Town of Huntsville

Investment Plan

DRAFT: V9_9/16/2018

Date: [June 1, 2020]

200 University Ave., Suite 801
Toronto Ontario M5H 3C6 Canada

INVESTMENT

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1. Definitions

Act: means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

Asset Allocation (Asset Mix): Proportion of each asset class in a portfolio.

Asset Class: a group of securities with similar characteristics and expected behaviours. Examples include Canadian stocks and global bonds.

Benchmark means an independently verifiable index that is representative of a specific securities market (e.g., the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms. A Benchmark can be a single Index or a combination of one or more indices.

Custodian: A specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks"). ONE Investment's custodian is CIBC Mellon.

Environmental, Social and Governance (ESG) Investing means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

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 Pool. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation;

Investment Policy Statement (IPS): The investment policy adopted by Council and updated annually determines Huntsville's money that it requires immediately (Short-Term Funds) and money that it does not require immediately (Long-Term Funds), and sets out, among other things, Huntsville's objectives and risk tolerances.

Long-Term Funds: Money not required immediately by Huntsville.

Municipal Client Questionnaire: A document which shall be completed by the treasurer of each participating municipality and which includes information on municipal investments and risk preferences that must be reviewed annually.

ONE Investment: A not for profit organization that will serve as an agent of the ONE JIB to operationalize the investment activities of the ONE JIB and provide associated administration.

ONE Joint Investment Board (ONE JIB): Established by certain founding municipalities as a municipal services board under section 202 of the Municipal Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for Huntsville, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

ONE JIB Agreement: means the agreement effective as of [June 1, 2020], entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of Huntsville's Long-Term Funds.

Prudent Investor Standard: 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, but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Huntsville's Long-Term Funds under control of the ONE JIB rather than to individual securities.

Regulation: means Ontario Regulation 438/97.

2. Purpose of Investment Plan

As required under the Act's Prudent Investor regime, this Investment Plan (Plan) establishes how ONE Joint Investment Board (ONE JIB) will invest Huntsville's money that it does not require immediately (Long-Term Funds or MNRI). These Long-Term Funds have been determined by Huntsville to be not immediately required by Huntsville (MNRI). This Plan complies with Huntsville's Investment Policy Statement (IPS) adopted by Council on [date] and is based on the information in the Municipal Client Questionnaire dated [date] attached as Appendix A. This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Huntsville.

At least annually, following Council's review of its IPS, ONE JIB shall review this Plan and update it as needed. This current Plan should be reviewed by [date].

3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular audits to ensure compliance with the Act and the Regulation in addition to Huntsville's IPS and ONE JIB's own investment policies and standards.

This Plan is dependent on clear communication between Huntsville, ONE JIB and ONE Investment regarding Huntsville's needs, which is especially important when investment needs change. To ensure clear communication, ONE Investment employs a Municipal Client Questionnaire as part of its annual review. It is the responsibility of Huntsville to ensure that ONE Investment is aware of any needs that are not addressed in the Municipal Client Questionnaire and, as soon as practicable, of any material changes that occur during the year. It is the responsibility of 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 Huntsville. The process for communicating changes in the Municipal Client Questionnaire, IPS and other issues is set out in Appendix B [**NTD: Appendix B**]. The process for moving funds in/out of ONE Investment is outlined in Appendix E.

4. Custodian

All investments under the control and management of ONE JIB shall be held for safekeeping in the name of Huntsville by CIBC Mellon.

5. Investment Goals and Objectives

Huntsville's total portfolio includes all of its MNRI. Returns have an impact on municipal revenues, as well as a longer-term impact on future years' budgets and should, at a minimum, 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 outcomes that provide a high probability that Huntsville's investment objectives can be achieved.

MNRI will be invested to generate any or all of the following outcomes:

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

Huntsville has identified the following details of their investment objectives for its MNRI.

