



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: February 26, 2026  
Re: Investment Manager Oversight Q4 2025  
Report: ONE JIB 2026-006

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the addition of RBC QUBE International Equity Fund to the approved funds list.
2. Approve administrative amendments to the Town of Bracebridge Investment Plan.

## 2. SUMMARY

The Investment Manager has provided a set of reports covering the fourth quarter of 2025. These reports offer detailed investment insights and market commentary regarding the holdings in the Prudent Investment Offering. They provide a comprehensive analysis of investment performance, enabling ONE JIB members to gain a clear understanding of the investment strategies and portfolio positioning. Attachment 1 provides excerpts from the commentary in recent client reports, while ONE JIB members have access to additional performance metrics for each of the funds within the Prudent Investment Offering through the resource library. These reports discuss:

- Macroeconomic and capital markets context.
- Summary of investment performance.
- A review of key investment themes and activities.

The CIO and CCO have reviewed these reports and continue to monitor the information provided. No significant issues were identified with the performance, and no significant operational issues were noted in the quarter, although an issue was identified in Bracebridge's Investment Plan that requires administrative amendments to correct.

Compliance and performance reporting are evolving to meet the needs of the new business model. Ongoing improvements to the reporting package continue to be implemented. ONE Investment continues to update the Compliance Manual to reflect changes in the business model, with oversight from ONE's Risk and Audit Committee.

During the fourth quarter, ONE JIB approved the removal of the PH&N Overseas Equity Fund from the list of investment funds due to a changed recommendation from the

Investment Manager. It replaced the fund in all portfolios with the RBC International Equity Index Fund as a temporary substitute. The Investment Manager's presentation will provide details on a more permanent replacement fund, RBC QUBE International Equity Fund.

### **3. BACKGROUND**

#### **ONE JIB and ONE Investment are responsible for the oversight of the activities of the Investment Manager**

ONE JIB is responsible for the control and management of the MNRI for Participating Municipalities. This mandate includes ongoing oversight of investments, regular performance evaluations, and supervision of any agents assisting with fiduciary duties. The CIO and CCO of ONE Investment are responsible for reviewing the Investment Manager's activities and reporting any significant issues to ONE JIB. Any concerns identified through this oversight process will be documented in quarterly reports to support transparency and accountability.

#### **As part of the oversight role provided by the CIO and CCO, the operation and execution of investment management activities are monitored**

Monitoring the external Investment Manager is required to ensure that the implementation of the Investment Plans and all associated administration is executed smoothly. Operational aspects of the Investment Manager's investment activities are regularly discussed with ONE's Risk and Audit Committee.

#### **Periodically, issues raised may require a decision by ONE JIB**

In the future, this quarterly report might identify issues that require direction from ONE JIB. This could include operational challenges, compliance issues, investment implementation problems, security substitutions, and other matters that could improve efficiency and promote the smooth operation of the Prudent Investment Offering. By keeping ONE JIB informed of emerging issues, potential risks, and strategic considerations, the report helps ensure that ONE JIB members stay fully informed of all relevant developments.

### **4. ANALYSIS**

#### **All investments have been made in accordance with the terms set out in the ONE JIB Agreement**

No significant concerns were identified in the review of all recurring reports from the Investment Manager and the custodian, including monthly statements of account, quarterly client reports, proxy voting details, and other reports. As ONE JIB's agent, ONE Investment has an obligation to ensure that all Participating Municipalities' MNRI is invested in accordance with ONE JIB's approved Investment Plans. Historically, this confirmation has been included in the quarterly reporting packages to Participating Municipalities. However, the reporting packages no longer provide this confirmation. Instead, ONE Investment staff will now verify this reporting obligation through this report, as shown in Figure 1 below.

*Figure 1 - ONE Investment Confirmation*

Under the terms of section 8.02 of the ONE JIB Agreement, ONE Investment confirms as follows:

For the quarter ended December 31, 2025, to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipalities 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 Investment Policy Statement and the Investment Plan of each Participating Municipality.

### **Work continues with the Investment Manager to enhance reporting**

Enhancements continue to be implemented to improve reporting and provide supplemental information used by the CCO, CIO, and ONE JIB in overseeing investments. Some of these enhancements address input from ONE's Risk and Audit Committee, on which the CCO has been working alongside the Investment Manager. While not all requests have yet been fulfilled, substantial progress has been achieved.

Additional reports have been introduced to provide enhanced information for analyzing holdings and performance. In addition, annual reporting on gains, losses, and income has been made available for Participating Municipalities.

