



Town of Innisfil
(Town of Innisfil)

Investment Plan

Date: July 2, 2020

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



Contents

	<u>Page</u>
1. DEFINITIONS.....	1
2. PURPOSE OF INVESTMENT PLAN	3
3. RESPONSIBILITY FOR PLAN.....	3
4. CUSTODIAN	3
5. INVESTMENT GOALS AND OBJECTIVES	3
6. INVESTMENT ALLOCATIONS.....	5
6.1 Asset Allocations.....	5
6.2 Account Structure.....	6
6.3 Contingency Outcome	6
6.4 Stable Return Outcome.....	7
6.5 Target Date Outcome.....	7
6.6 Projected Investment Returns.....	8
6.7 Other Accounts.....	8
7. CONSTRAINTS.....	8
7.1 Environmental, Social and Governance (ESG) Investing	8
7.2 Securities Lending.....	8
7.3 Derivatives.....	9
8. EXTERNAL PORTFOLIO MANAGERS	9
9. REBALANCING.....	9
10. ACCOMMODATING CASHFLOW NEEDS.....	9
11. NON-LIQUID ASSETS	9
11.1 Legacy Investments / Strategic Investments	9
11.2 Transitional Investments.....	10
12. COMMENTS BY CHIEF INVESTMENT OFFICER.....	10
Appendix A: Process for Communicating Changes in Investment Needs	12
Appendix B: Description of ONE Investment Pools, Products and Outcomes	13
Appendix C: Performance Benchmarks for ONE Investment Funds	16
Appendix D: Transition Plan.....	17
Appendix E: Transferring Funds	19



1. Definitions

(Note that terms and definitions used in this Investment Plan have the same meaning as those defined in the Investment Policy Statement)

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

Agency Agreement: means the Agency Agreement dated May 31, 1999 as amended and restated on March 1, 2010, between CHUMS and LAS as Agent and each Eligible Investor (as defined therein) under which such Eligible Investor participates in the ONE Legal List Investment Program, as amended, supplemented or replaced from time to time.

Asset Allocation (Asset Mix): means the proportion of each asset class in a portfolio or allocation.

Asset Class: means 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: means 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;

HISA: means the ONE High Interest Savings Account. This is an investment product created by ONE Investment that offers competitive interest rates on daily balances. It functions in a similar way as a bank account in that it pays interest and funds can be withdrawn on demand without triggering investment gains or losses.

In-Kind: means assets/securities instead of cash. In certain cases 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 investment Outcomes specified in the Investment Plan.

Investment Policy Statement (IPS): means the investment policy adopted by Council and updated annually determines Innisfil's money that it requires immediately (Short-Term Funds) and its money

that it does not require immediately (Long-Term Funds), and sets out, among other things, Innisfil's investment objectives and risk tolerances.

Long-Term Funds: means money not required immediately (MNRI) by Innisfil.

Municipal Client Questionnaire: means 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: means a not-for-profit organization that will serve as an agent of ONE JIB to operationalize the investment activities of ONE JIB and provide associated administration.

ONE Joint Investment Board (ONE JIB): means the joint board established by certain founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for Innisfil, 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 July 2, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of Innisfil's Long-Term Funds.

ONE Legal List Investment Program: means the program for joint municipal investment in which municipalities and other eligible investors invest under the Agency Agreement.

ONE Prudent Investment Program: means the program for municipal investment in which a municipality has appointed ONE JIB as such municipality's Joint Investment Board and has entered into the ONE JIB Agreement.

Outcome: means in the context of the Investment Plan the same thing as 'solutions'. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality.

Prudent Investor Standard: means the standard requiring 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 Innisfil's Long-Term Funds under control of ONE JIB rather than to individual securities.

Regulation: means Ontario Regulation 438/97.

Short-Term Funds: means money that is required immediately (MRI) by a municipality. Innisfil's IPS defines MRI as funds that are to be used to meet financial obligations within the next twenty-four (24) month period.

2. Purpose of Investment Plan

As required under the Act's prudent investor regime, this Investment Plan (Plan) establishes how ONE JIB will invest Innisfil's money that it does not require immediately (Long-Term Funds or MNRI). This Plan complies with Innisfil's IPS adopted by Council on March 11, 2020 and is based on the information in the Municipal Client Questionnaire (MCQ) dated March 11, 2020. It was presented to ONE JIB at the May 20, 2020 meeting in Report # 20-011 – Investment Outcomes. This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Innisfil.

