

To: ONE Joint Investment Board
From: Evelyn Foo, Chief Compliance Officer, ONE Investment
Date: June 1, 2023
Re: 2022 Year End Pooled Funds Report
Report: ONE JIB 2023-O28

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the 2022 Year End Pooled Funds Report.

2. SUMMARY

ONE Investment is required to:

- File a Report of Exempt Distributions with the Ontario Securities Commission
- Distribute Audited Financial Statements of the ONE Investment Pooled Funds to Participating Municipalities
- File a T3 Trust Income Tax and Information Return and distribute T3 Statements of Trust Income Allocations and Designations to Participating Municipalities.

As of April 14, 2023, ONE Investment has completed all these requirements within the required timeframes and paid all required fees.

3. BACKGROUND

ONE Investment has reporting obligations determined by the Ontario Securities Commission and the *Income Tax Act*.

Pursuant to the decision of the Ontario Securities Commission dated November 23, 2018, ONE Investment, ONE JIB and the ONE Investment Pools are exempt from certain regulatory requirements.

Under the Ontario Securities Commission exemption, ONE Investment is required to:

- File a Report of Exempt Distribution with the Ontario Securities Commission for distributions of securities made by each Investment Pool during the previous year by January 30th of the following year;
- Arrange for the preparation of audited financial statements that comply with National Instrument 81-106 Investment Fund Continuous Disclosure for each Investment Pool and deliver the audited financial statements to the unitholders of the Investment Pools.

Each of the ONE Investment Pools is required to comply with the *Income Tax Act* (Canada) and

must file a T3 Trust Income Tax and Information Return (T3 Return) with the Canada Revenue Agency and issue T3 Statements of annual Trust Income Allocations and Designations (T3 Slips) to the unitholders of the ONE Investment Pools by March 31st of the following year.

ONE Investment reporting requirements under the *Income Tax Act* consist of filing T3 returns for the pooled funds.

ONE Investment is the duly appointed Manager of each of the ONE Investment Pools. The ONE Investment Pools refer to the five ONE Prudent Investment Funds namely the ONE Canadian Government Bond Fund, ONE Canadian Corporate Bond Fund, ONE Global Bond Fund, ONE Canadian Equity Fund, and ONE Global Equity Fund. The ONE Investment Pools are unit trusts for purposes of the *Income Tax Act*. Each of the ONE Investment Pools is required to prepare and file a T3 Return with the Canada revenue Agency in respect of its taxation year ended December 31, 2022. Each of the ONE Investment Pools is also required to prepare and issue T3 slips to its unitholders. Unitholders are the Participating Municipalities that invest in the ONE Pooled Funds.

ONE Investment reporting requirements under the Ontario Securities Commission involve the preparation and distribution of audited financial statements.

As the Manager of the ONE Investment Pools, ONE Investment is required to report certain information relating to the distribution of the securities of each ONE Investment Pool to securities regulators every year. This information includes gross sales numbers, as well as the identities of the purchasers. Only summary information is available to the public – most of this information remains with securities regulators on a confidential basis. These reports are known as “Reports of Exempt Distribution” and are filed on Form 45-106F1. As “investment fund issuers”, the ONE Investment Pools are permitted to file once annually 30 days after year end. All associated fees were paid.

The ONE Investment Pools are “mutual funds” and are subject to the applicable provisions of National Instrument 81-106 Investment Fund Continuous Disclosure (NI 81-106). The Ontario Securities Commission exemption does not exempt the ONE Investment Pools from the requirement to prepare financial statements that comply with NI 81-106. Each of the ONE Investment pools is required to prepare audited financial statements for its year ended December 31, 2022. The contents, presentation and disclosure contained in the ONE Investment Pool financial statements are prescribed by NI 81-106.

Under the Ontario Securities Commission exemption, the ONE Investment Pools are not required to file their audited financial statements with the Ontario Securities Commission, provided that financial reporting is provided to Participating Municipalities in accordance with the provisions of the *Municipal Act*.

4. ANALYSIS

Reports of Exempt Distribution were filed on January 17, 2023

Reports of exempt distribution are required to be completed 30 days after year end. ONE Investment filed all required reports with the Ontario Securities Commission on January 17, 2023.

Under NI 81-106, the financial statements of the ONE Investment Pools must be approved by the Manager prior to being made available to investors. In its capacity as Manager, the Board of Directors of ONE Investment approved the audited financial statements of the ONE Investment Pools, attached in Appendix A, on April 14, 2023, and the financial statements were subsequently emailed to the Participating Municipalities. This is the third set of audited financial statements, representing the second full year of activity.

PricewaterhouseCoopers has been appointed the auditors of the ONE Investment Pools. As required by NI 81-106, the financial statements were prepared in accordance with International Financial Reporting Standards. PricewaterhouseCoopers provided unqualified opinions for the financial statements of each Pool. No audit recommendation letter points were noted.

T3 slips and T3 Returns were filed by the deadline

At year end, all net income and realized capital gains of each ONE Investment Pooled Fund were distributed to unitholders, resulting in no income tax payable at the level of the Pooled Fund. The year-end distribution process ran smoothly, and the calculations were reviewed by both ONE Investment staff and the PricewaterhouseCoopers tax accountants for accuracy and completeness.

Copies were shared with the Participating Municipalities, as required by regulation, although they are tax-exempt entities. For the Participating Municipalities, communications have been prepared to assist them through the year end.

5. CONCLUSION

Each of the ONE Investment Pools has now completed its second-full year end, which included certain filings required under the Ontario Securities Commission exemption and the Income Tax Act. These obligations were met on time and participating municipalities received copies of the relevant documents.

Drafted by: Evelyn Foo, Chief Compliance Officer

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