### **In the fourth quarter, the PH&N Overseas Equity Fund was replaced by the RBC International Equity Index Fund, a temporary measure until a replacement fund was made available in Q1 2026**

In October 2025, the Investment Manager recommended replacing the PH&N Overseas Equity Fund with a more diversified, quantitatively managed fund, the RBC QUBE International Equity Fund (available in Q1 2026), which provides the same asset-class exposure. MNRI invested in the PH&N Overseas Equity Fund, which was reallocated to the RBC International Equity Index Fund as a temporary replacement. All the above-mentioned funds provide EAFE (Europe, Australasia, and Far East) exposure.

### **The Investment Manager is recommending that the RBC QUBE International Equity Fund be used in Investment Plans**

The Investment Manager has been in the process of finalizing changes to an existing fund that would provide EAFE exposure using a quantitative investment approach. This redesigned mandate will be used in client allocations. It is intended that this transition would occur in the first quarter of 2026. It is recommended that ONE JIB approve adding the RBC QUBE International Equity Fund to the approved funds list to complete the transition. The manager's presentation will discuss the Fund's mandate and the intended transition in more detail.

The new Fund will be managed by the same team that currently manages the RBC QUBE Canadian Equity Fund, RBC QUBE U.S. Equity Fund, and low volatility equity allocations.

**A minor administrative adjustment was required for Bracebridge’s Investment Plan**

A typo was identified in Bracebridge’s Investment Plan that incorrectly represented allocation ranges. The allocation target for Canadian Fixed Income should be 30%, and allocation to Global Fixed Income and Credit should be 0%, according to the details approved for Model G. Bracebridge’s MNRI is invested according to the approved model, so this administrative issue had no impact on the intended investment allocation. The Investment Manager has systems to monitor client allocations, ensuring they are invested according to the appropriate model, and the CIO and CCO also have a process to independently monitor allocations of all the Participating Municipalities. The process of drafting the Investment Plans and associated ONE JIB reports is a much more manual process. Typos in a reference spreadsheet used in the preparation of the ONE JIB report were not detected, leading to this administrative issue. Additional scrutiny will be required in the future to prevent a recurrence of similar issues in the future.

For clarity, allocations to the ONE JIB-approved model take precedence over any allocation tables detailed in client Investment Plans or associated reports. This means that any approved changes in the models should not require updating Investment Plans before such changes to allocations are implemented. The attached Investment Plan reflects the amendments.

**Staff maintains a list of items that may merit further discussion**

Staff are maintaining a short list of items that require future discussion internally or may involve input from ONE JIB. These items are intended to improve aspects of the investment offering or the reporting. Table 1 below provides some of these potential topics.

Refinements to compliance and investment reporting will require ongoing effort, with incremental changes made over time.

*Table 1 – Potential Future Discussion Items*

Item	Detail	Status
Reconciliation of activity related to the transition to model portfolios.	Complexities related to the transition of some clients from outcomes to models affected client transaction reporting.	All transitions complete. Full reconciliation of transactions completed.
Investment and reporting solutions for sinking funds	This is a new consideration for the ONE JIB that will need to be designed to address known client needs.	Planning started. Solution will be required by Q3 2026.
Enhance data analysis and monitoring of allocations for CIO/CCO monitoring	Being dependent on external data sources and systems limits CCO and CIO’s ability to monitor allocations and provide oversight.	Project in progress to import data into Harmony to facilitate independent review at ONE

Further enhancements to refine the reporting solution.	<p>Client reporting continues to be enhanced; revisions may be necessary to address client needs or to better present the information in a format suitable for municipal clients.</p> <p>Enhancements also intend to support and strengthen the oversight role of the CCO/CIO</p>	Incremental improvements continue to be made.
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**5. CONCLUSION**

The Investment Manager has prepared a quarterly reporting package detailing the investment activities associated with the Prudent Investment Offering and providing essential context on investment performance. This will facilitate ONE JIB's review of the investment performance. The Investment Manager's representatives are scheduled to make a quarterly presentation to ONE JIB concerning investment performance, developments in capital markets, and other pertinent matters related to the Prudent Investment Offering. The presentation will also address the addition of the RBC QUBE International Equity Fund to the approved fund list. This fund is expected to be added to investor portfolios in the first quarter of 2026 (Q1 2026) to replace the index fund, which is providing temporary exposure to EAFE equities.

As part of their ongoing oversight responsibilities, the CIO and CCO will continue to collaborate closely with the Investment Manager to review reporting and, as needed, implement oversight measures.

**ATTACHMENTS**

Attachment 1: Investment Management Report for ONE Investment – Quarterly Commentaries – Q4 2025

Attachment 2: Bracebridge Investment Plan 2025 with administrative amendments

Drafted by: Keith Taylor, Chief Investment Officer

Approved by: Afshin Majidi (interim) and Donna Herridge, Co-Presidents/CEOs