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

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 reviews to monitor compliance with the Act and the Regulation in addition to Innisfil's IPS.

This Plan is dependent on clear communication between Innisfil, ONE JIB and ONE Investment regarding Innisfil'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 the responsibility of Innisfil 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 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 Innisfil. The process for communicating changes in the MCQ, IPS and other issues is set out in Appendix A. The process for moving funds in or out of ONE Investment is outlined in Appendix E.

4. Custodian

Except for Town-owned electricity related assets, all investments under the control and management of ONE JIB shall be held for safekeeping by ONE Investment's custodian. 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 ONE JIB.

5. Investment Goals and Objectives

Returns on investments have an impact on Innisfil's revenues, and therefore a longer-term impact on future years' budgets and are intended to 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 Innisfil’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;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,
- c. Funding target date projects, where Innisfil has an obligation for a specific project at a specific time.

ONE JIB adopted an outcome-based investment approach on May 20, 2020 that helps provide guidance on how municipal objectives will be translated into investment allocations. By assigning one of the defined outcomes in Table 1 for each municipal account or goal, guidance is given to ONE JIB that directs allocation choices.

Table 1 - ONE JIB Outcomes Framework

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

Innisfil’s IPS and MCQ provided guidance on its needs, objectives, risk tolerances and time horizons related to its municipal accounts that were interpreted within the context of the Outcomes detailed in Table 1. Additionally, dialogue from the Treasurer was used to develop a fuller understanding of the municipal circumstances in order to advise on investment allocations.

While individually Innisfil’s accounts/reserves are expected to require liquidity, collectively, they provide the Town with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for accounts/reserves 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.

Additionally, details in the MCQ indicate that Innisfil will not need to drawdown MNRI for at least five years, and the Town does not have a specific project with a defined time horizon that these funds would be required for. This indicates that the Town has flexibility that allows it to invest with a relatively long-term investment horizon.

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 the Town are taken into consideration when assigning asset allocations for the Town using ONE Investment's Outcome-based approach. 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 the Town'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.

In drafting this Plan, these current economic conditions and the possible effect on inflation/deflation have been considered as follows:

- On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic. Subsequently, the Province of Ontario declared a state of emergency on March 17, 2020. The financial impact of these events on municipalities is still to be determined. Examples could include increased cash flow requirements, decreased revenue or pressure for lower property tax rate increases.
- The COVID-19 pandemic has the potential to change the economic outlook and the capital markets outlook in ways that cannot be foreseen. This should not directly affect the risk profile of the Town or the implementation of this Plan.
- Prior to the COVID-19 pandemic, economic conditions have been characterized as broadly positive, with modest economic growth, low interest rates and modest inflationary pressures. The global economy appeared to be in the later stage of an economic expansion with significant potential for deceleration of economic growth. The COVID-19 pandemic has clouded the outlook.

- 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. In the Town's current circumstances all of its MNRI has a long-term investment horizon, but this may change over coming years as the Town determines that money that it receives in the future constitutes MNRI.
- The portions of MNRI that are not expected to be needed over the short-term (currently this represents all of MNRI) will be invested to take advantage of a longer-term investment horizon, when the current economic uncertainties will likely have subsided; the use of diversification to reduce volatility and investments in securities with a potential for higher returns such as equities and bonds is expected to achieve returns that outpace inflation.

Return assumptions have been provided in section 6.6. These return assumptions were based on allocations that the Chief Investment Officer considers appropriate for the Town. 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 Innisfil's MCQ dated March 11, 2020 have been allocated into a single investment Outcome that is reflective of the objectives and circumstances of the Town and its MNRI. Innisfil's MNRI will be allocated entirely to the Contingency Outcome. This will provide guidance to ONE JIB when investing these monies.

The allocation to the Contingency Outcome will be generated using ONE Investment Pools and products to create solutions via a specific asset allocation. Descriptions of the ONE Investment Pools and the asset allocations for each solution are set out in Appendix B.

