

[NAME OF MUNICIPALITY]

Investment Plan

Date: **June 1, 2023**

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1. Definitions

- Act** Act means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.
- Agent** Agent means any administrator, Custodian, payment servicer, External Portfolio Manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB, in the manner and to the extent provided in the Regulation, pursuant to a written agreement with ONE Investment and, without limiting the generality of the foregoing, Agent includes ONE Investment.
- Asset Allocation** Asset Allocation means the proportions of each Asset Allocation (or Asset Class) in an investment portfolio. The primary Asset Allocations (or Asset Classes) are cash and cash-equivalent instruments, fixed income, equities and equity-equivalent securities. These primary Asset Allocations (or Asset Classes) can be further subdivided into government and corporate bonds, large and smaller cap equities and other widely recognized asset categories. ONE Investment generally uses the term “Asset Allocation” to refer to the percentage, at the applicable time, of an investment portfolio comprised of cash, fixed income and equities.
- Asset Class** Asset Class means the type of asset category in an investment portfolio. The primary Asset Classes (or Asset Allocations) are cash, cash-equivalent instruments, fixed income equities and equity-equivalent securities. These primary Asset Classes (or Asset Allocations) can be further subdivided into government and corporate bonds, large and small cap equities and other widely recognized asset categories. This term can be used interchangeably with Asset Allocation (defined above).
- Asset Weight** Asset Weight means the actual percentage of HISA and/or of a particular Fund in comparison to the entire amount invested in a particular Outcome and also means the actual percentage of HISA and/or of a particular Asset Allocation in comparison to the entire amount invested in a particular Outcome. This term also includes the actual percentage of HISA and/or of a particular Asset Allocation in comparison to the entire amount invested in the investment portfolio.
- Authorizing By-law** Authorizing By-law means, with respect to a Participating Municipality, the by-law under which it (i) adopts and undertakes to maintain its IPS, (ii) authorizes the entering into of the ONE JIB Agreement with ONE JIB and the other Participating Municipalities, (iii) approves its completed MCQ, (iv) authorizes the establishment of a Code of Conduct for ONE JIB, and (v) delegates to ONE JIB the authority to appoint its Integrity Commissioner and its Closed Meeting Investigator.

Note: an Authorizing By-law of a Participating Municipality can, at the option of council, also be constituted as the Prudent Investor Enabling By-law by

specifying a specific future date, agreed to by ONE JIB, as the date on which the PI Standard will apply to the Participating Municipality under Section 418.1 of the Act.

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| Benchmark | Benchmark means an independently verifiable index that is representative of a specific securities market. For the most part the Benchmark is a relevant market index e.g., the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc. against which investment performance can be compared. ONE Investment generally selects recognized and widely used performance benchmarks which measure total returns expressed in Canadian dollars. ONE Investment may use a single index or a blended index made up of one or more indices. |
| CFA Institute | CFA Institute means the not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary, ethics-based professional and performance reporting standards for the investment industry. |
| Chief Compliance Officer (CCO) | Chief Compliance Officer means a duly qualified individual who is the most senior officer responsible for the design and implementation of the compliance program for ONE Investment and for the ONE Prudent Investment Program. |
| Chief Investment Officer (CIO) | Chief Investment Officer means a duly qualified individual who is the most senior person responsible to oversee investments and who advises ONE JIB as to the recommended Outcomes for Participating Municipalities to comply with their IPSs. |
| Credit Risk | Credit Risk means the possibility that a borrower will not repay a loan or meet other contractual obligations in full on time. One example of credit risk is the risk that a lender may not receive the borrowed principal and interest when due. Another example of credit risk, sometimes referred to as counterparty credit risk, is the risk that a party to a derivatives contract will default and fail to fulfill its obligations. |
| Custodian | Custodian means a specialized financial institution appointed to have custody and safekeeping of financial assets. Global Custodians may hold assets for their clients in jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks"). |
| Derivative | A derivative means a contract between two or more parties the value of which is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks. |

