20	11%	\$55.7	\$1,114.1	45.0%
Total	183	100%		\$2,473.5	100.0%

Figure 7.1: Total ONE Investment Participation by Population as at December 31, 2019

Population	# of Investors	% of Investors	Investment (Millions)		% of Total Investment
			Per Investor	Total	
Broader Public Sector	16	9%	\$5.7	\$91.5	4.0%
< 5,000	47	27%	\$1.9	\$92.4	4.1%
5,001 to 25,000	62	35%	\$5.3	\$327.6	14.4%
25,001 to 50,000	17	10%	\$18.2	\$309.2	13.6%
50,001 to 100,000	12	7%	\$31.8	\$381.6	16.7%
100,000 +	21	12%	\$51.3	\$1,077.5	47.3%
Total	175	100%	-	\$2,279.8	100.0%

ONE Prudent Investment Offering

ONE Investment’s approach for the Prudent Investment offering intends to set up a suite of funds with a relatively low risk profile to be used as building blocks to construct investment offerings that are suitable for the investment of long-term monies of Ontario municipalities. An outcome-based approach is used as a mechanism for translating municipal investment needs into appropriate investment allocations.

One of the primary goals of the prudent investor regime is to generate higher returns at acceptable levels of risk. ONE Investment’s prudent investor funds are relatively low risk strategies by design. It allows flexibility to increase equity allocations to achieve higher returns while still assuming appropriate levels of investment risk.

ONE JIB’s outcomes framework is summarized in Figure 1. Each outcome strategy in the framework has two key elements that connect the appropriate investment to money not required immediately (MNRI) by municipal clients – the objective and the investment horizon.

Figure 1: Prudent Investor Outcome Framework

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

	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years
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Each outcome strategy has a unique asset allocation, which reflects the risk/return characteristics appropriate for each outcome. A municipality may have portions of its MNRI allocated to several different outcomes.

The investment funds/vehicles used in the ONE Investment Prudent Investment outcomes provide exposure to the basic portfolio building blocks. They each represent the key asset classes required to build diversified allocations as described in Figure 2.

Figure 2: Initial Investment Vehicles	
Fund/Investment Vehicle	Asset Class
ONE HISA	Cash
ONE Canadian Government Bond Fund	Domestic sovereign bonds
ONE Corporate Bond Fund	Domestic corporate credit
ONE Global Bond Fund	Global fixed income (including high yield bonds)
ONE Canadian Equity Fund	Domestic equity
ONE Global Equity Fund	Global equity (including Emerging Markets)

New Investment Products

In addition to replicating the Legal List (Canadian Fixed Income Bond and Canadian Equity Product), the following Global Bond and Global Equity Funds were added:

1. Global Bond Fund

Launched in 2020, 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.

2. Global Equity Fund

Launched in 2020, 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.

2020 Prudent Investment Review

The introduction of 418.1 in the Municipal Act, 2001 Prudent Investor Standard offered municipal government's broader investment options with proper governance structure and some qualification requirements for municipalities to participate in the regime.

The launch of the first Joint Investment Board in collaboration with six Founding Municipalities, was a milestone for ONE Investment. The creation of ONE JIB permits access to the Prudent Investor Regime for any Ontario municipality that wishes to participate.

Balance and Participation

The following chart indicates the number of investors and year-end balances in each of the six investment offerings under the Prudent Investment Program. The total amount invested under the Prudent Investment Program is \$317.10 M. 28% of the Prudent Investment Program offering consists of Canadian securities, 64% is invested in Global Bonds, and Global Equities and the remaining 8% is held in cash under HISA to meet liquidity requirement for clients' portfolios. Each portfolio distributes Net Income and/or Net Realized Capital Gains at least annually. Net Income for fixed income funds is distributed quarterly and for equity funds is distributed annually.

Figure 3: ONE's Prudent Investor Balances at December 31, 2020 (\$ Millions)

	PI HISA	CAN Bond	CAN Corp Bond	CAN Equity	GLB Bond	GLB Equity
Participants	6	6	6	6	6	6
Average Balance per Participant	\$4.3	\$4.0	\$4.1	\$6.6	\$19.8	14.0
Balance	\$25.9	\$24.5	\$24.6	\$39.5	\$118.5	\$84.1

Figure 4 shows the initial price and balances from July 2, 2020 followed by price and balances at the end of the year. No additional funds were deposited for any investor for the remainder of the year. The fund's price or Net Asset Value (NAV) per unit means the total market value of a Fund at a specific

point in time (including the valuation of all securities and cash held in the Fund, income received or receivable, and Expenses paid or payable) divided by the total outstanding units of the Fund. There was a positive development in the fund's NAV, which means that the value of securities held in each fund increased by the end of the year. The price increase in Canadian Bond (CAN Bond), Canadian Corporate Bond (CAN Corp Bond), and Canadian Equity (CAN Equity) Fund showed an upward trend in the year-end balances by 1.1%, 1.4%, and 17.2%, respectively. Simultaneously, both Global Bond (GLB Bond) and Global Equity (GLB Equity) Fund's value increased by 4.8% and 6.8%, respectively.