The process of moving from the current investments to the target weights in this Plan, is outlined in the Transition Plan in Appendix D. The Town has sufficient balances in the ONE HISA and other highly liquid investments such that little planning is required for this transition.

6.3 Contingency Outcome

Innisfil 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. Additionally, much of its MNRI consists of reserves that can be used for growth-related capital projects, but the timing of potential drawdowns is uncertain. Emphasis on the preservation of purchasing power / inflation is a key consideration. Details of the Contingency Outcome are shown in Table 2. Further details about the Contingency Outcome allocations are described in Appendix B. These funds will be invested based on the following asset mix set out in Table 2 and will be rebalanced to ensure a consistent risk profile - rebalancing 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.

Table 2 - Contingency Outcome

Asset Class	% Weight			Benchmark
	Min	Target	Max	
Equity	55	60	65	
ONE Canadian Equity Fund		18		S&P/TSX Composite Index
ONE Global Equity Fund		42		MSCI ACWI (All Country World Index)
Fixed Income	35	40	45	
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
Total		100		

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

6.4 Stable Return Outcome

Stable Return Outcomes are designed to generate returns that can be used to fund recurring expenses within the Town. The primary purpose is to generate a source of sustainable income for the Town.

At the time of the writing of this Plan on May 28, 2020 the use of Stable Return Outcomes was not deemed appropriate considering the Town's investment needs and preferences. It may be appropriate to add Stable Return Outcome allocations at date in the future if circumstances change.

6.5 Target Date Outcome

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. It is intended to be appropriate for specific projects or needs in the future with well-defined funding requirements on a well-defined timeline. ONE JIB has designed several Target Date Outcomes that are suitable for the range of timelines appropriate for municipal investing. All income will be reinvested to ensure growth of the investments to meet the Target Date Outcome.

At the time of the writing of this Plan on May 28, 2020 the use of Target Date Outcomes was not deemed appropriate considering the Town's investment needs and preferences. It may be appropriate to add Target Date Outcome allocations at date in the future if circumstances change.

6.6 Projected Investment Returns

The prospects for improved returns with acceptable levels of investment risks are a key consideration for any municipality investing under the Prudent Investor Standard. Table 3 below provides a projection of the expected annual returns for each of Innisfil's investment Outcomes. These estimates were derived from an analysis of long-term returns based on conservative capital market assumptions and economic forecasts. 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 for these mandates. It is largely not relevant to municipal investors because they are not subject to taxes on investment returns.

Table 3 - Investment Returns

Outcome	Expected Return	Allocation Weight (%)
Contingency	4.9%	100.0%
Overall	4.9%	100.0%

* The projected overall Expected Return of the asset allocations for ONE Investment prudent investor offerings was evaluated by an external consultant, Aon. Their analysis includes a proprietary return measure that projects average annual expected returns via a Monte Carlo analysis. Actual returns may differ. Details of the analysis can be found in ONE JIB Report # 20-010 – Investment Outcomes.

6.7 Other Accounts

The Town 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 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 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

Derivatives may not be used for speculative purposes except where the External Portfolio Managers use it in the underlying fund. They may be used for the investment of Long-Term Funds where they are fully covered by a backing asset, e.g., as for currency or other 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 and in the range of investment options and portfolio managers suitable for institutional investors.

9. Rebalancing

Each account's asset mix will be monitored by ONE Investment. Each investment Outcome will have target weights assigned for each holding, which collectively represent the intended asset mix for the Outcome. Minimum and maximum weights will also be assigned for asset classes, and these weights will guide the rebalancing process. Should the weight deviate outside the minimum or maximum weights noted in Appendix B, the account will be rebalanced as soon as practicable to bring it 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. 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.

ONE Investment will rebalance all accounts to target weights twice annually based on fixed dates: April 15 and October 15 (or the following business day). Accounts that are within a 2% threshold of the intended targets will not be rebalanced.

10. Accommodating Cashflow Needs

This Plan is intended to be dynamic and responsive to the changing needs of Innisfil. 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 into the investment Outcomes where appropriate and cashflow needs of Innisfil are expected to be financed with the sale of units of the investment pools. Any fee discounts that apply to Innisfil are intended to be reinvested into the Contingency Outcome or as otherwise directed by the Treasurer.