Reserve Classification	Objective	Risk Tolerance, Liquidity	Investment Horizon
Contingency	Contributions for unexpected events	Higher risk with emphasis on growth, liquid	Greater than 5 years
Stable Return	To generate stable returns to fund recurring needs	Moderate risk with emphasis on stable returns, liquid	3 years to 5 years
Target Date	Contributions toward specific projects, mitigate inflation impacts and meet target funding requirements	Lower risk, liquid	18 months to 3 years
		Moderate risk with emphasis on stable returns, liquid	3 years to 5 years
	Contributions to asset management reserves	Higher risk with emphasis on growth, liquid	Greater than 5 years

The above table represents details from Huntsville's IPS that provides guidance relevant to how the ONE JIB will determine the investment allocations. Additional context from the Client Questionnaire and dialogue from the treasurer was used to interpret the details in the table above to construct allocations that are reflective of the municipality's current goals, objectives, circumstances, and risk tolerance.

Huntsville's MNRI balances are not expected to remain stable and the municipality expects to significantly draw down the balances in through 2023 to improve municipal faculties and upgrade/expand the fleet (i.e. snow removal trucks). The municipality anticipates that MNRI will start increasing thereafter. There is considerable uncertainty about the cost of spending to upgrade the pool facilities. Therefore, the plan will highlight liquidity as a key consideration when building the investment allocations to accommodate for these near term spending needs.

6. Investment Allocations

6.1 Asset Allocations

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

The goals, objectives, constraints and circumstances of the municipality are taken into consideration when assigning asset allocations for the municipality via ONE Investment's outcome based approach. These decisions are informed by the requirement to use the Prudent Investor standard as defined in the Municipal Act. This standard identifies several key considerations that need to be incorporated in 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 Huntsville'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.

The following comments explain how ONE JIB is taking these considerations into account:

- Current economic conditions can be characterized as broadly positive, with modest economic growth, low interest rates and modest inflationary pressures. It would seem that the global economy is in the later stage of an economic expansion, and there is some potential for deceleration of economic growth going forward and potential for global trade tensions or other macro economic risks to adversely affect growth.
- Inflationary pressures in Canada remain relatively benign and it is reasonable to expect that inflation as measured by the Consumer Price Index (CPI) will remain broadly in the range of 2% per annum. To protect the purchasing power of existing monies invested with the ONE JIB returns will need to, at a minimum, match the change in CPI. Allocations to equity investments in Huntsville's plan should help to achieve this goal.
- Investment allocations will be diversified to help reduce the volatility of the investment portfolio and offer suitable risk return characteristics for Huntsville.
- Return assumptions have been provided in section 6.6. These return assumptions were based on allocations that the Investment Manager believes to be appropriate for Huntsville. As the portfolios will be broadly diversified, these potential returns are

expected to be achieved while still maintaining a risk profile that is appropriate for the municipality.

- The significant funding needs of Huntsville in 2021-2023 period suggest that the priority be placed on ensuring liquidity and preservation of principal to meet these needs. A more growth oriented allocation can be assumed after these funding needs have been addressed. Until then, investments will place more emphasis on preservation of capital and liquidity which may reduce allocations to equity investments.

6.2 Account Structure

The amounts of Money Not Required Immediately, as disclosed in Huntsville's Municipal Client Questionnaire (Dated DD,MM,YYYY) have been allocated into investment outcome categories to provide guidance to the ONE JIB when investing these monies.

In summary, the total allocation to each outcome is:

Outcome	Allocation
Contingencies	$4,500,000
Stable returns	2,000,000
Target Date	3,500,000
	$10,000,000
Other Investments:	
Lakeland Holdings Inc (Hydro) shares	$ 11,749,000

These outcomes will be generated using ONE Investment Pools and products to create solutions via specific asset allocations. Descriptions of the ONE Investment Pools and the asset allocations for each solution are in Appendix C and D.

The process of moving from the current investments to the target weights both noted below is outlined in the Transition Plan in Appendix E.

6.3 Contingency Solution

Huntsville will need to generate long-term growth for funds within the Contingency Solution that may be drawn upon during times of unexpected need. Huntsville's circumstances should allow them to take a relatively conservative risk profile, making the 'lower risk' Contingency outcome appropriate (further detail about the contingency outcome allocations is described in Appendix C). These funds will be invested based on the following asset mix and will be rebalanced to ensure a consistent risk profile. All income will be reinvested to facilitate continued long-term growth in the assets until they are needed.