Figure 4: Activity By Portfolio (in millions)

		PI HISA	CAN Bond	CAN Corp Bond	GLB Bond	CAN Equity	GLB Equity
At July 2, 2020	Balance \$M	\$25.8	\$24.2	\$24.2	\$113.1	\$33.7	\$78.7
	Price \$		1000	1000	1000	1000	1000
At December 31 st , 2020	Balance \$M	\$25.9	\$24.5	\$24.6	\$118.5	\$39.5	\$84.1
	Price \$		1001.1	1002.9	1027.9	1147.1	1030.3
Difference	Balance \$M	0.1	0.3	0.3	0.5	0.6	0.5
	Price \$		1.1	2.9	27.9	147.1	30.3

During 2020, the work was completed with Founding Municipalities to clearly define their investment needs. By aligning their cash flow forecast with investment outcomes, ONE JIB had a better understanding of the future use of funds and required investment horizons.

Figure 5 shows the overall allocations in each investment outcome for all municipalities. Due to the long-term nature of these funds, only 1.2% is allocated to the cash outcome. Other outcomes with 10+ year time horizon i.e. Asset Management Reserves (AMR) and Target Date 10+ year comprised of 5.5%. The funds with moderate risk tolerance with a potential contribution to a capital project in 5-10 years has the highest allocation under Target Date 5-10 year outcome at 38.9%. Target Date 3-5 year has comparatively higher liquidity requirement than other outcomes after cash and shows second highest allocation of 32.4%. Contingency and Stable Return outcomes makes up a total of 22.1%.

Figure 5: ONE's Prudent Investor Balances by Outcome (\$ Millions)

Date	Cash & Equivalents	Stable Return	Contingency	Asset Management Reserves	Target Date 3-5 Years	Target Date 5-10 Years	Target Date 10+ Years	Total
Balance Dec 31, 2020	\$3.9	\$22.9	\$47.1	\$0.3	\$102.6	\$123.3	\$16.9	\$317.1
% of Total - Dec 31, 2020	1.2%	7.2%	14.9%	0.1%	32.4%	38.9%	5.4%	100.0%

Figure 6 summarizes participation in Prudent Investment Program offering by municipal population for the year-end 2020. There are three investors from a small population group of 5001 - 25000 and one each in medium to large sized population groups of 25, 001 to 50,000, 50,001 to 100,000 and over 100,000.

Figure 6: ONE's Prudent Investor Balances Population at December 31, 2020 (\$ Millions)

Population	Municipal Participants	% Investors	Investment		% of Total Investment
			Per Municipality	Total	
5,001 to 25,000	3	50%	\$18.3	\$54.9	17.3%
25,001 to 50,000	1	17%	\$16.1	\$16.1	5.1%
50,001 to 100,000	1	17%	\$132.4	\$132.4	41.7%
100,000+	1	17%	\$113.5	\$113.5	35.8%
Totals	6	100%		\$317.1	100.00%

Year- End Highlights – High Interest Savings Account

The High Interest Savings Account (HISA) generated annual interest income of 1.23% which compounds daily for the period ended December 31, 2020. Bank of Canada changed the policy rates three times during the year resulting in Bank Prime rate changes and its impact on HISA rate. Despite the changes and market turmoil in 2020, HISA was still an efficient and competitive solution for municipal clients to park their funds for emergency purposes. As the year unfolded, market uncertainty continued to grow and the returns on the bank deposits continued to decrease. HISA still provided competitive interest rates with full liquidity option that attracted more investment in the product. GIC's were considered safe way to invest for municipalities but not an optimal option for the low interest rates paid on them. Also, locking money for longer term wasn't a viable option for changing cash flow needs of municipalities HISA has been historically used to invest provincial efficiency funding on a short-term basis but heightened uncertainty during the year resulted in more conservative approach where monies were parked in HISA not only for short term, but also for short to mid term investment horizon.