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| Drift | Drift means the deviation from Target Weight. Drift is cause for concern or a trigger for Rebalancing when it reaches or exceeds a certain magnitude for a specified period of time. |
| ESG (Environmental, Social and Governance Factors) | ESG factors mean “indicators used to analyse a (investee) company’s prospects” which are based on measures of its performance on environmental, social, and corporate governance criteria. According to the United Nations Principles of Responsible Investment, environmental issues relate to “the quality and functioning of the natural environment and natural systems”, social issues relate to “the rights, well-being and interest of people and communities”, and governance issues relate to “the governance of companies and other investee entities.” |
| External Portfolio Managers | 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 Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation. |
| Funds | Funds mean the pooled investment Funds offered as part of the ONE Prudent Investment Program and includes the ONE Canadian Equity Fund, the ONE Global Equity Fund, the ONE Canadian Bond Fund, the ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund, each of which is a Fund. Each Fund constitutes an Investment Fund and a Pooled Fund (defined below). |
| In-Kind | In-Kind means assets/securities instead of cash. In certain cases Participating Municipalities may transfer securities to ONE JIB as part of their MNRI instead of remitting only cash to ONE JIB. As these securities mature ONE JIB would invest the proceeds into the Outcomes specified in the relevant Investment Plan. |
| Internal Controls | Internal Controls mean a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process. |
| Investment Fund | Investment Fund means a pool of money belonging to many investors that is used to collectively purchase stocks, bonds or other securities. This term includes a Fund (defined above) and a Pooled Fund (defined below). |
| Investment Plan | Investment Plan means the investment plan for a Participating Municipality applicable to its Long-Term Funds and investments that the Participating Municipality does not require immediately, as adopted and maintained by ONE JIB under the Regulation, as the Investment Plan may be amended from time to time. |

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| Investment Policy Statement (IPS) | Investment Policy Statement means the investment policy applicable to a Participating Municipality's investments adopted and maintained by the council of the Participating Municipality for Long-Term Funds under the Regulation, and for Short-Term Funds, as the IPS may be amended from time to time. The IPS may also apply to the money and investments held by the Participating Municipality for the benefit of persons other than the Participating Municipality itself and may make reference to any source of money in which the Participating Municipality may have an indirect interest but which the Participating Municipality has no authority to invest. |
| Legal List Securities | Legal List Securities mean the securities that are prescribed from time to time in Part I of the Regulation. |
| Leverage | Leverage means using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage tends to increase investment risks. |
| Local Distribution Corporation | Local Distribution Corporation or LDC means a corporation incorporated under section 142 of the Ontario <i>Electricity Act, 1998</i> , as amended from time to time. |
| Long-Term Funds | Long-Term Funds mean money that the Participating Municipality has defined as long-term and characterized as money that is not required immediately. |
| Money Not Required Immediately (MNRI) | Money Not Required Immediately means money that is not required immediately by a Participating Municipality, the control and management of which has been given to ONE JIB. There is no universal definition of MNRI and it is at the discretion of each Participating Municipality to determine its MNRI in a way that is appropriate for its circumstances. |
| Municipal Client Questionnaire (MCQ) | Municipal Client Questionnaire means a document which is completed by the Treasurer of each Participating Municipality, and which includes information on municipal investments and risk preferences that must be reviewed annually. |
| Municipality | Municipality means the [LEGAL NAME OF MUNICIPALITY]. |
| ONE High Interest Savings Account (HISA) | ONE High Interest Savings Account means an account created by ONE Investment, into which money may be deposited, that offers competitive interest rates on daily balances. It functions in a similar way as a bank account in that it pays interest and money can be withdrawn on demand without triggering investment gains or losses. |
| ONE Investment | ONE Investment means the not-for-profit organization founded by CHUMS Financing Corporation and Local Authority Services that serves as an agent of ONE JIB to supply management, administrative and other services required by ONE JIB in the discharge of ONE JIB's duties and responsibilities. |