	% Weight			
Asset class	Minimum	Target	Maximum	Benchmark

13641322.8

ONE Unconstrained Bond Fund	50	60	70	Index A
ONE Canadian Gov't Bond Fund	0	10	15	Index B
ONE Canadian Equity Fund	0	5	10	Index C
ONE Global Equity Fund	15	25	35	Index D
Total		100		

Benchmark: 60% x Index A + 10% x Index B + 5% x Index C + 25% Index D
Contingency Solution returns and risk are discussed in section 6.6.

6.4 Stable Return Solution

Huntsville has identified a need to generate a stable return on certain funds while also growing principal sufficiently to offset inflation. Some key accounts that represent part of the Stable Return Solution include reserves related to building development, planning, policy and projects. While the Stable Return Solution is designed to generate income that could be used to fund regular municipal spending needs, the recurring income is not a high priority for Huntsville in the near term. All income generated from the Stable Return Solutions is intended to be reinvested. Based on the expressed risk tolerances and current circumstances of the municipality, the Investment Manager has assigned the 'lowest risk' Stable Return Solution (which has a relatively low allocation to equities). Details of all asset mix ranges are available in Appendix C. Stable return funds will be invested based on the following asset mix and will be rebalanced to ensure a consistent risk profile.

	% Weight			
Asset class	**Minimum**	**Target**	**Maximum**	**Benchmark**
ONE Unconstrained Bond Fund	50	60	70	Index A
ONE Canadian Gov't Bond Fund	25	30	35	Index B
ONE Canadian Equity Fund	0	0	0	Index C
ONE Global Equity Fund	8	10	12	Index D
Total		100		

Benchmark: 60% x Index A + 30% x Index B + 0% x Index C + 10% x Index D
Stable Return Solution returns and risk are discussed in section 6.6.

6.5 Target Date Solution

Target date outcomes will be managed with the objective of providing for the return of principal and income and capital gains at a target date in the future. Some key examples of projects/accounts that are identified as being Target Date Solutions include reserves related to the improvement of pool facilities, upgrading and expanding their fleet capital (i.e. snow removal trucks) and to finance the 'streetscape projects' that will revitalize and improve the main street area. While the costs of the streetscapes project and the fleet capital spending are known with a reasonable amount of certainty, there is considerable uncertainty surrounding the ultimate spending required for the pool facilities improvements and spending timeline. The Client Questionnaire identifies that 35% of MNRI will spent in the 2- 5 year time frame, with the major portion of this spending will occur on or before 2023. As such capital preservation and liquidity are the highest priorities for funds allocated to Target Date Solutions. Due to the anticipated significant drawdown over the next few years an allocation of of the MNRI has been assigned to the 2-3 year target date outcome. All returns will be reinvested to ensure growth of the investments to meet the target date outcome.

2- 3 Year Target Date Solution

	% Weight			
Asset class	**Minimum**	**Target**	**Maximum**	**Benchmark**
High Interest Savings Account	0	100	100	Index E
Total		100		

Benchmark: 100% x Index E

2-3 Year Target Date Solution returns and risk are discussed in section 6.6.

6.6 Projected Investment Returns

The prospects for improved returns with acceptable levels of investment risks are a key considerations for any municipality investing in the Prudent Investor regime. The table below provides a projection of the annual returns of the 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. These return details are presented for information purposes only and actual investment outcomes may differ materially from those shown below:

Outcome	Weight	Projected Return
Contingency	45.0%	4.2%
Stable Return	20.0%	3.4%
2-3 Year Target Date	35.0%	2.2%
Est. Portfolio Returns		3.3%

6.7 Other Accounts

[this section does not apply]

7. Constraints

Besides those listed here, there are also constraints specific to each externally managed portfolio that are available on the ONE 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 by looking holistically at potential investments and 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 will 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

Derivatives may be used for the investment of Long-Term Funds where they are fully covered by a backing asset. Examples of such uses of derivatives include, but are not necessarily limited to: to replicate investments otherwise permitted in this Plan and in the IPS, to equitize cash, to hedge currency exposures, to manage risk exposures, to change portfolio duration or to engage in covered call strategies. Derivatives may not be used for speculative purposes or to increase the risk of the portfolio.