11. Non-Liquid Assets

11.1 Legacy Investments / Strategic Investments

Innisfil's investment in Innpower Corporation, a LDC, and Innterprises Inc, an LDC Affiliate, have a strategic purpose beyond generating investment returns. While these investments are part of the responsibility of ONE JIB, they are subject to a restriction set out in Innisfil's IPS such that ONE JIB

has agreed not to dispose of or deal with these investments without Innisfil’s consent. Table 4 below describes these investments in Innpower Corporation and Innterprises Inc.

Table 4 - Innisfil's Legacy Investments

Investment	Type	Value of Investment (\$)
Innpower Corporation	Local Distribution Company (LDC)	22,510,137
Innterprises Inc.	LDC Affiliate	179,740

11.2 Transitional Investments

Innisfil plans to sell some or all of Innisfil’s ONE Legal List Program products. The proceeds of the sale will be given to ONE JIB as MNRI. More detail on transition planning is provided in Appendix D.

12. Comments by Chief Investment Officer

Certain qualitative factors were considered in assigning the investment allocations. Overall Innisfil’s investment horizon is long, and its asset management planning reflects significant infrastructure investment as the Town grows. Significant capital spending will be involved though there is notable uncertainty in the timeline for spending for growth-related projects. This makes it difficult to project future cashflow needs due to uncertainty related to the timing of when funding may be required. Flexibility is required in the Plan so that sufficient liquidity is available to address needs that cannot be defined with a precise timeline.

The Town has balances of about \$85 million in MRI and \$15 million in MNRI (excluding LDC investments). The Town has considerable flexibility to fund projects out of these resources. Although there are specific reserves and reserve accounts that underlie the amounts designated as MNRI, there is little in the way of large tangible spending needs that are anticipated that would require monies to be drawn down from MNRI in the foreseeable future. It is reasonable to expect the balance of MNRI will to be at or above the \$15 million level for at least the next 5 years, and perhaps much longer. As such, the investment horizon is relatively long, which should allow flexibility to invest the MNRI funds to assume a moderate amount of risk while investing for growth over a longer time frame.

The \$15 million that Innisfil has determined is MNRI, will be transferred to ONE JIB and will be financed by the Treasurer selling existing ONE Investment Legal List products. With about \$58 million in HISA and \$5 million in the ONE Canadian Government Bond portfolio there is more than enough in investments that can be readily liquidated and transferred to ONE JIB. As at December 31, 2019 the Town had no exposure to equities. Under the prudent investor regime one of the main goals is to improve the investment returns and allow balances of MNRI to grow over time. The Chief Investment Officer recommends exposure to equities to achieve this. Initial allocations to equities are expected to be about \$9.0 million which represent 60% of overall MNRI. This level of

exposure to equities is appropriate considering the long-term nature of Innisfil's MNRI and the investment risk profile of Innisfil.

Appendix A: Process for Communicating Changes in Investment Needs

For effective investment management it is imperative that material changes in Innisfil'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 and the ONE JIB Secretary at dkelly@oneinvestment.ca. They are considered received when ONE Investment provides a formal return email acknowledgement.

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

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](#).

ONE Investment Pool or Product	External Portfolio Manager	Mandate	Asset Class
High Interest Savings (HISA)	CIBC Commercial Banking	Savings account	Cash
ONE Canadian Government Bond Fund	MFS	Bonds of < 5 years' maturity focused on Canadian Government bonds	Canadian short-term Fixed Income
ONE Canadian Corporate Bond Fund	MFS	Primarily in Canadian Corporate Bonds	Canadian Fixed Income
ONE Global Bond Fund	Manulife Investment Management	Global Unconstrained Fixed Income	Global Fixed Income
ONE Global Equity Fund	Mawer Investment Management	Global Equities inclusive of Emerging Markets exposure	Global Equities
ONE Canadian Equity Fund	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 mixes 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 allocations to the intended asset mix. The Outcomes will also be rebalanced twice annually, as required, to ensure the allocations do not drift materially away from the intended targets. Note that these 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.