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| ONE JIB | ONE JIB means ONE Joint Investment Board, established by certain Participating Municipalities (sometimes referred to as the Founding Municipalities) under section 202 of the Act as a Joint Investment Board for purposes of Part II of the Regulation. ONE JIB, as constituted from time to time, is the duly appointed Joint Investment Board for a Participating Municipality and acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, and each Participating Municipality's IPS and Investment Plan. |
| ONE JIB Agreement | ONE JIB Agreement means the agreement effective as of July 2, 2020, entered into between ONE JIB, the six original Participating Municipalities (sometimes referred to as the Founding Municipalities) and One Investment in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Participating Municipality's money and investments that are not required immediately under Section 418.1 of the Act and in accordance with the Regulation. |
| ONE Prudent Investment Program | ONE Prudent Investment Program means the program for municipal investment in respect of which a Participating Municipality has appointed ONE JIB as its Joint Investment Board and has entered into the ONE JIB Agreement. The ONE Prudent Investment Program includes the Prudent Investment Offering (defined below). |
| Outcome | Outcome means the categories and strategies in accordance with which a Participating Municipality's MNRI may be invested. "Outcome" is used interchangeably with "solution". There are four different Outcome categories. They include the "cash", "stable return", "contingency" and "target date" categories. Each Outcome category shares certain objectives or goals for the MNRI invested in accordance with that Outcome category. The Outcome categories are used by ONE JIB to determine the appropriate Outcome strategies for each Participating Municipality. An Outcome category may have one or more Outcome strategies associated with it. Each Outcome strategy formulated by ONE JIB includes objectives, risk tolerance, liquidity needs, time horizons and Asset Allocations. The Outcome strategies are designed to enable ONE JIB to respond to a Participating Municipality's specific needs and circumstances. A Participating Municipality's Outcomes portfolio consists of its Outcome categories and strategies and the associated investments in the Funds associated with each Outcome strategy. A Participating Municipality's Outcomes portfolio considers a Participating Municipality's MNRI in its entirety and is determined individually by ONE JIB to meet the investment objectives for each Participating Municipality. A Participating Municipality's MNRI may be invested in accordance with several different Outcome categories and strategies. |
| Outcome Framework | Outcome Framework means the entire set of Outcome categories and strategies authorized by ONE JIB. |

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| Participating Municipality | Participating Municipality means from time to time each of the municipalities for whom ONE JIB acts as the Joint Investment Board under the terms of the ONE JIB Agreement and includes the Participating Municipalities that established ONE JIB (sometimes referred to as the Founding Municipalities). |
| Pooled Fund | Pooled Fund means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute money that is invested and managed by an External Portfolio Manager. Money belonging to various investors is pooled and used collectively to purchase stocks, bonds and other securities. This term includes a Fund (defined above). |
| Portfolio | Portfolio means any collection of Funds that are grouped together and required for specific purposes. |
| Proxy Voting | Proxy Voting means the exercise of voting rights attached to the securities under the control and management of ONE JIB under the ONE Prudent Investment Program. ONE JIB may direct the voting of proxies in accordance with ONE JIB's proxy voting policies. In the normal course, ONE JIB and ONE Investment delegate voting of proxies to the applicable External Portfolio Manager pursuant to the investment management agreement with such External Portfolio Manager. |
| Prudent Effective Date | Prudent Effective Date means the effective date set out in a Prudent Investor Enabling By-law as the date on which the Prudent Investor Standard applies to the Participating Municipality. |
| Prudent Investment Offering | Prudent Investment Offering refers to the suite of investment products and services used to invest MNRI of the Participating Municipalities. It is inclusive of the Pooled Funds that have been formed for this purpose, HISA accounts associated with ONE JIB activities, and the Outcomes of ONE JIB. The Prudent Investment Offering is included in the ONE Prudent Investment Program (defined above). |
| Prudent Investor (PI) | Prudent Investor means an investor who makes an investment using the care, skill, diligence and judgment that an investor acting in accordance with section 418.1 of the Act would exercise in making the investment. |
| Prudent Investor Enabling By-law | Prudent Investor Enabling By-law means, with respect to a Participating Municipality, the by-law under which it makes the Prudent Investor Standard apply to it as at the specific date set out in such by-law under Section 418.1 of the Act. |
| Prudent Investor Standard | The "Prudent Investor Standard" means the standard of care which 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. The Prudent Investor Standard applies to the Participating Municipalities' Long-Term Funds under the control and management of ONE JIB. |