8. External Portfolio Managers

ONE Investment uses External Portfolio Managers to create the portfolios and Funds (the ONE Investment Pools) used as building blocks in the asset allocation for each outcome. These External Portfolio Managers are chosen and monitored based on a due diligence process with oversight by ONE JIB and One Investment and input from an external consultant knowledgeable in the asset classes and in the range of investment options and portfolios managers suitable for institutional investors.

9. Rebalancing

Each account's asset mix will be monitored on a periodic basis by ONE Investment's management and staff. Should the asset mixes deviate outside the minimum or maximum weights noted in appendix C, the account will be rebalanced as soon as practicable to bring it within the minimum/maximum range. Given variations in market liquidity, transactions are to be completed as soon as reasonably viable taking into account the investment objectives. Cash inflows / outflows are used to rebalance as much as possible; if they are insufficient, investments will be sold in a commercially reasonable manner and reallocated as required.

ONE Investment will rebalance all accounts as close as practicable back to target weights twice annually based on a fixed time schedule. ONE JIB has established rebalance dates of April 15 and October 15. Accounts that are within a 2% threshold of the intended targets would not need to be rebalanced as part of this periodic rebalancing process.

10. Accommodating Cashflow Needs

This Investment Plan is intended to be dynamic and responsive to changing needs of Huntsville. Once informed of changing needs at Huntsville by the Treasurer or designated staff, ONE JIB may need to revise allocations, deploy incoming monies or sell fund units accordingly. Additionally, income from investments will be automatically reinvested into the investment outcomes where appropriate and cashflow needs of Huntsville are expected to be financed with the sale of fund units. Any fee discounts that apply for Huntsville are intended to be reinvested into the [?Stability Outcome?] as directed by the Treasurer.

11. Non-Liquid Assets

11.1 Legacy Investments / Strategic Investments

There are certain investments made by Huntsville that have a strategic purpose beyond solely generating investment returns. These investments often involve provision of services within Huntsville or may have resulted from legacy assets of the municipality. While technically these assets are part of the responsibility of ONE JIB, ONE JIB will not be exercising discretion in the management of these investments without specific direction from Huntsville. The treasurer has also requested that the voting of proxies for Lakeland Holdings Inc (Hydro) shares be coordinated with the municipality. The table below identifies the specified investments:

Description	Units as at DDMMYY	$ Value as at DDMMYY	Maturity	Investment Instructions
Lakeland Holdings Inc (Hydro) shares	###	$ 11.75 million	Na	Do Not Sell

11.2 Transitional Investments

MNRI that Huntsville will transfer to the ONE JIB will be funded out of available cash and through liquidation of the ONE Investment legal list portfolios. No illiquid investments (other than the Hydro shares noted above) will be included as part of their contribution to the ONE JIB. As such the Investment Plan does not need to include a transition plan for such illiquid assets.

The transition of monies into MNRI will involve the sale of some or all of ONE Investment portfolios. As these are highly liquid investment vehicles monies can be made available to fund the transfer of MNRI to the JIB within a few days.

12. Comments by Investment Manager

Certain qualitative factors were considered in assigning the investment allocations. Huntsville has significant spending needs over the next few years due to several large spending needs. The need to pay for these identified expenses on near term time horizon means that the focus is on preservation of capital for such monies. A significant portion of the client's MNRI will be invested in the 2-3 Year Target Date Solution to accommodate funding needs for these projects.

Monies identified as Stable Return and Contingency Solutions have more flexibility to assume risk due to the longer time horizon involved. After spending on these large projects is completed, it is expected that the municipality will have sufficient cashflow to start rebuilding balances in MNRI. At that point, with these major commitments completed the risk profile assigned to investments may need to be revisited. Until then, emphasis on liquidity and a relatively low risk allocation on MNRI will remain appropriate. At the time of writing, the recommended overall exposure to equity within the portfolios was targeted at about 15.5%, which is an appropriate level for the municipality considering the shorter term liquidity needs.

Signed by:

__________________________	__________________________
Keith Taylor, Investment Manager ONE Investment	[Name], Chair ONE Investment Joint Investment Board
__________________________	__________________________
Date	Date

Appendix A: Most Recent Municipal Client Questionnaire

Appendix B: Process for Communicating Changes in Investment Needs

For effective investment management it is imperative that material changes in Huntsville'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;
- Desired end use of funds, especially if that is likely to affect the investment approach
- Changes in authorized personnel responsible for investments

These changes must be communicated in writing using the Municipal Client Questionnaire on the ONE Investment website to [name] at [email address]. They cannot be considered received without a formal return email acknowledgement from ONE Investment.