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

<u>Stable Return Outcome</u>	% Weight			Duration (Years)
	Min	Target	Max	
ONE HISA	8	10	12	
Total Cash	8	10	12	
ONE Canadian Equity Fund		9		
ONE Global Equity Fund		21		
Total Equity	26	30	34	
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
Total Fixed Income	55	60	65	
Total Allocated		100		

<u>Contingency Outcome</u>	% Weight			Duration (Years)
	Min	Target	Max	
ONE HISA				
Total Cash		0		
ONE Canadian Equity Fund		18		
ONE Global Equity Fund		42		
Total Equity	55	60	65	
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
Total Fixed Income	35	40	45	
Total Allocated		100		

<u>Asset Management Reserve Outcome</u>	% Weight			Duration (Years)
	Min	Target	Max	
ONE HISA				
Total Cash		0		
ONE Canadian Equity Fund		27		
ONE Global Equity Fund		63		
Total Equity	88	90	92	
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
Total Fixed Income	8	10	12	
Total Allocated		100		

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 funds will be available as needed. This means that reserves, reserve accounts and other balances that are assigned to target date allocation will be reassigned to a nearer dated Target Date Outcome as time passes. In this way as the spending needs grows nearer, the associated investment allocations will migrate to a lower risk 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	
Total Cash	17	20	23		0			0	
ONE Canadian Equity Fund		3			15			22.5	
ONE Global Equity Fund		7			35			52.5	
Total Equity	8	10	12	45	50	55	71	75	79
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	
Total Fixed Income	66	70	74	45	50	55	21	25	29
Total Allocated		100			100			100	

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.

Appendix D: Transition Plan

Notwithstanding any provisions of this Plan, ONE JIB shall have the discretion to transition Innisfil's MNRI as constituted on the Prudent Effective Date to the target allocations set out in this plan in such manner and within such time as ONE JIB considers to be prudent and reasonable in the circumstances. For greater certainty, it shall not be a contravention of this Plan if the actual allocations for Innisfil's MNRI are at variance from the targeted allocations set out herein if the reason for such variance is that the transition plan has not been completed.

At the writing of this Plan (May 28, 2020), Innisfil's ONE Legal List Investment Program holdings included the following:

Current Holdings	Amount (\$)
ONE Canadian Government Bond Portfolio	5,260,451
ONE HISA	58,778,843
Total	64,039,294

The objective is to move such holdings to the intended investment allocations as quickly and cost efficiently as practicable. The \$15 million MNRI that Innisfil discloses in its MCQ can be transferred to ONE JIB in an orderly fashion by liquidating some of its ONE Legal List Investment Program products. Due to the short settlement cycle for ONE Legal List Investment Program products and their liquidity, no special planning is required to facilitate the transition to the Prudent Investment Program products. The Treasurer intends to liquidate all holdings in the ONE Canadian Government Bond Funds and the balance of MNRI to be transferred to the control and management of ONE JIB will be drawn down from the HISA balances.

ONE Investment will provide forms to Innisfil's Treasurer to facilitate the liquidation of ONE Legal List Investment Program products and HISA. These forms will be used to provide instructions in advance of July 2, 2020, and these instructions will be acted on in conjunction with trade instructions from ONE JIB. This is intended to streamline the transition process so all trading instructions can be planned in advance and coordinated so the Town's money is deployed into the ONE Prudent Investment Program offerings seamlessly. The trading instructions and forms for this transition process will differ from the routine process that municipalities used to liquidate ONE Legal List Investment Program holdings.

Below is a summary of the intended ONE Investment allocations. Table C-1 shows the allocations to the ONE Investment Outcomes while Table C-2 reflects the consolidated allocations by funds that is implied

Table C- 1 - Innisfil's Outcomes

Outcome	Allocation Weight (%)
Contingency	100.0
Overall	100.0

Table C- 2 - Innisfil's Consolidated Holdings

ONE Investment Funds & HISA	Total Invested (\$)	Portfolio Weight (%)
ONE Canadian Equity Fund	2,700,000	18.0
ONE Global Equity Fund	6,300,000	42.0
ONE Canadian Govt Bond Fund	900,000	6.0
ONE Canadian Corporate Bond Fund	900,000	6.0
ONE Global Bond Fund	4,200,000	28.0
Total	15,000,000	100.0

Appendix E: Transferring Funds

These procedures will be provided at a later date.

14841549.2