Year-End Highlights – Money Market

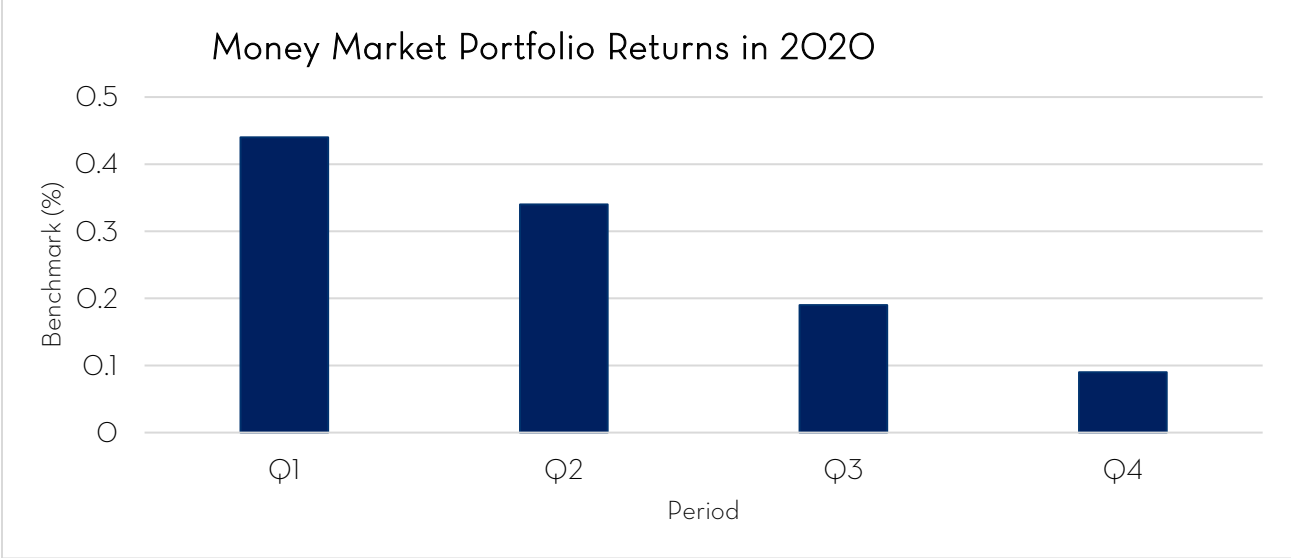
The fourth quarter of 2020 continued the rebound of risk assets as shown by strong equity market performance in both the U.S. and Canada. This completed the rebound for the year from the spring lows as both equity markets were up (about 11 and 9% respectively). The rebound from the sharp economic contraction continued, but economic growth is still below the pre pandemic trend. A rebound in value-oriented companies, financials, industrials, and commodities started in earnest in the fourth quarter. Fixed income instruments of these and other economically sensitive sectors did better than other sectors such as utilities.

In this risk on environment, credit spreads tightened, and rates of longer government bonds rose slightly while short bond rates fell. This resulted in slightly positive returns on government bonds for the quarter and bigger gains for corporate bonds. With rates ending the year lower than at the start of the year, fixed income returns were positive across the maturity spectrum. Lower credit rated bonds had a strong year. Credit spreads are now below long-term averages and in the U.S. are where they were in the 2003-07 period, which was a time of very tight spreads.

Returns for the money market portfolio before fees were 9 basis points (0.09%) for the quarter and 106 basis points (bp) for the year, outperforming the benchmark on a net basis by 3 bp for the quarter but underperforming by 40 bp for the year.

It appears as if the U.S. Federal Reserve is unlikely to raise interest rates anytime soon. They are indicating that to get unemployment rates down, they are willing to let inflation rise without raising rates. As well, fiscal stimulus will continue in the U.S. with a \$1.9 trillion package and Canada will continue to stimulate as well. The Bank of Canada is likely to follow the Fed's lead on rates, otherwise the already rapidly rising Canadian dollar would likely climb further, slowing economic growth.

As a result, the portfolio is positioned with a high-quality bias with some corporate exposure. The manager believes that while the Canadian economy is recovering, credit spreads are tight in historical terms, so there is not adequate compensation for taking greater credit risk at this time.