Appendix C: Description of ONE Investment Pools, Products and Solutions

Following is a list of the ONE Investment Pools and products used to achieve target asset allocations. For more information on how these ONE Investment Pools and solutions are managed, please see [further detail on the ONE Investment website WWW.insert_Web_Link.ON.CA/insert_link_details_here.HTML]

ONE Investment Pool or Product	External Portfolio Manager	Mandate	Asset Allocation
High Interest Savings (HISA)	CIBC Commercial Banking	Savings account	Savings account
ONE Canadian Government Bond Fund	MFS	Bonds of < 5 years' maturity that meet the Legal List requirements	100% short-term government bonds
ONE Canadian Corporate Bond Fund	MFS	Canadian Bond exposure inclusive of corporate credit	Canadian Fixed Income
ONE Global Unconstrained Bond Fund	[Not Disclosed]	Global Unconstrained Fixed Income	Global Fixed Income
ONE Global Equity Fund	[Not Disclosed]	Global Equities inclusive of Emerging Markets exposure	Global Equities
ONE Canadian Equity Fund	Guardian	Canadian Equity with conservative investment approach	Canadian Equities

Solutions

The asset allocations for ONE Investment's solutions are the following. Rebalancing will be managed for these asset allocations as explained in the Plan.

Contingency Solution

	Default Lower Risk % Weight Min	Target	Max	Duration (Years)	Moderate Risk % Weight Min	Target	Max	Higher Risk % Weight Min	Target	Max
ONE Global Unconstrained Bond Fund	50	60	70	2.0 – 6.0	40	50	60	25	35	45
ONE Canadian Government Bond Fund	0	10	15	1.6 – 3.6	0	10	15	0	5	10
ONE Canadian Corporate Bond Fund				3.0 – 6.9						
Total fixed income	**66**	**70**	**74**		**54.5**	**60**	**64.5**	**35**	**40**	**45**
ONE Canadian Equity Fund	0	5	10		0	5	10	5	10	15
ONE Global Equity Fund	15	25	35		25	35	45	40	50	60
Total equity	**26**	**30**	**34**		**35.5**	**40**	**45.5**	**55**	**60**	**65**

Stable Return Solution

	Default Lowest Risk % Weight Min	Target	Max	Duration (Years)	Low Risk % Weight Min	Target	Max
ONE Global Unconstrained Bond Fund	50	60	70	2.0 – 6.0	50	60	70
ONE Canadian Government Bond Fund	25	30	35	1.6 – 3.6	15	20	25
ONE Canadian Corporate Bond Fund				3.0 – 6.9			
Total fixed income	**88**	**90**	**92**		**76.5**	**80**	**83.5**
ONE Canadian Equity Fund	0	0	0		0	5	10
ONE Global Equity Fund	8	10	12		10	15	20
Total equity	**8**	**10**	**12**		**16.5**	**20**	**23.5**

Asset allocations for target date solutions are in Appendix D.

Appendix D: Target Date Solutions' Glide-path Asset Allocations

Investments with target dates will be managed to reduce risk as the end date approaches. This is known as following a glide-path. Below is the asset allocation glide-path that will be followed with a view to generating asset growth for long term holdings and shifting gradually to safety of principal for shorter term holdings.

	Term to Target Date in Years																	
	2 to 3			**4 to 5**			**6 to 10**			**11 to 15**			**16 to 20**			**> 20**		
	Min	Target	Max	Min	Target	Max	Min	Target	Max	Min	Target	Max	Min	Target	Max	Min	Target	Max
ONE High Interest Savings Account	0	100	100															
ONE Global Unconstrained Bond Fund				35	40	45	35	45	55	35	45	55	35	45	55	30	40	50
ONE Canadian Government Bond Fund	0	0	100	15	20	25												
ONE Canadian Corporate Bond Fund				35	40	45	25	30	35	15	20	25	5	10	15	0	5	10
Total Fixed Income	**100**	**100**	**100**	**90**	**100**	**100**	**71.25**	**75**	**78.75**	**60.75**	**65**	**69.25**	**50.25**	**55**	**59.75**	**40**	**45**	**50**
ONE Canadian Equity Fund				0	0	0	0	5	10	0	5	10	0	5	10	0	5	10
ONE Global Equity Fund				0	0	0	15	20	25	25	30	35	35	40	45	40	50	60
Total Equity				0	0	10	21.25	25	28.75	30.75	35	39.25	40.25	45	49.75	50	55	60
Expected return		2.2%			2.7%			3.8%			4.2%			4.6%			4.9%	

