



# **The District Municipality of Muskoka**

## **Investment Plan**

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## 1. Definitions

<b>Act</b>	Act means the <i>Municipal Act, 2001</i> , S.O. 2001, c. 25, as amended from time to time.
<b>Agent</b>	Agent means any administrator, Custodian, payment servicer, External Portfolio Manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB, in the manner and to the extent provided in the Regulation, pursuant to a written agreement with ONE Investment and, without limiting the generality of the foregoing, Agent includes ONE Investment.
<b>Asset Allocation</b>	Asset Allocation means the proportions of each Asset Allocation (or Asset Class) in an investment portfolio. The primary Asset Allocations (or Asset Classes) are cash and cash-equivalent instruments, fixed income, equities and equity-equivalent securities. These primary Asset Allocations (or Asset Classes) can be further subdivided into government and corporate bonds, large and smaller cap equities and other widely recognized asset categories. [ONE Investment generally uses the term “Asset Allocation” to refer to the percentage, at the applicable time, of an investment portfolio comprised of cash, fixed income and equities.]
<b>Asset Class</b>	Asset Class means the type of asset category in an investment portfolio. The primary Asset Classes (or Asset Allocations) are cash, cash-equivalent instruments, fixed income equities and equity-equivalent securities. These primary Asset Classes (or Asset Allocations) can be further subdivided into government and corporate bonds, large and small cap equities and other widely recognized asset categories. This term can be used interchangeably with Asset Allocation (defined above).
<b>Asset Weight</b>	Asset Weight means the actual percentage of HISA and/or of a particular Fund in comparison to the entire amount invested in a particular Outcome and also means the actual percentage of HISA and/or of a particular Asset Allocation in comparison to the entire amount invested in a particular Outcome. This term also includes the actual percentage of HISA and/or of a particular Asset Allocation in comparison to the entire amount invested in the investment portfolio.
<b>Authorizing By-law</b>	Authorizing By-law means, with respect to a Participating Municipality, the by-law under which it (i) adopts and undertakes to maintain its IPS, (ii) authorizes the entering into of the ONE JIB Agreement with ONE JIB and the other Participating Municipalities, (iii) approves its completed MCQ, (iv) authorizes the establishment of a Code of Conduct for ONE JIB, and (v) delegates to ONE JIB the authority to appoint its Integrity Commissioner and its Closed Meeting Investigator.

Note: an Authorizing By-law of a Participating Municipality can, at the option of council, also be constituted as the Prudent Investor Enabling By-law by

specifying a specific future date, agreed to by ONE JIB, as the date on which the PI Standard will apply to the Participating Municipality under Section 418.1 of the Act.

**Benchmark**

Benchmark means an independently verifiable index that is representative of a specific securities market. For the most part the Benchmark is a relevant market index e.g., the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc. against which investment performance can be compared. ONE Investment generally selects recognized and widely used performance benchmarks which measure total returns expressed in Canadian dollars. ONE Investment may use a single index or a blended index made up of one or more indices.

**CFA Institute**

CFA Institute means the not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry.

**Chief Compliance Officer (CCO)**

Chief Compliance Officer means a duly qualified individual who is the most senior officer responsible for the design and implementation of the compliance program for ONE Investment and for the ONE Prudent Investment Program.

**Chief Investment Officer (CIO)**

Chief Investment Officer means a duly qualified individual who is the most senior person responsible to oversee investments and who advises ONE JIB as to the recommended Outcomes for Participating Municipalities to comply with their IPSs.

**Credit Risk**

Credit Risk means the possibility that a borrower will not repay a loan or meet other contractual obligations in full on time. One example of credit risk is the risk that a lender may not receive the borrowed principal and interest when due. Another example of credit risk, sometimes referred to as counterparty credit risk, is the risk that a party to a derivatives contract will default and fail to fulfill its obligations.

**Custodian**

Custodian means a specialized financial institution appointed to have custody and safekeeping of financial assets. Global Custodians may hold assets for their clients in jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

**Derivative**

A derivative means a contract between two or more parties the value of which is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

<b>Drift</b>	Drift means the deviation from Target Weight. Drift is cause for concern or a trigger for Rebalancing when it reaches or exceeds a certain magnitude for a specified period of time.
<b>ESG (Environmental, Social and Governance Factors)</b>	ESG factors mean “indicators used to analyse a (investee) company’s prospects” which are based on measures of its performance on environmental, social, and corporate governance criteria. According to the United Nations Principles of Responsible Investment, environmental issues relate to “the quality and functioning of the natural environment and natural systems”, social issues relate to “the rights, well-being and interest of people and communities”, and governance issues relate to “the governance of companies and other investee entities.”
<b>External Portfolio Managers</b>	External Portfolio Managers means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a ONE Investment Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.
<b>Funds</b>	Funds mean the pooled investment Funds offered as part of the ONE Prudent Investment Program and includes the ONE Canadian Equity Fund, the ONE Global Equity Fund, the ONE Canadian Bond Fund, the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund, each of which is a Fund. Each Fund constitutes an Investment Fund and a Pooled Fund (defined below).
<b>In-Kind</b>	In-Kind means assets/securities instead of cash. In certain cases Participating Municipalities may transfer securities to ONE JIB that reflect a portion of their MNRI instead of remitting only cash to ONE JIB. As these securities mature ONE JIB would invest the proceeds into the Outcomes specified in the relevant Investment Plan.
<b>Internal Controls</b>	Internal Controls mean a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.
<b>Investment Fund</b>	Investment Fund means a pool of money belonging to many investors that is used to collectively purchase stocks, bonds or other securities. This term includes a Fund (defined above) and a Pooled Fund (defined below).
<b>Investment Plan</b>	Investment Plan means the investment plan for a Participating Municipality applicable to its Long-Term Funds and investments that the Participating Municipality does not require immediately, as adopted and maintained by ONE JIB under the Regulation, as the Investment Plan may be amended from time to time.
<b>Investment Policy Statement (IPS)</b>	Investment Policy Statement means the investment policy applicable to a Participating Municipality’s investments adopted and maintained by the council of the Participating Municipality for Long-Term Funds under the