Year-End Highlights - Canadian Fixed Income

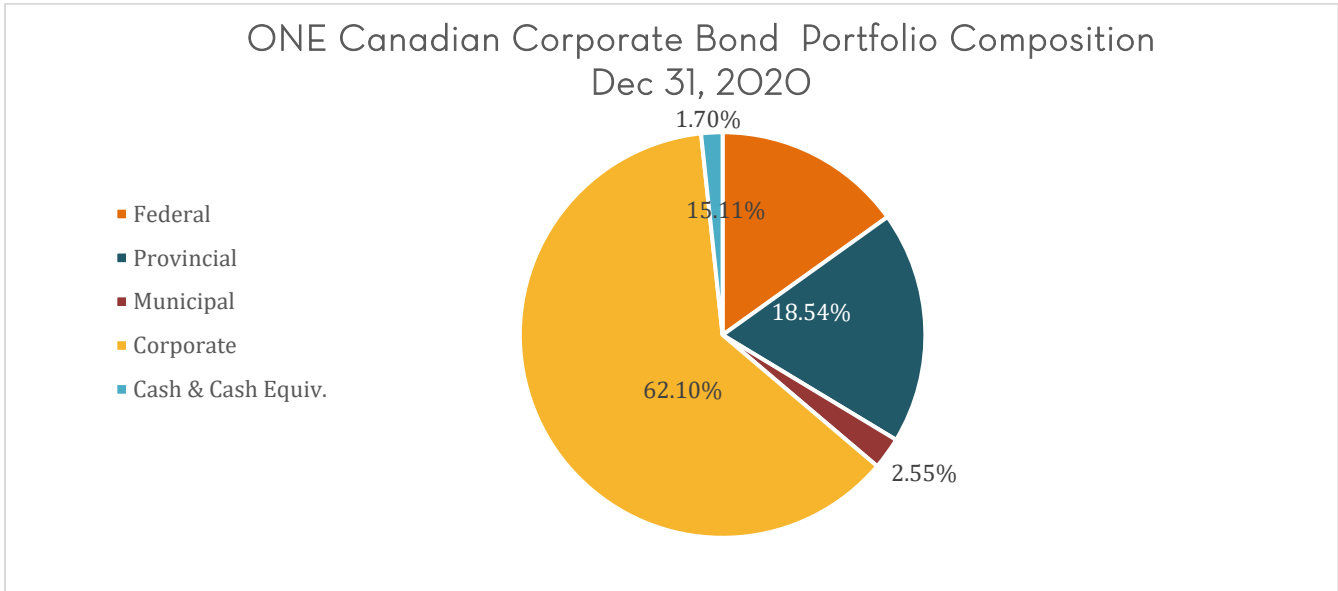
The fourth quarter of 2020 was a quarter where a risk on attitude prevailed. The combination of interest rates being suppressed by central banks at the short end and the continued government stimulus (with the central banks willing to support it) resulted in the riskier assets (equities and lower quality credit bonds) having a strong quarter. Safer assets (such as government fixed income) had a less strong quarter. Even within equities, smaller and lower quality equities outperformed larger more stable companies. Rates were lower at the end of the year than they were at the beginning, so for the year, fixed income returns were strongly positive.

The U.S. Federal Reserve continued to support the economic recovery with liquidity, low rates and supporting federal government spending programs. Once it became clear that the Fed was not going to let its balance sheet shrink meaningfully and not raise interest rates, investors became more optimistic. The economic data then started to improve enough to support the idea that further recovery lie ahead.

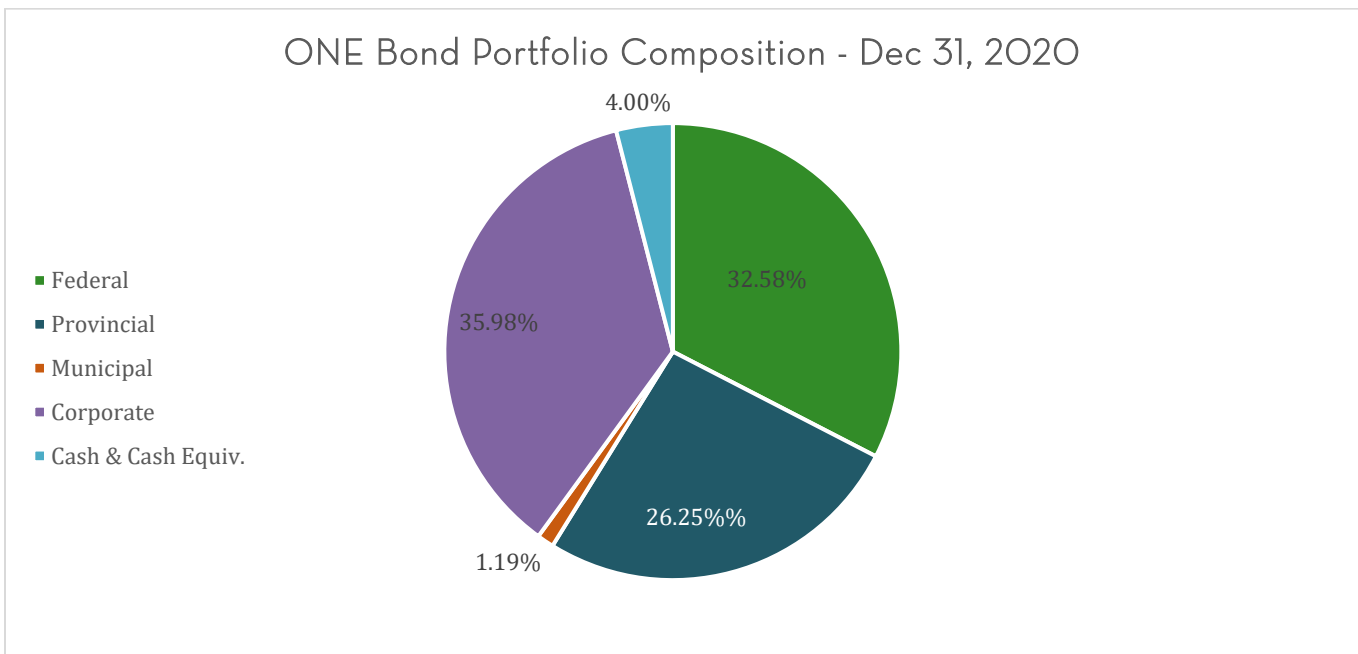
It looks like neither the U.S. Federal Reserve nor the Bank of Canada will be raising rates anytime soon. If anything, they appear willing to let inflation get ahead of policy ranges to support employment growth. As rates at the long end of maturity spectrum tend to move more freely for now, it will be interesting to see if the central banks intervene if rates rise significantly.