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| Rebalancing | Rebalancing means changing the percentage weight of HISA or of one or more Funds in an Outcome to align each such percentage weight to its Target Weight. |
| Regulation | Regulation means Ontario Regulation 438/97, as amended from time to time. |
| Risk | Risk means the uncertainty of future investment returns or potential for capital loss. |
| Risk Tolerance | Risk Tolerance means the financial ability and willingness to absorb a loss in return for greater potential for gains. |
| Securities Lending | Securities Lending means the practice of lending securities to another market participant for a fee. Generally, the borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. A Securities Lending program is managed by a Custodian on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio. |
| Short-Term Money | Short-Term Money means money that is required immediately by the Participating Municipality as described in its IPS and which remains under the control and management of the Participating Municipality. The money can be invested in securities that are prescribed in Part I of the Regulation. |
| Sinking Fund | Sinking Fund means a fund established in respect of sinking fund debentures into which annual contributions must be made in an amount sufficient, with interest compounded annually, to pay the principal of the particular Sinking Fund debentures at maturity. |
| Sinking Fund Excess Earnings | Sinking Fund Excess Earnings mean the investment earnings of the Sinking Fund in excess of the earnings required to pay the principal of the particular Sinking Fund debentures at maturity. |
| Sinking Fund Required Contributions (Annual Sinking Fund Requirement) | Sinking Fund Required Contributions (Annual Sinking Fund Requirement) mean the amount of money to be set aside each year for deposit into a Sinking Fund for each Sinking Fund debenture issue in accordance with the Participating Municipality's debenture by-laws. |
| Sinking Fund Required Earnings | Sinking Fund Required Earnings mean the investment earnings of the Sinking Fund needed for the Sinking Fund contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of Sinking Fund debentures. |
| Target Weight | Target Weight means the original percentage weight of HISA and/or of one or more Funds for a particular Outcome as set out in the Investment Plan for a Participating Municipality. This term can also mean the original percentage weight of one or more Asset Allocations for a particular Outcome. |

2. Purpose of Investment Plan

As required under the Act's prudent investor regime, this Investment Plan (Plan) establishes how ONE JIB will invest **The Municipality's** money that it does not require immediately (Long-Term Funds or MNRI).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of **the Municipality**.

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, the Regulation and **the Municipality's** IPS.

4. Investment Context

4.1 Investment Goals and Objectives

Returns on investments have an impact on **the Municipality's** revenues, and therefore a longer-term impact on future years' budgets, and are intended to keep pace with inflation over the long term.

Investments may consist of liquid and non-liquid assets, depending on future obligations. Expected investment risks and returns are balanced to create allocations that provide a high probability that **the Municipality'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 **the Municipality** has an obligation for a specific project at a specific time.

The Municipality has identified the goals and objectives for their MNRI according to the Outcome Framework used by ONE JIB. Table 1 details the investment objectives for its MNRI according to the classification scheme.

Table 1 - Objectives* Disclosed in **The Municipality's** IPS

| 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 |

* The objectives disclosed by **the Municipality** are aligned with the Outcome Frameworks adopted by ONE JIB.

The Municipality's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Additional context from the MCQ and dialogue with the Treasurer were used to interpret the details in Table 1. This informs ONE JIB about **the Municipality's** current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined. The allocation of **the Municipality's** MNRI in this Plan is consistent with the details as disclosed in **the Municipality's** IPS and MCQ.

While individually **the Municipality's** reserve and reserve funds require liquidity, collectively they provide **the Municipality** with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds 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.

ONE JIB uses an Outcome Framework that helps to translate the objectives as disclosed by the Participating Municipalities into investment allocations. The Outcome categories used by ONE JIB are aligned with the "Outcome Strategies" identified by **the Municipality** in Table 1 above. The MNRI of **the Municipality** will be assigned to associated Outcomes in the ONE JIB's Outcome Framework in this Investment Plan.