	Regulation, and for Short-Term Funds, as the IPS may be amended from time to time. The IPS may also apply to the money and investments held by the Participating Municipality for the benefit of persons other than the Participating Municipality itself and may make reference to any source of money in which the Participating Municipality may have an indirect interest but which the Participating Municipality has no authority to invest.
<b>Legal List Securities</b>	Legal List Securities mean the securities that are prescribed from time to time in Part I of the Regulation.
<b>Leverage</b>	Leverage means using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage tends to increase investment risks.
<b>Local Distribution Corporation</b>	Local Distribution Corporation or LDC means a corporation incorporated under section 142 of the Ontario <i>Electricity Act, 1998</i> , as amended from time to time.
<b>Long-Term Funds</b>	Long-Term Funds mean money that the Participating Municipality has defined as long-term and characterized as money that is not required immediately in its IPS. Long-Term Funds will be invested in accordance with the Prudent Investor Standard.
<b>Money Not Required Immediately (MNRI)</b>	Money Not Required Immediately means money that is not required immediately by a Participating Municipality, the control and management of which has been given to ONE JIB. There is no universal definition of MNRI and it is at the discretion of each Participating Municipality to determine its MNRI in a way that is appropriate for its circumstances. A Participating Municipality's council must determine its MNRI.
<b>Municipal Client Questionnaire (MCQ)</b>	Municipal Client Questionnaire means a document which is completed by the Treasurer of each Participating Municipality and which includes information on municipal investments and risk preferences that must be reviewed annually.
<b>Municipality</b>	Municipality means the District Municipality of Muskoka.
<b>ONE High Interest Savings Account (HISA)</b>	ONE High Interest Savings Account means an account created by ONE Investment, into which money may be deposited, that offers competitive interest rates on daily balances. It functions in a similar way as a bank account in that it pays interest and money can be withdrawn on demand without triggering investment gains or losses.
<b>ONE Investment</b>	ONE Investment means the not-for-profit organization founded by CHUMS Financing Corporation and Local Authority Services that serves as an agent of ONE JIB to supply management, administrative and other services required by ONE JIB in the discharge of ONE JIB's duties and responsibilities.
<b>ONE JIB</b>	ONE JIB means ONE Joint Investment Board, established by certain Participating Municipalities (sometimes referred to as the Founding Municipalities) under section 202 of the Act as a Joint Investment Board for

purposes of Part II of the Regulation. ONE JIB, as constituted from time to time, is the duly appointed Joint Investment Board for a Participating Municipality and acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, and each Participating Municipality's IPS and Investment Plan.

**ONE JIB Agreement** ONE JIB Agreement means the agreement effective as of July 2, 2020, entered into between ONE JIB, the six original Participating Municipalities (sometimes referred to as the Founding Municipalities) and One Investment in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Participating Municipality's money and investments that are not required immediately under Section 418.1 of the Act and in accordance with the Regulation.

**ONE Legal List Investment Program** ONE Legal List Investment Program means the program in which municipalities and other eligible investors may jointly invest in securities that are prescribed in Part 1 of the Regulation under Section 418 of the Act.

**ONE Prudent Investment Program** ONE Prudent Investment Program means the program for municipal investment in respect of which a Participating Municipality has appointed ONE JIB as its Joint Investment Board and has entered into the ONE JIB Agreement. The ONE Prudent Investment Program includes the Prudent Investment Offering (defined below).

**Outcome** Outcome means the categories and strategies in accordance with which a Participating Municipality's MNRI may be invested. "Outcome" is used interchangeably with "solution". There are four different Outcome categories. They include the "cash", "stable return", "contingency" and "target date" categories. Each Outcome category shares certain objectives or goals for the MNRI invested in accordance with that Outcome category. The Outcome categories are used by ONE JIB to determine the appropriate Outcome strategies for each Participating Municipality. An Outcome category may have one or more Outcome strategies associated with it. Each Outcome strategy formulated by ONE JIB includes objectives, risk tolerance, liquidity needs, time horizons and Asset Allocations. The Outcome strategies are designed to enable ONE JIB to respond to a Participating Municipality's specific needs and circumstances. A Participating Municipality's Outcomes portfolio consists of its Outcome categories and strategies and the associated investments in the Funds associated with each Outcome strategy. A Participating Municipality's Outcomes portfolio considers a Participating Municipality's MNRI in its entirety and is determined individually by ONE JIB to meet the investment objectives for each Participating Municipality. A Participating Municipality's MNRI may be invested in accordance with several different Outcome categories and strategies.