Appendix E: Transition Plan [To Be Completed]

At the writing of this Plan (DDMMYY), Huntsville's holdings were the following.

Account	Current Holdings	Amount
Account 1	ONE Universe Corporate Bond Portfolio	$ 664,000
Account 2	ONE Investment HISA	6,324,000
Account 3	ONE Equity Portfolio	1,200,000
Account 4	ONE Bond Portfolio	498,000
		$ 8,690,000

The objective is to move to the below allocations as quickly as practicable. The settlement cycle on ONE Investment portfolios & HISA is very short so no special considerations will need to be planned to accommodate the transition of assets to the JIB

Account	Target Holdings	Amount
Account A: Contingency	ONE Investment Contingency Solution	$ 4,500,000
Account B: Stable Return	ONE Investment Stable Return Solution	2,000,000
Account C: Target Date	ONE Investment 2-3 Target Date Solution	3,500,000
		$ 10,000,000

Target holding weights will be maintained within the asset allocation bands identified in section 6 of this Investment Plan until instructed otherwise.

Date

Treasurer

Keith Taylor, Investment Manager
ONE Investment

Appendix F: Transferring Funds

Document here how funds will be transferred in/out of ONE JIB and into what municipal short-term account they will come from/go to.

Appendix G: ONE JIB's Investment Approach

Investment Approach

Investment Approach

1. Our Investment solutions are designed to address 3 key investment outcomes. Each one of these outcomes will have a unique asset mix and investment objective. These are intended to be used instead of having an asset mix defined in the IPS.
   - Contingency: needs that function like insurance, entail unpredictable, infrequent bullet payments. Clients may have target sizes for these reserves, so that when the investments grow to that size, either funds can be diverted out or contributions can be reduced. For these reasons, a growth profile is preferred.
   - Stable Return: these are used to fund ongoing capital investments and are needed to generate a consistent reliable return stream. May be needed at different risk levels and tolerances for dipping into principal.
   - Target Date Projects: these are savings vehicles for projects with predictable (but perhaps not perfectly predictable) target dates where the risk of meeting the required payment is clearly defined. Includes sinking fund debentures and serial bonds.
   - As appropriate the JIB can create custom asset mixes to accommodate specific municipal needs, but it is anticipate the Contingency, Stable Return and Target Date outcomes will be sufficient for most municipalities.

2. ONE Investment will use a series of building block asset class funds managed externally using off-the-shelf pooled funds as much as possible. This approach facilitates the following:
   a. Managers can be added and subtracted in an asset class easily at any point in time;
   b. New asset classes can be added as new building block funds;
   c. Risk profiles and solutions can be added/changed without creating new funds.
   d. The Joint Investment Board will be able to tell easily whether clients are invested in appropriate risk exposures.

Capital Markets Beliefs

Asset Allocation

1. Theoretical underpinnings:
   a. Modern Portfolio theory provides a useful conceptual construct that demonstrates the value of diversification for investment portfolios. Diversification is a key feature that helps reduce risk in investor portfolios.
   b. We believe in Prudent Investing as a process.
2. Our investment objectives will vary with each need we are trying to meet. The following issues are taken into account for each need and their weights will vary depending on the target outcome and risk tolerance:
   a. Safety of principal
   b. Adequate liquidity
   c. Diversification by geographic exposure, asset class, sector, issuer, credit quality and term to maturity.
   d. Capital appreciation.

e. Income generation

3. Long-term asset allocation is the most important portfolio component driving risk and return. Higher returns generally entail taking more risk. Over most long-term periods, equities have outperformed fixed income. Given their higher risk profile, equities should outperform fixed income over the longer term. In setting asset allocation, consideration is given to macro risks, such as inflation, economic growth and interest rates.