From time to time ONE JIB may review the Outcome Framework and associated investment allocations. This may result in changes to the investment allocations assigned to the Municipality in this Investment Plan.

4.2 Comments by Chief Investment Officer

The Chief Investment Officer is not recommending any changes in the allocation of MNRI in the investment Outcomes at this time. The updated MCQ and discussion with the Treasurer noted only minor changes in the investment horizon of municipal reserves vs the previous year. Additionally, the City will not make additional contributions or withdrawals from MNRI this year. The City has very good visibility on the nearer term funding needs, but the level of precision for spending needs for horizons beyond 5 years is more limited. Quinte West is in the process of updating its long-term financial plan and financial strategy which may lead to a more substantive change in the forecasts of cashflows affecting MNRI next year.

Quinte West's investment horizon is long and expects strong growth in reserve balances in coming years. It is anticipated that only about 1/3rd of the MNRI will need to be utilized within the next 5 years, with the remaining balance of MNRI potentially having a much longer investment horizon.

Aside from the funding for the specified near-term needs, the City has the flexibility to assume a moderate risk profile for the consolidated portfolio, with its investment allocations influenced by the long time horizon associated with the MNRI. The Investment Plan offers flexibility to invest monies for the long-term, but as all investments are fully liquid, access to the funds will be retained for any unforeseen circumstances. At the time of writing, the recommended overall exposure to equity within the Investment Plan was about 39%.

5. Investment Portfolio

5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of MNRI must be communicated to ONE JIB formally as outlined in Appendix A.

The goals, objectives, constraints and circumstances of the Municipality are taken into consideration when assigning asset allocations for the Municipality 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 Municipality'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 that led to significant disruptions in economic activity over the last few years. As the effects of the pandemic continue to fade, economic activity has continued to normalize.
- Loose monetary policy in the wake of the pandemic led to inflationary pressures globally. In Canada, inflation peaked at 8.1% in June 2022, well above the Bank of Canada's 2% target.
- The invasion of Ukraine by Russia in February 2022 introduced additional disruptions and uncertainty in the financial markets, which have contributed to elevated inflation levels.
- Efforts by the Bank of Canada and other central banks to reduce inflationary pressures led to sharply higher interest rates in 2022. The Bank of Canada increased its overnight lending rate by 4.0% last year, in one of the sharpest movements in interest rates in modern history.
- There is some risk that aggressive rate hikes could lead to an economic recession.
- The rapid interest rate hikes also created instability in certain segments of the global banking industry, which resulted in elevated volatility in financial markets in March 2023.
- Diversified investment allocations, such as those used in the Outcome Framework, may help to dampen the volatility of returns and mitigate the risks associated with macroeconomic or geopolitical events. A diversified approach should help to reduce volatility while still offering the potential for investment returns to outpace inflation.
- 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.
- The portions of MNRI that are not expected to be needed over the short-term will be invested to take advantage of a longer-term investment horizon and achieve higher returns by investing in equities and bonds.

5.2 Account Structure

The amounts of MNRI, as disclosed in the Municipality's MCQ dated May xx, 2021 have been allocated into investment Outcome categories as shown in Table 2 below.

Table 2 – Investment Allocations based on MCQ updated on XX May 2021*

| Outcome | Allocation (\$) | Allocation Weight (%) |
|------------------------|----------------------|-----------------------|
| Cash | \$ 4,471,071 | 14.8 |
| Contingency | 3,493,522 | 11.6 |
| Target Date 3-5 Years | 6,011,182 | 19.9 |
| Target Date 5-10 Years | 12,261,377 | 40.6 |
| Target Date 10+ Years | 3,979,112 | 13.2 |
| Overall | \$ 30,216,265 | 100.0 |

* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of MNRI on May 31st, 2021. The Investment Plan will be implemented based on the allocation weights in Table 2.