**Outcome Framework** Outcome Framework means the entire set of Outcome categories and strategies authorized by ONE JIB.

<b>Participating Municipality</b>	Participating Municipality means from time to time each of the municipalities for whom ONE JIB acts as the Joint Investment Board under the terms of the ONE JIB Agreement and includes the Participating Municipalities that established ONE JIB (sometimes referred to as the Founding Municipalities).
<b>Pooled Fund</b>	Pooled Fund means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute funds that are invested and managed by an External Portfolio Manager. Money belonging to various investors is pooled and used collectively to purchase stocks, bonds and other securities. This term includes a Fund (defined above).
<b>Portfolio</b>	Portfolio means any collection of Funds that are grouped together and required for specific purposes.
<b>Proxy Voting</b>	Proxy Voting means the exercise of voting rights attached to the securities under the control and management of ONE JIB under the ONE Prudent Investment Program. ONE JIB may direct the voting of proxies in accordance with ONE JIB's proxy voting policies. In the normal course, ONE JIB and ONE Investment delegate voting of proxies to the applicable External Portfolio Manager pursuant to the investment management agreement with such External Portfolio Manager.
<b>Prudent Effective Date</b>	Prudent Effective Date means the effective date set out in a Prudent Investor Enabling By-law as the date on which the Prudent Investor Standard applies to the Participating Municipality.
<b>Prudent Investment Offering</b>	Prudent Investment Offering refers to the suite of investment products and services used to invest MNRI of the Participating Municipalities. It is inclusive of the Pooled Funds that have been formed for this purpose, HISA accounts associated with ONE JIB activities, and the Outcomes of ONE JIB. The Prudent Investment Offering is included in the ONE Prudent Investment Program (defined above).
<b>Prudent Investor (PI)</b>	Prudent Investor means an investor who makes an investment using the care, skill, diligence and judgment that an investor acting in accordance with section 418.1 of the Act would exercise in making the investment.
<b>Prudent Investor Enabling By-law</b>	Prudent Investor Enabling By-law means, with respect to a Participating Municipality, the by-law under which it makes the Prudent Investor Standard apply to it as at the specific date set out in such by-law under Section 418.1 of the Act.
<b>Prudent Investor Standard</b>	The "Prudent Investor Standard" means the standard of care which requires ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment. The Prudent Investor Standard means that the securities in which a Participating Municipality can invest are not prescribed. The Prudent Investor Standard applies to the entire portfolio of the Participating

	Municipalities' Long-Term Funds under the control and management of ONE JIB rather than to individual securities.
<b>Rebalancing</b>	Rebalancing means changing the percentage weight of HISA or of one or more Funds in an Outcome to align each such percentage weight to its Target Weight.
<b>Regulation</b>	Regulation means Ontario Regulation 438/97, as amended from time to time.
<b>Risk</b>	Risk means the uncertainty of future investment returns.
<b>Risk Tolerance</b>	Risk Tolerance means the financial ability and willingness to absorb a loss in return for greater potential for gains.
<b>Securities Lending</b>	Securities Lending means the practice of lending securities to another market participant for a fee. Generally, the borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. A Securities Lending program is managed by a Custodian on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.
<b>Short-Term Funds</b>	Short-Term Funds mean money that is required immediately by the Participating Municipality as described in its IPS and which remains under the control and management of the Participating Municipality. The funds can be invested in securities that are prescribed in Part 1 of the Regulation.
<b>Sinking Fund</b>	Sinking Fund means a fund established in respect of sinking fund debentures into which annual contributions must be made in an amount sufficient, with interest compounded annually, to pay the principal of the particular Sinking Fund debentures at maturity.
<b>Sinking Fund Excess Earnings</b>	Sinking Fund Excess Earnings mean the investment earnings of the Sinking Fund in excess of the earnings required to pay the principal of the particular Sinking Fund debentures at maturity.
<b>Sinking Fund Required Contributions (Annual Sinking Fund Requirement)</b>	Sinking Fund Required Contributions (Annual Sinking Fund Requirement) mean the amount of money to be set aside each year for deposit into a Sinking Fund for each Sinking Fund debenture issue in accordance with the Participating Municipality's debenture by-laws.
<b>Sinking Fund Required Earnings</b>	Sinking Fund Required Earnings mean the investment earnings of the Sinking Fund needed for the Sinking Fund contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of Sinking Fund debentures.
<b>Target Weight</b>	Target Weight means the original percentage weight of HISA and/or of one or more Funds for a particular Outcome as set out in the Investment Plan for a Participating Municipality. This term can also mean the original percentage weight of one or more Asset Allocations for a particular Outcome.

## **2. Purpose of Investment Plan**

As required under the Act's prudent investor regime, this Investment Plan (Plan) establishes how ONE JIB will invest The District Municipality of Muskoka's (Municipality or Muskoka) money that it does not require immediately (Long-Term Funds or MNRI).

This Plan complies with Muskoka's IPS that was amended on May 19, 2021 to be effective on June 21, 2021 and is based on the information in the Municipal Client Questionnaire (MCQ) dated June 17, 2021. This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Muskoka.

At least annually, following Council's review of its IPS, the ONE JIB shall review this Plan and update it as needed.

## **3. Responsibility for Plan**

This Plan is the responsibility of the ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. The ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Muskoka's IPS.

This Plan is dependent on clear communication between Muskoka, ONE JIB and ONE Investment regarding Muskoka's needs, which is especially important when investment needs change. To ensure clear communication, ONE Investment employs an MCQ as part of its annual review. It is Muskoka's responsibility to update the MCQ on a timely basis and to ensure that ONE Investment is aware of any needs that are not addressed in the MCQ and, as soon as practicable, of any material changes that occur during the year. It is the responsibility of the ONE JIB and ONE Investment to provide liquidity to the extent possible, to adjust to changing needs in a timely fashion and to communicate any difficulties in so doing as soon as possible to Muskoka. The process for communicating changes in the MCQ, IPS and other issues is set out in Appendix A.

## **4. Custodian**

All investments under the control and management of ONE JIB shall be held for safekeeping by ONE Investment's Custodian, except for Muskoka Debentures repurchased by the Municipality. Additionally, securities in-kind will be under the control and management of ONE JIB but may be held for safekeeping by a custodian acceptable to the ONE JIB.

## **5. Investment Goals and Objectives**

Returns on investments have an impact on Muskoka's revenues, and therefore a longer-term impact on future years' budgets, and are intended to at least keep pace with inflation over the long run.