The ONE Canadian Corporate Bond Portfolio had a negative return of 74 basis points (0.74%) in the fourth quarter, but a strong positive return of 787 basis points (bp) for the year. These are before

fees. Net performance slightly exceeded the benchmark for the quarter by 8 bp, it was positive for year by 31 bp. Being overweight corporates generally and economically sensitive ones such as financials and infrastructure helped.



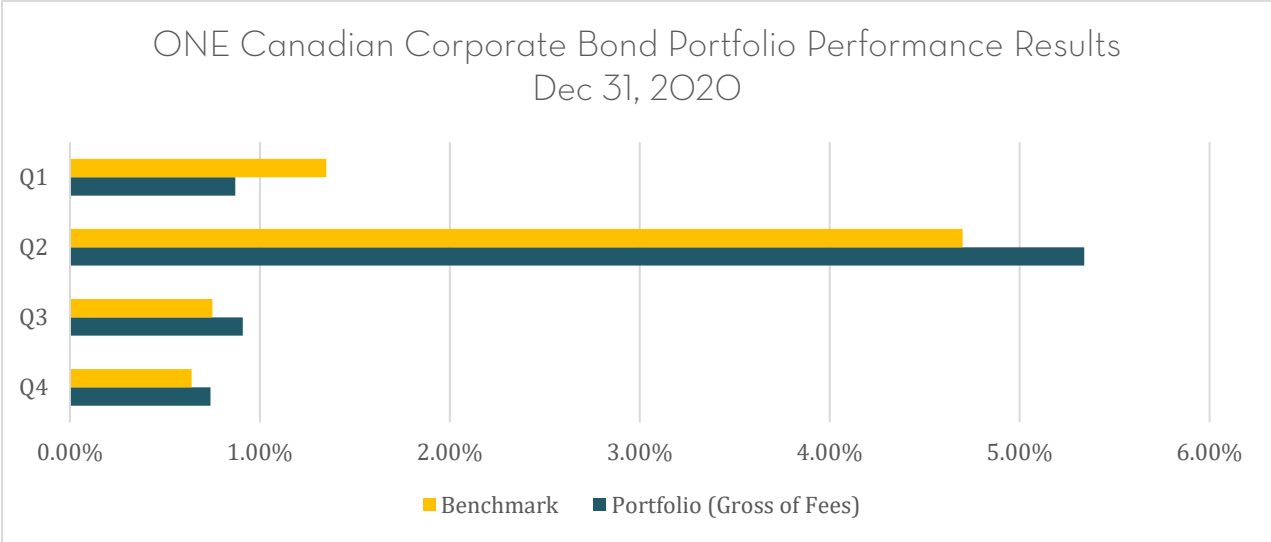
The ONE Canadian Government Bond Portfolio has had a positive return of 44 bp (0.44%) in the fourth quarter, but a strong positive return of 561 bp for the year. These are before fees. Performance was positive for the quarter and year by 23 and 90 bp respectively. Being overweight corporates generally and economically sensitive ones such as financials helped. Provincial bonds from Ontario and Quebec hurt performance.



The difference between the two portfolios is that the Universe portfolio has longer maturity bonds and a higher duration. These result in higher coupon yields as longer bonds tend to have higher yields. The Canadian Corporate bond portfolio will normally have a higher sensitivity to interest rate changes (higher duration) and as interest rates rose at the long end in the fourth quarter, the overweight to longer bonds hurt performance.

