



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: November 17, 2021
Re: Compliance Reports: Asset Class and Target Weight Allocations - Q3 2021
Report: ONE JIB-O31-21

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

2. SUMMARY

ONE Investment is providing two internal compliance reports to assist ONE JIB in monitoring the weights of investment holdings and asset classes relative to their targets.

3. BACKGROUND

The portfolio management system generates reports to monitor allocation weights

The compliance reports generated by ONE Investment's portfolio management system show the positioning of all investment Outcome accounts of Participating Municipalities relative to Target Weights as of September 30, 2021. These two compliance reports can be found in Appendices 1 and 2 of this report. These reports are provided on a quarterly basis for ONE JIB to monitor the investment allocation weights.

4. ANALYSIS

The Portfolio Asset Mix Report shows asset class weights relative to tolerance bands

Each Outcome has tolerance bands for each asset class (Cash/Equity/Fixed Income) that specify a target weight for the asset class, along with minimum and maximum weights. The Portfolio Asset Mix Report (Appendix 1) identifies when the asset class weights are above the maximum weights or below the minimum weights.

The Allocation Drift Monitoring Report highlights significant deviations between holding weights and target weights

The Allocation Drift Monitoring report (Appendix 2) shows the degree to which the weights of individual holdings (Funds or HISA allocation) differ from the target weights assigned in the Investment Plan. It is used primarily to guide the semiannual rebalancing of the Outcomes, as needed. The Chief Investment Officer (CIO) and Chief Compliance Officer (CCO) monitor this report on a regular basis as part of their portfolio oversight responsibilities. The two columns on the far-right help highlight when allocation weights have moved notably away from target weights. The “2% Drift from target” column shows values when the absolute weight of a holding is above or below target by 2 percentage points. The “10% above Target” shows values when the weight of a holding as a proportion of the target weight is 10% above or below the target weight.

These two compliance reports are provided to the ONE JIB on a quarterly basis

These reports will be provided to ONE JIB on a quarterly basis to allow the ONE JIB to monitor the allocations and understand the positioning of the Outcome accounts relative to the target asset class and holding weights. The reports will help the ONE JIB understand the mechanics of rebalancing the Outcome accounts. These reports should also allow the ONE JIB members to understand the quarter end positioning of the Outcome accounts and provide a basis for discussion with the CIO and CCO on the positioning of the Outcome accounts.

5. CONCLUSION

ONE Investment uses its portfolio management system to monitor municipal account allocations in relation to ONE JIB’s Outcomes. The attached reports provide ONE JIB with the tools to monitor the positioning of asset classes and individual holdings within the Outcomes relative to their intended targets.

Drafted by: Keith Taylor, Chief Investment Officer

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