Investments may consist of liquid and non-liquid assets, depending on future obligations. Expected investment risks and returns are balanced to create allocations that provide a high probability that Muskoka's investment objectives can be achieved.

MNRI will be invested to achieve any or all of the following objectives:

- a. Funding contingencies, where returns are reinvested to grow principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where the principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,
- c. Funding target date projects, where Muskoka has an obligation for a specific project at a specific time.

Muskoka has identified the following details in Table 1 of its investment objectives for its MNRI according to the classification scheme.

*Table 1 - Outcomes Disclosed in Muskoka's IPS*

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

Muskoka's investment needs described in its IPS provide Council's guidance to the ONE JIB in determining investment allocations. Additional context from the MCQ and dialogue with the Treasurer were used to interpret the details in Table 1. This informs the ONE JIB about Muskoka's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined. The allocation of the Municipality's MNRI in this Plan is consistent with the details as disclosed in the Municipality's IPS and MCQ.

While individually Muskoka's reserve and reserve funds require liquidity, collectively they provide the Municipality with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Investment funds are designed to be highly liquid. Less liquid investments may become available through ONE Investment at a later date.

Muskoka has significant spending needs over the next few years to address pre-planned capital expenditures, including significant spending on wastewater infrastructure. It is anticipated that spending on these projects will include funding drawn down from MNRI within the next 4 years, before MNRI balances will begin to grow again. This Investment Plan provides approximately \$20 million in liquidity that may be required within 3 years and an additional \$19 million that may be required in the 3 to 5 year time frame. This represents approximately 30% of the Municipality's MNRI, with the remainder invested for an expected investment horizon that exceeds 5 years but, may be much longer.

## **6. Investment Allocations**

### **6.1 Asset Allocations**

Asset allocations for each Outcome are expected to be relatively stable until the next annual review. Any changes to the amounts in each account must be communicated to ONE JIB formally as outlined in Appendix A.

The goals, objectives, constraints and circumstances of Muskoka are considered when assigning asset allocations for Muskoka based on ONE JIB's Outcomes Framework. These decisions are informed by the requirement to comply with the Prudent Investor Standard as defined in the Act. The Prudent Investor Standard identifies several key considerations that need to be incorporated in the decision-making process, including:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment or course of action plays within Muskoka's portfolio of investments;
- The expected total return on investment and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

This Plan takes these considerations into account as follows:

- On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic. The Province of Ontario declared a state of emergency on March 17, 2020. The global pandemic remains an ongoing issue that continues to disrupt economic activity. The financial impact of these events continues to create uncertainty for municipal financial planning.
- The pandemic sent Canada into an economic recession in 2020, from which the economy is now showing signs of recovery. Inflation expectations have converged to their pre-pandemic levels and longer-term interest rates have moved higher in response. The COVID-19 pandemic continues to cloud the outlook. This should not directly affect the risk profile of the Municipality or the implementation of this Plan.
- The pandemic-related economic disruptions are likely to fade as vaccination levels rise. This improving economic outlook continues to have a positive impact on financial markets.
- The portions of MNRI that will be needed in the shorter term will be invested in investment strategies with very low risk and high liquidity (such as cash and short-term fixed income) given the economic uncertainty in the near-term.

- The portions of MNRI that are not expected to be needed over the short-term will be invested to take advantage of a longer-term investment horizon to achieve higher returns by investing in equities and bonds. A diversified approach should help to reduce volatility while still offering the potential for investment returns to outpace inflation.

Return assumptions are provided in section 6.6. These return assumptions were based on allocations that the Chief Investment Officer considers appropriate for Muskoka and approved by the ONE JIB. As the portfolios will be broadly diversified, these potential returns are expected to be achieved while still maintaining an appropriate risk profile.

## 6.2 Account Structure

The amounts of MNRI, as disclosed in Muskoka's MCQ dated June 17, 2021 have been allocated into investment Outcome categories as shown in Table 2 below. This annual update does not include any injection of new monies or drawdowns of MNRI affecting Outcome allocations.

*Table 2 - Investment Allocations based on MCQ update on June 17, 2021\**

<b>Outcome</b>	<b>Allocation (\$)</b>	<b>Allocation Weight (%)</b>
Cash	19,949,739	14.7%
Contingency	19,428,484	14.4%
Target Date 3-5 Years	16,414,503	12.1%
Target Date 5-10 Years	79,509,401	58.8%
<b>Total</b>	<b>\$ 135,302,127</b>	<b>100.0%</b>

\* The amounts in this table are representative of the information contained in the MCQ. The values were based on the market value of MNRI on May 31<sup>st</sup> and the Municipality will not make additional contributions or drawdown MNRI at this time. The investment plan will be implemented based on the allocation weights above. The dollar value of investments noted in Table 3 may change due to market movements.

Allocations to ONE Prudent Investment Program funds and products appropriate for Muskoka's circumstances will be used for each Outcome. The description of these Outcomes, ONE Prudent Investment Program funds and the asset allocations for each Outcome are shown in Appendix B.

## 6.3 Cash Outcome

Cash allocations are appropriate for relatively short-term funding needs of the Municipality. If the funds are anticipated to be drawn down within three years, it is most appropriate to invest these monies such that there is minimal potential for capital loss. Longer term investments can assume more risk and potentially absorb capital loss as there is ample time for investment growth to allow the investment value to recover. Monies in the Cash Outcome do not have this flexibility and will be invested in the ONE HISA which has a very remote possibility for loss of capital, which helps ensure the funds will be available when needed. Muskoka has approximately \$ 19.9 million that will be

allocated to the Cash Outcome. Details of the allocation of the Cash Outcome are found in Table 3. Further detail about the Cash Outcome allocations can also be found in Appendix B. Monies in the Cash Outcome are expected to be reclassified as MRI over the next few years. All interest earned in the Cash Outcome will be reinvested in the Cash Outcome:

*Table 3 - Cash Outcome*

Asset Class	% Weight			Benchmark
	Min	Target	Max	
<b>Cash</b>	<b>100</b>	<b>100</b>	<b>100</b>	
ONE HISA		100		Bank of Canada 1 Year GIC Rate
<b>Total</b>		<b>100</b>		

Cash Outcome returns and risk are discussed in section 6.6.