When looking at portfolio positioning for 2021 for both portfolios, there are several factors to consider. Global trade tensions, especially between the U.S. and China are not resolved even with the new president. This could slow the global economy but the question remains, will the global supply chains be permanently affected by higher costs? Debt levels of consumers in Canada and corporations and governments in North America are high enough that there may be a drag on growth as well. There was a lot of debt issuance by corporations last year. Commodity prices are important to the Canadian economy and are strengthening significantly (oil, lumber and base metals). If you remember, oil was below zero in March and is now over \$60 USD per barrel.

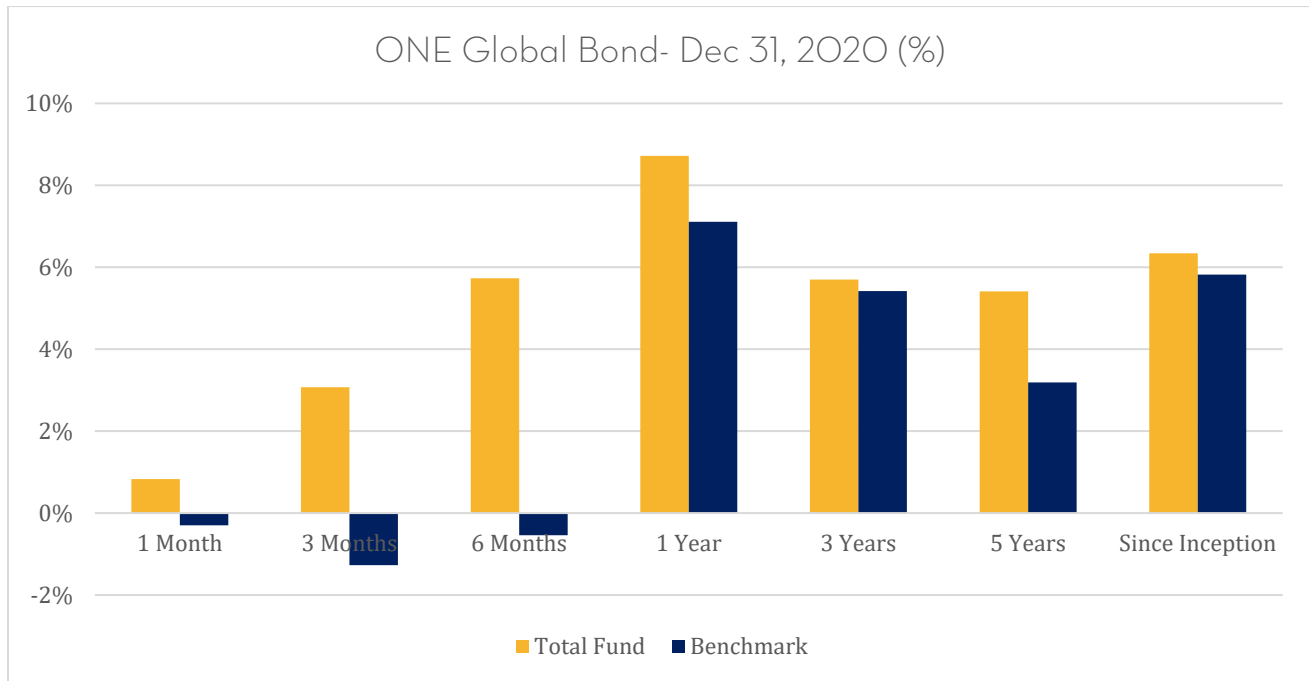
Given the aforementioned factors, the portfolio positioning is relatively conservative with high portfolio quality, duration about the same as the benchmark and corporate exposure less than normal. With credit spreads being tighter than normal, it is not easy to find issues where there is sufficient compensation for taking the extra risk.



Year-End Highlights - Global Bond

Global fixed-income markets advanced in the fourth quarter, capping a solid year of performance. A continued resurgence in COVID-19 cases in many regions of the world led to increasingly stringent restrictions and lockdowns, which put downward pressure on global economic activity. Despite this, the rollout of vaccines for the virus began in many countries, sparking optimism about a return to normality, which contributed to a sharp rally in corporate bonds, especially in lower credit quality

bonds. This is a sign of recovering investor confidence that saw strength in investments, such as high yield bonds and equities.