Mixes of ONE Prudent Investment Program funds and products appropriate for the Municipality’s circumstances will be used for each Outcome. Descriptions of these Outcomes, ONE Prudent Investment Program funds and the asset allocations for each Outcome are shown in Appendix B.

5.3 Cash Outcome

The allocation to the Cash Outcome will be approximately [INSERT NUMBER HERE]

Cash allocations are appropriate for the Municipality’s relatively short-term funding needs. As the monies are anticipated to be drawn down within three years, it is most appropriate to invest these monies such that there is minimal potential for capital loss. Longer-term investments are able to assume more risk and potentially absorb capital losses as there is ample time for investment growth to allow the investment value to recover. Details of the allocation of the Cash Outcome are found in Table 3. Further detail about the Cash Outcome allocations can also be found in Appendix B. Monies in the Cash Outcome are expected to be reclassified as MRI over the next few years. All interest earned in the Cash Outcome will be reinvested in the Cash Outcome:

Table 3 - Cash Outcome

| Asset Class | % Weight | | | Benchmark |
|--------------|----------|------------|-----|--------------------------------|
| | Min | Target | Max | |
| Cash | 100 | 100 | 100 | |
| ONE HISA | | 100 | | Bank of Canada 1 Year GIC Rate |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C

5.4 Stable Return Outcome

The allocation to the Stable Return Outcome will be approximately \$ x.x million.

The Stable Return Outcome is specifically designed to generate stable returns that could be used as a recurring income. This Outcome’s investment approach is relatively conservative, as it attempts to provide a recurring return stream while also emphasising preservation of capital. All income generated from the Stable Return Outcome will be reinvested. This Outcome has an allocation of 30% to equity investments, which will help generate annual returns to support the municipal budget and potentially provide modest growth in capital over time. The annual income needs of the municipality may be satisfied by selling securities from the Stable Return Outcome as needed. The degree to which balances invested in this Outcome can grow over time is directly influenced by the rate at which drawdowns take place.

[ENTER OUTCOME-SPECIFIC CONTEXT - REQUIRED]

[EXAMPLE: About \$23.5 million of the Municipality’s MNRI has been allocated to the Stable Return Outcome. This amount is inclusive of \$73,616.81 of accumulated coupons income from the bonds held in-kind, which will be reallocated to the Stable Return Outcome.

Kenora also has an in-kind bond portfolio that is part of the MNRI portion of the CPTF. Any coupon income or proceeds from maturing bonds in the in-kind bond portfolio during the year will be reinvested into the Stable Return Outcome. Maturities in the 12-month period ending June 30,

2021 will total \$1.2 million. The Treasurer has requested to be informed of any reinvestment of monies from in-kind bond portfolio into the Stable Return Outcome for administrative purposes.]]

The allocation of the Stable Return Outcome is shown in Table 5. Stable Return monies will be invested based on the following asset mix. All income will be reinvested to facilitate continued long-term growth in the assets until they are needed.

Table 5 – Stable Return Outcome

| Asset Class | % Weight | | | Benchmark |
|-----------------------------------|-----------|------------|-----------|-------------------------------------|
| | Min | Target | Max | |
| Cash | 8 | 10 | 12 | |
| ONE HISA | | 10 | | Bank of Canada 1 Year GIC Rate |
| Equity | 26 | 30 | 34 | |
| ONE Canadian Equity Fund | | 9 | | S&P/TSX Composite Index |
| ONE Global Equity Fund | | 21 | | MSCI ACWI (All Country World Index) |
| Fixed Income | 55 | 60 | 65 | |
| ONE Canadian Government Bond Fund | | 9 | | Blended – Canadian Government Bonds |
| ONE Canadian Corporate Bond Fund | | 9 | | Blended – Canadian Corporate Bonds |
| ONE Global Bond Fund | | 42 | | Bloomberg Barclays Multiverse Index |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C

5.5 Contingency Outcome

The allocation to the Contingency Outcome will be approximately \$ x.x million.