Benchmark: Bank of Canada 1 Year GIC Rate. There is no active management involved with HISA (High Interest Savings Account) balances.

## 6.4 Contingency Outcome

Muskoka will need to generate long-term growth for funds within the Contingency Outcome. Contingency funds may be drawn upon to meet unexpected needs and infrequent events. Emphasis on the preservation of purchasing power is a key consideration, and therefore growth in the value of Muskoka's investments is emphasized. Details of the allocation of the Contingency Outcome are shown in Table 4. Further detail about the Contingency Outcome allocations is presented in Appendix B. These funds will be invested according to the asset mix set out in Table 4 and will be rebalanced to ensure a consistent risk profile. The rebalancing mechanism is explained in more detail in section 9. All income will be reinvested to facilitate continued long-term growth in the assets until they are needed. The Municipality's allocation to the Contingency Outcome will be approximately \$19.4 million.

*Table 4 - Contingency Outcome*

Asset Class	% Weight			Benchmark
	Min	Target	Max	
<b>Equity</b>	<b>55</b>	<b>60</b>	<b>65</b>	
ONE Canadian Equity Fund		18		S&P/TSX Composite Index
ONE Global Equity Fund		42		MSCI ACWI (All Country World Index)
<b>Fixed Income</b>	<b>35</b>	<b>40</b>	<b>45</b>	
ONE Canadian Government Bond Fund		6		<i>blended benchmark</i> - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		6		<i>blended benchmark</i> - Canadian Corporate Bonds
ONE Global Bond Fund		28		Bloomberg Barclays Multiverse Index
<b>Total</b>		<b>100</b>		

Contingency Outcome returns and risk are discussed in section 6.6.

Benchmark: 18% x S&P/TSX Composite Total Return Index + 42% x MSCI ACWI + 6% x *blended benchmark* - Canadian Government Bonds + 6% x *blended benchmark* - Canadian Corporate Bonds + 28% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

*Further discussion on benchmarks is included in Appendix C.*

## 6.5 Target Date Outcome

Target Date Outcomes will be managed with the objective of providing for the return of principal, income and capital gains at a target date in the future. All income will be reinvested.

The Treasurer identified reserves that would be appropriate for Target Date Outcomes. Most of the Municipality's MNRI will be allocated to Target Date Outcomes, which will be allocated in a way that reflects the expected time horizon of balances and reserves. The monies invested in Target Date Outcomes will be split into two separate Target Date allocations that collectively reflect the need for liquidity and growth while being reflective of the time horizon on which the funds are required. Muskoka has notable capital spending needs within the next 5 years, and also require funds to retire maturing debentures in coming years. In addition to the amounts allocated to the Cash Outcome, an additional \$ 16.4 million will be allocated to the Target Date 3 to 5 Year Outcome to provide additional monies that may be required. These allocations should address expected drawdowns in MNRI in the coming years. It is anticipated that MNRI would start growing from 2025 onwards. Details of the allocation for the Target Date 3 to 5 Year Outcome are in Table 6 below.

Due to the relatively short-term time horizon, the potential for capital loss in the Target Date 3-5 Year Outcome will be mitigated by investing primarily in fixed income and cash-like investments. This Outcome has a small allocation to equity investments to enhance its growth potential. It is anticipated the entire balance will be drawn down in the coming years to pay for planned expenditures.

Table 6 - Target Date 3-5 Year Outcome

Asset Class	% Weight			Benchmark
	Min	Target	Max	
<b>Cash</b>	<b>17</b>	<b>20</b>	<b>23</b>	
ONE HISA		20		Bank of Canada 1 Year GIC Rate
<b>Equity</b>	<b>8</b>	<b>10</b>	<b>12</b>	
ONE Canadian Equity Fund		3		S&P/TSX Composite Index
ONE Global Equity Fund		7		MSCI ACWI (All Country World Index)
<b>Fixed Income</b>	<b>66</b>	<b>70</b>	<b>74</b>	
ONE Canadian Government Bond Fund		10.5		<i>blended benchmark</i> - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		10.5		<i>blended benchmark</i> - Canadian Corporate Bonds
ONE Global Bond Fund		49		Bloomberg Barclays Multiverse Index
<b>Total</b>		<b>100</b>		

Target Date 3 to 5 Year Outcome returns and risk are discussed in section 6.6.

Benchmark: 20% Bank of Canada 1 Year GIC Rate + 3% x S&P/TSX Composite Total Return Index + 7% x MSCI ACWI + 10.5% x *blended benchmark* - Canadian Government Bonds +10.5% x *blended benchmark* - Canadian Corporate Bonds + 49% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C

Most of Muskoka's MNRI has a time horizon that exceeds 5 years, allowing a large portion of MNRI to be invested for the long term. Approximately 59%, or \$79 million, of MNRI will be

invested in the Target Date 5–10 Year Outcome. This Outcome allocation reflects many reserves with long time horizons, the largest of which is the Roads Capital Reserve Fund with balances around \$30 million, which are expected to grow in size over time. Details of the allocation for this Outcome are in Table 7 below. Further detail about the Target Date 5-10 Year Outcome allocations can also be found in Appendix B.