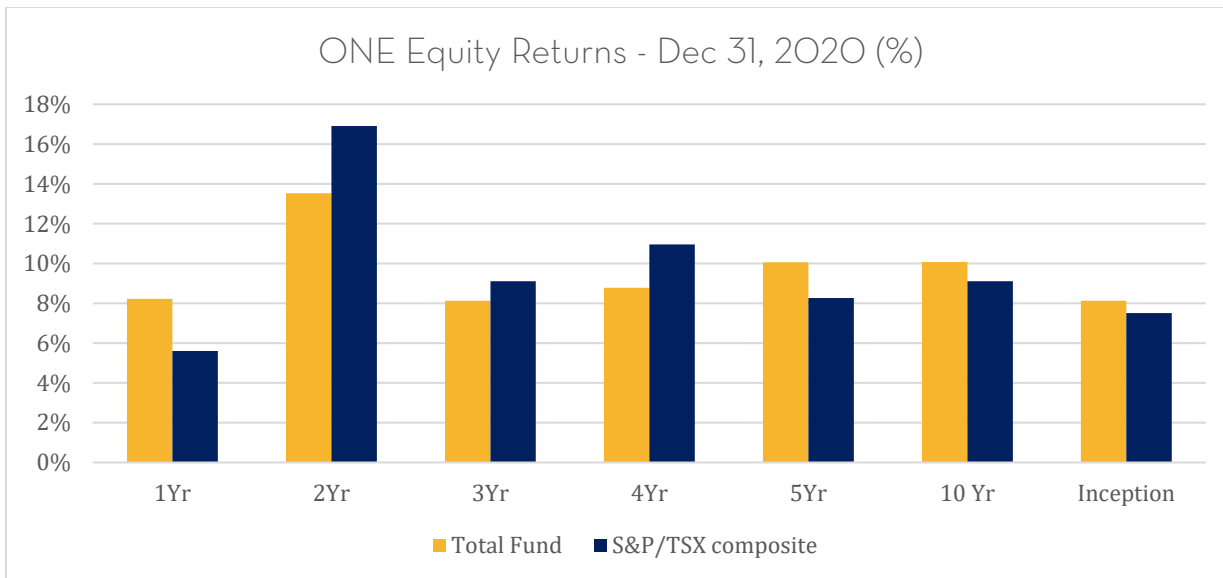


The improvement in credit markets is a continuing trend. In March 2020, investors reacted to the news of a global pandemic by reducing risk, leading to a sell-off in equities and lower credit quality bonds. This resulted in a dramatic widening of credit spreads, which peaked in March. The credit spread, which is the yield premium investors receive for assuming credit risk, has continued to contract for 3 consecutive quarters and now are below the historical average. This has prompted our fixed income investment managers to trim the size of their overweight exposure to corporate credit.

Year-End Highlights – Canadian Equity

2020 was a volatile year for equities given uncertainties arising from the rapid spread of COVID-19 worldwide. Despite the extreme moves in global stock markets, most major equity indices were resilient and ended the year in positive territory. In 2020, the ONE Canadian Equity Portfolio gained 8.2%, which exceeded the 5.6% return of its benchmark, the S&P/TSX Composite Total Return Index.

The positive return for the year was driven by strength realized in the final quarter of the year. The stock market rallied sharply in the fourth quarter after positive clinical trial data released from several pharmaceutical companies lifted prospects that vaccinations would be available in 2021. Cyclical stocks which are poised to benefit from a resumption in normal business activity surged along with depressed value stocks. In the fourth quarter, the ONE Canadian Equity Portfolio increased 11.2%, surpassing the 9% gain realized by the S&P/TSX Composite Total Return Index.



The ONE Canadian Equity Portfolio's outperformance relative to its benchmark during the quarter was driven largely by gains in the consumer discretionary sector, which contributed approximately 2.1% to this outperformance. Of note are two of the portfolio's large positions in Magna International and Gildan Activewear. These two consumer discretionary stocks rallied 48% and 36%, respectively, in the fourth quarter.

The portfolio's roughly 9% underweight position in the financial sector relative to the S&P/TSX Composite Total Return Index was the largest detractor, negatively impacting the portfolio's relative performance by approximately 0.9%. The Financials sector in the S&P/TSX Composite Total Return Index rallied 16.7%.

At year-end, the portfolio held 36 securities, down from 42 stocks at the end of the third quarter. The total number of securities held in the portfolio is at the lower end of the manager's targeted range of holding between 35 and 50 stocks.

During the quarter, two consumer stocks were added to the portfolio, Restaurant Brands and Maple Leaf Foods with weightings of 2% and 1%, respectively at quarter-end. The portfolio manager anticipates Restaurant Brands with its fast-food chains Burger King, Tim Hortons and Popeyes will benefit from higher traffic as more people are vaccinated and lockdowns are lifted. Maple Leaf Foods was added to the portfolio as the portfolio manager believes the stock is trading at a compelling valuation and has longer-term earnings growth potential.

