

To: ONE Joint Investment Board  
From: Evelyn Foo, Chief Compliance Officer, ONE Investment  
Date: November 17, 2021  
Re: Prudent Investment Funds Compliance Manual  
Report: ONE JIB-O41-21

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Prudent Investment Funds Compliance Manual Report.

## 2. SUMMARY

This report provides a summary of the key components of the Compliance Manual governing the compliance program at ONE Investment.

## 3. BACKGROUND

In November 2018, ONE Investment received an exemption from the Ontario Securities Commission to act as a Portfolio Manager, Investment Fund Manager and Exempt Market Dealer. The exemption sets out a variety of conditions that include:

- Certain obligations to investors (e.g., know your client and suitability process, a periodic review of investor portfolios and investor reporting);
- Maintenance of adequate books and records;
- Maintenance of adequate insurance;
- Oversight of fund custodians and fund advisors;
- Periodic review of fund holdings; and,
- Filing an annual exempt distribution report.

The Chief Compliance Officer (CCO) function isn't a requirement of the Ontario Securities Commission exemption but is a requirement of ONE Investment's Service Agreement with the ONE JIB.

## 4. ANALYSIS

ONE Investment hired Ara Compliance Support to work with the CCO and ONE staff to develop ONE's Compliance Manual. The manual ensures compliance with the:

- Prudent Investment Standard
- OSC exemption

- Prudent business practices for registered Advisors.

The Compliance Manual contains six modules as follows:

- A) **Corporate Governance**, which discusses practices to ensure ONE operates under an effective Governance framework. Topics include:
  - Roles of the CCO and other key staff
  - Delegation of compliance tasks and responsibilities
  - Compliance oversight by the ONE JIB
  
- B) **Staff Conduct**, which prescribes personal codes of conduct and related requirements for ONE staff. Topics include:
  - Personal Investments
  - Outside Business Activities
  - Avoiding Conflicts of Interest
  - Gift Policy
  
- C) **Fund Management**, which prescribes fund management controls and processes. Topics include:
  - Appointment and oversight of third-party portfolio managers;
  - Selection and oversight of fund service providers;
  - Exempt distribution report filings
  
- D) **Consulting Services**, which sets out protocols with respect to advice that ONE Investment provides to ONE JIB and the participating municipalities. Topics include:
  - Suitability of the investment portfolio
  - Complaint Handling
  - Disclosures and Reporting
  
- E) **Record Keeping**, which establishes record keeping protocols, including protocols with respect to cybersecurity and business continuity procedures.
  
- F) **Anti-Money Laundering Regulation**, which addresses key elements of the AML Regulation applicable to ONE Investment's activities, including:
  - Annual Anti-Money Laundering Training
  - Anti-Money Laundering Record Keeping
  - Anti-Money Laundering Risk Assessments

## 5. CONCLUSION

The completion of the Compliance Manual is on target for December 2021. The CCO will update ONE JIB on the Compliance Manual in 2022.

Drafted by: Evelyn Foo, Chief Compliance Officer

Approved by: Judy Dezell, Co-CEO/Co-President/Donna Herridge, Co-CEO/Co-President