Amounts will be allocated to the Target Date 5–10 Year Outcomes to reflect the intended time horizon and risk profile for reserve accounts where near term liquidity is less relevant. The Target Date 5–10 Year Outcome has a 50% allocation to equities, which should help monies invested in this Outcome to grow. As monies invested in this Outcome typically reflect reserves for future capital projects, growth in the value of investments is important to help offset the impact of inflation and pre-construction changes on project costs.

Table 7 - Target Date 5-10 Year Outcome

Asset Class	% Weight			Benchmark
	Min	Target	Max	
<b>Equity</b>	<b>45</b>	<b>50</b>	<b>55</b>	
ONE Canadian Equity Fund		15		S&P/TSX Composite Index
ONE Global Equity Fund		35		MSCI ACWI (All Country World Index)
<b>Fixed Income</b>	<b>45</b>	<b>50</b>	<b>55</b>	
ONE Canadian Government Bond Fund		7.5		<i>blended benchmark</i> - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		7.5		<i>blended benchmark</i> - Canadian Corporate Bonds
ONE Global Bond Fund		35		Bloomberg Barclays Multiverse Index
<b>Total</b>		<b>100</b>		

Target Date 5 to 10 Year Outcome returns and risk are discussed in section 6.6.

Benchmark: 15% x S&P/TSX Composite Total Return Index + 35% x MSCI ACWI + 7.5% x *blended benchmark* - Canadian Government Bonds + 7.5% x *blended benchmark* - Canadian Corporate Bonds + 35% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C

## 6.6 Projected Investment Returns

The prospect for improved returns with acceptable levels of investment risk is a key consideration for any municipality investing under the Prudent Investor Standard. Table 8 below provides a projection of the annual returns for Muskoka's investment Outcomes (and consolidated Outcomes). These estimates were derived from an analysis of long-term returns based on conservative capital market assumptions and economic forecasts which the ONE JIB updated on February 17, 2021. HISA return expectations have been updated subsequently to reflect current rates (0.715%). They are presented for information purposes only, and actual investment results may differ materially. The source of returns (recurring income vs capital gains) is not a factor that ONE JIB actively considers. It is essentially not relevant to municipal investors because they are not subject to taxes on investment returns.

*Table 8 - Projected Annual Returns*

<b>Outcome</b>	<b>Expected Return</b>	<b>Allocation Weight (%)</b>
Cash	0.7%	14.7%
Contingency	4.8%	14.4%
Target Date 3-5 Years	2.7%	12.1%
Target Date 5-10 Years	4.4%	58.8%
<b>Overall</b>	<b>3.7%</b>	<b>100.0%</b>

\* The projected overall Expected Return of the asset allocations for ONE Investment Prudent Investor offerings was evaluated by an external consultant, Aon. Their return estimates were revised by the ONE JIB to reflect more current capital market assumptions on February 17, 2021. HISA return expectations have been updated subsequently to reflect current rates. Actual returns may differ.

## **6.7 Other Accounts**

The Municipality has no other accounts ONE JIB must consider.

## **7. Constraints**

Besides those listed below, there are also constraints specific to each externally managed portfolio that are available on the ONE Investment website.

### **7.1 Environmental, Social and Governance (ESG) Investing**

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

### **7.2 Securities Lending**

Unitized vehicles that are controlled by an External Portfolio Manager may engage in securities lending if their policies permit such an action. ONE JIB intends to consider securities lending and may introduce a formalized policy to allow securities lending.

### **7.3 Derivatives**

ONE JIB does not intend that derivatives be used in the investment of Long-Term Funds for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain

cases, Long-Term Funds are invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of the underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, the use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

## **8. External Portfolio Managers**

ONE Investment uses External Portfolio Managers to create the portfolios and investment pools (the ONE Investment Pools) used as building blocks in the asset allocation for each Outcome. These External Portfolio Managers are chosen and monitored using a rigorous process, with oversight by ONE JIB and ONE Investment and input from an external consultant knowledgeable in the asset classes, the range of investment options and portfolio managers suitable for institutional investors.

## **9. Rebalancing**

Each account's asset allocation will be monitored by ONE Investment. Each investment Outcome will have target weights assigned for each asset class and investment holding, which collectively represent the intended asset allocation for the Outcome. Minimum and maximum weights will also be assigned for asset class allocations, and these weights will guide the rebalancing process. Should the asset class allocations weights deviate outside the minimum or maximum weights noted in Appendix B, the account will be rebalanced as soon as practicable to bring them within the minimum/maximum range. Given variations in market liquidity, transactions will be completed as soon as reasonably viable, taking into account the investment objectives. Typically, such a rebalance will be completed within 30 days of the asset class allocations exceeding tolerances. Cash inflows/outflows will be used to rebalance as much as possible; if they are insufficient, investments will be sold in a commercially reasonable manner and reallocated as required.

Notwithstanding anything else contained herein, ONE Investment will conduct a semi-annual review of all accounts, on April 15 and October 15 (or the following business day) of each year. Where, based on current fair market value, the variance from target weighting of any holding (Fund or HISA allocation) in any investment Outcome exceeds 2%, the applicable investment Outcome holdings will be rebalanced towards target weights. Investment Outcome holdings showing variance from target weights of less than 2% may, but need not, be rebalanced to restore target weightings. The rebalance typically will take place within 30 days of the semi-annual review dates.

## **10. Accommodating Cashflow Needs**

This Plan is intended to be dynamic and responsive to the changing needs of Muskoka. Once informed of changing needs in accordance with the ONE JIB Agreement, ONE JIB may need to revise allocations, deploy incoming monies or sell units of the investment pools accordingly.