The portfolio manager remains disciplined to their Growth-at-a-Reasonable Price (GARP) investment strategy. Consequently, eight securities were eliminated from the portfolio, Waste Connections, Thomson Reuters, Enbridge, Canadian Natural Resources, Brookfield Renewable Partners, Bank of Nova Scotia, and two gold stocks, Barrick Gold and Franco Nevada, most of which were due to high valuations. The portfolio manager believed the valuations were stretched for shares of Thomson Reuters, Brookfield Renewable Partners, Waste Connections, Franco Nevada and Barrick Gold, and

decided to sell these positions and redeploy the proceeds into other stocks with greater upside potential.

The company's largest holding is its investment in Magna International with a 5.4 % weighting. The portfolio was nearly fully invested with just 2.6 % in cash and cash equivalents as of Dec. 31. Looking to the year ahead, the portfolio manager stresses the need for portfolio diversification noting uncertainties surrounding the timing and speed of an economic recovery, the potential for inflation, and risks arising from rising interest rates. As such, the manager has taken a balanced approach, positioning the portfolio in high quality defensive as well as cyclical stocks.

Listed below are the portfolio's Top 10 holdings representing 44% of the total portfolio.

Top 10 Holdings for Canadian Equity Portfolio - 2020	
✓ Brookfield Asset Management	✓ Saputo
✓ Magna International	✓ Telus
✓ Gildan Activewear	✓ Bausch Health Companies ✓
✓ Alimentation Couche-Tard	✓ Rogers Communications
✓ CGI	✓ Canadian National Railway Company

Year-End Highlights - Global Equity

The ongoing global pandemic remains the key feature impacting the global economy and financial markets. Yet with many countries grappling with surging COVID-19 infections in the fourth quarter, investors propelled global stock markets to record highs. To a large extent, this renewed optimism relates to positive vaccine developments which offer the potential to restore a semblance of normality to daily life and allow economic reopening. The financial markets seem to have looked past peaking Covid-19 infections. Households, that have reduced spending during the pandemic, have the potential to unleash pent-up demand as restrictions are gradually lifted. These improving prospects and promise of continued support from governments and central banks globally helped buoy equity markets during the quarter. The positive market backdrop helped the Global Equity Fund appreciate approximately 3% in the quarter. Strong returns in the Fund's holdings in the consumer discretionary and information technology sectors made a significant contribution to returns. The manager's allocation choices across other sectors were less of a driver of performance than the choice of individual securities held. The manager focuses on companies that have a durable competitive advantage which should lead to solid returns over the long term. The result is a portfolio that prioritizes resilience and that is less exposed to cyclical or lower-quality stocks.

Top 10 Holdings for Global Equity Portfolio - 2020

✓ Microsoft Corporation	✓ Accenture Plc
✓ Wolters Kluwer NV	✓ Visa Inc.
✓ Intercontinental Exchange Incorporated	✓ Marsh & McLennan Companies, Inc.
✓ Alphabet Inc.	✓ Roche Holding Ltd.
✓ Aon Plc	✓ Johnson & Johnson

Adhering to an investment philosophy means that performance doesn't always fully participate in the shorter-term themes impacting equity markets. The manager's focus remains on wealth-creating businesses, excellent management teams, and stocks priced at a discount to intrinsic value. This approach is intended to provide meaningful downside protection in weak markets but may tend to not fully capture the upside in rising markets.

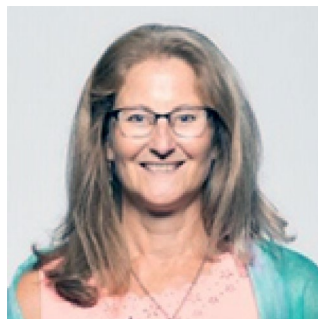
Investor Education and Outreach

- ONE has revamped existing communication channels and launched new channels while using more focused approach for newsletters in 2020. ONE continued to deliver update and insights with topical information on financial markets and municipal investing.
- ONE has also added podcasts to its communication toolkit. The podcast series is named "Main Street to Bay Street". The idea is to engage audience through different platforms and featuring updates in a conversational format.
- ONE also collaborated on various series of webinars in 2020 in conjunction with our portfolio managers. These webinars were developed for investors and municipal staff to help them understand current financial market trends and portfolio level thinking used in actively managing ONE's investment portfolios.
- ONE also took the opportunity to review training needs for the sector in 2020 by moving the Investment 101 course online so anyone can learn at their Pace from their Place.
- ONE Investment Advisory Service team combined efforts in building support for clients from a CFA Charterholder and municipal finance expert. The team has helped numerous investors in translating asset management plans to a financial strategy to fund the plan, create an investment policy and set up investment portfolios.

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