4. Tactical Asset Allocation (market timing) at the total portfolio level is unlikely to consistently add value. In some extreme cases, it may be useful.

5. For clients who present us with a substantial sum for investing, we do not believe that dollar cost averaging into stock markets will generate optimal returns. Because stock markets tend to go up over time dollar cost averaging represents a delay in entering markets and receiving returns. However, some clients may view dollar cost averaging as a way of managing timing risk and we will not oppose those who do.

Asset Classes and Asset Class Strategies

6. ONE Investment clients are non-taxable and are therefore indifferent as to the source of return (interest, dividends, capital gains) except where covenants require use of dividends only. However, as municipalities are required to balance their budgets annually and because they do not recognize unrealized investment gains, they may occasionally have to sell holdings that have risen in value to generate "income" for fiscal purposes. There may be less opportunity to plan the recognition of gains/losses when investing in our Prudent Investor offerings.

7. Our range of client offerings is expected to expand over time, starting with initial offerings in the public equity and public and private debt markets. Other asset classes, including possibility real and private assets, will be considered in due course.

8. Cash and cash equivalents can be used to manage risk and enhance liquidity. Staying in cash for long periods to avoid risk may not be a prudent strategy as it entails an opportunity cost.

9. The use of fixed income during periods of rising interest rates may be appropriate for the following reasons:
   a. To manage volatility;
   b. To match maturities to cash needs; and,
   c. To generate income.
   d. Provide diversification benefits

10. For fixed income and target return investing, it is not prudent to set a target return or yield and then find an instrument or portfolio that will generate that yield. It is preferable to define a risk level and accept the return or yield associated with it.

11. We are comfortable holding low quality securities in mandates if their weight are constrained. Such allocations can offer correlation benefits that can improve overall portfolio risk metrics while potentially increasing overall portfolio returns.

12. Clients prefer portfolio stability and are quite sensitive to losses. Investment recommendations are not solely focused on return potential but also consider risk. Historical drawdowns experience is a highly relevant consideration when selecting external investment managers.

13. We expect our clients prefer absolute to relative returns. Outperforming a given benchmark is of little consolation if the client is losing money.

14. For benchmark-relative investing, active management makes sense if the manager can add net value (after fees) on a risk-adjusted basis.

15. Derivatives will not be used for speculative purposes. They may be used to manage risk or to replicate specific asset classes, but only where they are fully covered by a backing asset, e.g., as for currency hedging or covered call strategies.

16. Some exposure to foreign currencies may be desirable to improve diversification and potentially enhance returns. Therefore, it shall not be a violation global mandates may be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considers to be beneficial or desirable by ONE JIB. While the ONE JIB does not intend to implement a currency hedging strategy directly, the external portfolio managers hired to manage the funds may use currency hedging as part of their investment strategy.

Investment Managers

17. Success with active mandates is more likely with strong conviction and less constrained mandates.

18. Considerations included in evaluating managers:
    - Performance
    - Corporate changes
    - Service levels
    - Adherence to portfolio parameters and stated philosophies
    - Appropriate benchmarks
    - Insights and research capabilities
    - Internal controls and operational processes
    - Comprehensive investment management process
    - Risk management
    - Depth of management team

- Cost is an important consideration when choosing a strategy or investment manager, but not in isolation: we will consider value for money in decision-making. We will aim for competitive costs, including tiered pricing. We may consider a performance-based fee structure where the base is equivalent to a passive fee and the bonus is paid in accordance with performance delivered net of fees above the benchmark.

Other

19. Securities lending is permitted by legislation for Legal List investors. For Prudent Investors, we require minimum collateral of 102% with guidelines to be specified later.

20. Borrowing, including shorting, is not allowed. This does not include mortgages on real estate, which we will address when we review the possibility of investing in that asset class.

21. The ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing investment managers. Investment managers are assessed for their ESG policies. ONE JIB does not necessarily endorse sole use 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 by looking holistically at potential investments and influencing companies to change their behaviour, where appropriate. ONE JIB's approach will necessarily vary by manager based on a number of factors, including the degree of control exercised by the ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible either due to availability or to costs. We may be able to provide client reporting on this subject. Future offerings may include more specific responsible offerings.