Additionally, income from investments will be automatically reinvested and cashflow needs of Muskoka are expected to be financed with the sale of units of the investment pools. Any fee discounts that apply to Muskoka are intended to be remitted to the Municipality by cheque or as otherwise directed by the Treasurer.

## 11. Non-Liquid Assets

### 11.1 Legacy Investments / Strategic Investments

The Municipality issues debentures which are sold to the public. From time to time the Treasurer may repurchase some of these debentures when pricing is attractive. These repurchased debentures will not be immediately retired and will instead be held to the maturity date of the debenture. These Muskoka Debentures are part of Muskoka's MNRI if the remaining term to maturity exceeds 18 months. Table 9 identifies Muskoka Debentures that constitutes MNRI. They are subject to a restriction set out in Muskoka's IPS such that ONE JIB has agreed not to dispose of or deal with that investment without Muskoka's consent. Holdings in repurchased Muskoka Debentures will not impact or influence the investment allocation of other MNRI discussed in this Plan.

As part of the annual review process, \$ 325,000 face value of Muskoka 4.75% Debentures maturing May 2022 were removed from the list of debentures representing MNRI, as its maturity is less than 18 months. This debenture will be reclassified as MRI. All coupons earned on these debentures since July 2, 2020 will also be reclassified as MRI.

Table 9 – Muskoka Debenture Holdings (MNRI)

Issue	Maturity	Face value	Market Value
Muskoka 4.8%	May-23	89,000	96,378
Muskoka 4.9%	May-24	46,000	51,470
Muskoka 4.95%	May-25	211,000	242,217
Muskoka 5.0%	May-26	105,000	122,997
Muskoka 5.05%	May-27	295,000	353,424
Muskoka 5.05%	May-28	360,000	439,530
Muskoka 5.1 %	May-29	400,000	494,141
Muskoka 5.1 %	May-30	137,000	170,938
Muskoka 2.95%	Nov-30	100,000	106,781
Muskoka 3.00%	Nov-31	100,000	106,241
Muskoka 3.05%	Nov-32	100,000	105,547
Total		<b>\$ 1,943,000</b>	<b>\$ 2,289,664</b>

### 11.2 Transitional Investments

This section does not apply

## **12. Comments by Chief Investment Officer**

Certain qualitative factors were considered in assigning the investment allocations. Muskoka's reserve fund balances over the next few years will be affected by ongoing capital expenditures. Balances from MNRI will be required to fund these projects, so investment allocations have provided liquidity to address such needs. Muskoka's Investment Plan provides about \$ 20 million allocation in Cash Outcome and a similar amount in the Target Date 3 to 5 Year Outcome, which should provide sufficient financial flexibility. Muskoka's cashflows will turn positive in 2025 and it is expected that there will be meaningful growth in MNRI in the 5 years thereafter. This offers Muskoka flexibility to invest the bulk of its MNRI for the long-term. If unforeseen circumstances require MNRI to be accessed all investments are highly liquid, giving the Municipality full flexibility to access funds as needed.

One of the investment considerations for Muskoka is to achieve growth with above-inflation returns. Due to the longer-term time horizon involved for most Muskoka's accounts and the need for returns to exceed inflation, allocation to equities is appropriate. Muskoka has cashflow flexibility in coming years, and there is a significant portion of MNRI that will not be needed in the next five years. Aside from the funding for the specified near-term needs, Muskoka has the flexibility to assume a moderate risk profile for the consolidated portfolio with investment allocations reflecting the relatively long-time horizon associated with Muskoka's MNRI. At the time of writing, the recommended overall exposure to equity within the portfolios was targeted at 39.2%, which is an appropriate level for Muskoka. Equity allocations will tend to increase as money is drawn down from the Cash Outcome and Target Date 3-5 Year Outcome over the next few years.



## **Appendix A: Process for Communicating Changes in Investment Needs**

For effective investment management it is imperative that material changes in Muskoka's investment needs be communicated to ONE JIB on a timely basis. These include changes in:

- Risk tolerance;
- The IPS;
- Timeframes and/or estimated amounts for financial obligations, including sooner-than-expected amounts and longer timeframes;
- Revisions in MNRI;
- Desired end use of funds, especially if that is likely to affect the investment approach; and
- Changes in authorized personnel responsible for investments.

These changes must be communicated in writing using the MCQ on the ONE Investment website. Section 5.01 (c) of the ONE JIB Agreement requires that Participating Municipalities provide written notice to the Board Secretary of ONE JIB of any amendment or modification to its IPS. Written communication should be directed to the attention of the Chief Investment Officer at [ONE@oneinvestment.ca](mailto:ONE@oneinvestment.ca) and the ONE JIB Secretary at [dkelly@oneinvestment.ca](mailto:dkelly@oneinvestment.ca). They are considered received when ONE Investment provides a formal return email acknowledgment.

## Appendix B: Description of ONE Investment Pools, Products and Outcomes

Following is a list of the ONE Investment Funds and products used to achieve target asset allocations. Additional investment products may become available in the future for use in the investment Outcomes, and the list below may be updated from time to time accordingly. For more information on how these ONE Investment Funds and products are managed, please see further detail on the ONE Investment website.

ONE Investment Pool or Product	External Portfolio Manager	Mandate	Asset Class
<b>ONE High Interest Savings (HISA)</b>	Not Applicable	Savings account	Cash
<b>ONE Canadian Government Bond Fund</b>	MFS	Bonds of < 5 years' maturity focused on Canadian Government bonds	Canadian short-term Fixed Income
<b>ONE Canadian Corporate Bond Fund</b>	MFS	Primarily in Canadian Corporate Bonds	Canadian Fixed Income
<b>ONE Global Bond Fund</b>	Manulife Investment Management	Global Unconstrained Fixed Income	Global Fixed Income
<b>ONE Global Equity Fund</b>	Mawer Investment Management	Global Equities inclusive of Emerging Markets exposure	Global Equities
<b>ONE Canadian Equity Fund</b>	Guardian Capital	Canadian Equity with conservative investment approach	Canadian Equities

## Investment Outcomes

The asset allocations for ONE Investment's Outcomes are detailed in the tables below. Rebalancing will be managed for these asset allocations as explained in this Plan. As asset allocations drift away from their intended target and converge on either the minimum or maximum ranges noted below, ONE Investment will rebalance the holdings to restore asset allocations towards the target weights. The Outcomes will also be rebalanced twice annually, as required, to ensure the asset allocations do not drift materially away from the target weights. Note that these asset allocations target a maximum of 70% foreign exposure, and Canadian Bond exposure targets equal allocation to the ONE Canadian Government Bond Fund and the ONE Canadian Corporate Bond Fund. ONE JIB may review and amend the asset allocations for the ONE Investment's Outcomes from time to time. Any changes subsequently implemented by ONE JIB that relate to asset allocation weights assigned or holdings included in these Outcomes may supersede the details in the tables below.

<u>Cash Outcome</u>	% Weight		
	Min	Target	Max
ONE HISA	na	100	na
<b>Total Cash</b>		<b>100</b>	

<u>Stable Return Outcome</u>	% Weight			Duration (Years)
	Min	Target	Max	
ONE HISA	8	10	12	
<b>Total Cash</b>	<b>8</b>	<b>10</b>	<b>12</b>	
ONE Canadian Equity Fund		9		
ONE Global Equity Fund		21		
<b>Total Equity</b>	<b>26</b>	<b>30</b>	<b>34</b>	
ONE Canadian Government Bond Fund		9		1.6 – 3.6
ONE Canadian Corporate Bond Fund		9		3.0 – 6.9
ONE Global Bond Fund		42		2.0 – 6.0
<b>Total Fixed Income</b>	<b>55</b>	<b>60</b>	<b>65</b>	
<b>Total Allocated</b>		<b>100</b>		

<u>Contingency Outcome</u>	% Weight			Duration (Years)
	Min	Target	Max	
ONE HISA				
<b>Total Cash</b>		<b>0</b>		
ONE Canadian Equity Fund		18		
ONE Global Equity Fund		42		
<b>Total Equity</b>	<b>55</b>	<b>60</b>	<b>65</b>	
ONE Canadian Government Bond Fund		6		1.6 – 3.6
ONE Canadian Corporate Bond Fund		6		3.0 – 6.9
ONE Global Bond Fund		28		2.0 – 6.0
<b>Total Fixed Income</b>	<b>35</b>	<b>40</b>	<b>45</b>	
<b>Total Allocated</b>		<b>100</b>		

<u>Asset Management Reserve Outcome</u>	% Weight			Duration (Years)
	Min	Target	Max	
ONE HISA				
<b>Total Cash</b>		<b>0</b>		
ONE Canadian Equity Fund		27		
ONE Global Equity Fund		63		
<b>Total Equity</b>	<b>88</b>	<b>90</b>	<b>92</b>	
ONE Canadian Government Bond Fund		1.5		1.6 – 3.6
ONE Canadian Corporate Bond Fund		1.5		3.0 – 6.9
ONE Global Bond Fund		7		2.0 – 6.0
<b>Total Fixed Income</b>	<b>8</b>	<b>10</b>	<b>12</b>	
<b>Total Allocated</b>		<b>100</b>		

## Target Date Outcomes:

Investments with target dates will be managed to reduce risk as the target date approaches. As time passes and the spending needs get closer, it is appropriate to reduce the amount of risk so that there is greater certainty that the required money will be available as needed. This means that reserves, reserve accounts and other balances that are assigned to target date allocations will be reassigned to a nearer dated Target Date Outcome as time passes. In this way, as the date for release of the required money grows nearer, the investments will be migrated to a lower risk Target Date Outcome.

Target Date Outcomes	Target Date 3- 5 Years			Target Date 5-10 Years			Target Date 10+ Years		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
ONE HISA		20			0			0	
<b>Total Cash</b>	<b>17</b>	<b>20</b>	<b>23</b>		<b>0</b>			<b>0</b>	
ONE Canadian Equity Fund		3			15			22.5	
ONE Global Equity Fund		7			35			52.5	
<b>Total Equity</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>71</b>	<b>75</b>	<b>79</b>
ONE Canadian Government Bond Fund		10.5			7.5			3.75	
ONE Canadian Corporate Bond Fund		10.5			7.5			3.75	
ONE Global Bond Fund		49			35			17.5	
<b>Total Fixed Income</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>21</b>	<b>25</b>	<b>29</b>
<b>Total Allocated</b>		<b>100</b>			<b>100</b>			<b>100</b>	

## Appendix C: Performance Benchmarks for ONE Investment Funds

- The table below details the benchmarks to be used for the performance evaluation of the ONE Investment Pools.
- Blended benchmarks for the prudent investor Outcomes will be used in proportion to their target asset allocation weights.

ONE HISA	Bank of Canada 1 Year GIC Rate
ONE Canadian Equity Fund*	S&P/TSX Composite Total Return Index
ONE Global Equity Fund	MSCI ACWI (net)
ONE Canadian Government Bond Fund*	95% the DEX All Government Short Bond Index and 5% the DEX 91 Day T-Bill Index
ONE Canadian Corporate Bond Fund*	48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.
ONE Global Bond Fund	Bloomberg Barclays Multiverse Index

\* Note 1: These funds have exposures that broadly parallel ONE Investment Legal List Program products and use the same performance benchmarks.