Contingency monies may be drawn upon to meet unexpected needs and infrequent events. Emphasis on the preservation of purchasing power is a key consideration, and therefore growth in the value of investments is emphasized. Details of the allocation of the Contingency Outcome are shown in Table 4. These monies will be invested according to the asset mix set out in Table 4 and will be rebalanced to ensure a consistent risk profile – rebalancing is explained in more detail in section 6.4. Further detail about the Contingency Outcome can also be found in Appendix B. All income will be reinvested to facilitate continued long-term growth in the assets until they are needed.

Table 4 - 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 | | Blended – Canadian Government Bonds |
| ONE Canadian Corporate Bond Fund | | 6 | | Blended – Canadian Corporate Bonds |
| ONE Global Bond Fund | | 28 | | Bloomberg Barclays Multiverse Index |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C.

5.6 Asset Management Reserves Outcome

The allocation to the Asset Management Reserve Outcome will be approximately \$ x.x million.

The Asset Management Reserve Outcome is specifically designed as an Outcome suitable for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to fund asset management reserves. The very long-term nature of asset management reserves allows this Outcome to emphasize long-term growth, and as such, it has a significant allocation to equities. Details of the allocation of the Municipality's Asset Management Reserves Outcome are shown in Table 7. Further detail about the Asset Management Reserves Outcome allocations can also be found in Appendix B. All income generated by this outcome will be reinvested. Monies invested in this Outcome will be invested based on the following asset mix and will be rebalanced to ensure a consistent risk profile.

Table 7 - Asset Management Reserve Outcome

| Asset Class | % Weight | | | Benchmark |
|-----------------------------------|-----------|------------|-----------|-------------------------------------|
| | Min | Target | Max | |
| Equity | 88 | 90 | 92 | |
| ONE Canadian Equity Fund | | 27 | | S&P/TSX Composite Index |
| ONE Global Equity Fund | | 63 | | MSCI ACWI (All Country World Index) |
| Fixed Income | 8 | 10 | 12 | |
| ONE Canadian Government Bond Fund | | 1.5 | | Blended – Canadian Government Bonds |
| ONE Canadian Corporate Bond Fund | | 1.5 | | Blended – Canadian Corporate Bonds |
| ONE Global Bond Fund | | 7 | | Bloomberg Barclays Multiverse Index |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C.

5.7 Target Date Outcome

The Municipality identified reserves that would be appropriate for Target Date Outcomes. Most of the Municipality's MNRI will be allocated to Target Date Outcomes, which will be allocated in a way that reflects the expected time horizon of balances and reserves. The monies invested in Target Date Outcomes will be split into separate Target Date allocations that collectively reflect the need for liquidity and growth and the time horizon in which the funds will be required. The allocation to the Target Date Outcomes will be approximately [INSERT AMOUNT], and divided among the various target date outcomes accordingly:

- Target Date 3-5 Year – \$ x.x million
- Target Date 5-10 Year – \$ x.x million
- Target Date 10+ Years – \$ x.x million

Target Date Outcomes will be managed with the objective of providing for the return of principal, income and capital gains at a target date in the future. All income will be reinvested.

Approximately \$6.0 million (about 20% of total MNRI) will be allocated into the Target Date 3-5 Year Outcome, which is intended to provide some liquidity for projects within the next five years. Due to the relatively short-term time horizon, the monies invested in this Target Date Outcome will attempt to mitigate the potential for capital loss by investing primarily in fixed income and cash-like investments. This Outcome has a small allocation to equity investments to enhance the growth potential. It is anticipated the entire balance will be drawn down in the coming years to pay for planned expenditures. More detail on the allocations for the Target Date 3-5 Year Outcome is shown in Table 5 below.

Table 5 - Target Date 3-5 Year Outcome

| Asset Class | % Weight | | | Benchmark |
|-----------------------------------|-----------|------------|-----------|-------------------------------------|
| | Min | Target | Max | |
| Cash | 17 | 20 | 23 | |
| ONE HISA | | 20 | | Bank of Canada 1 Year GIC Rate |
| Equity | 8 | 10 | 12 | |
| ONE Canadian Equity Fund | | 3 | | S&P/TSX Composite Index |
| ONE Global Equity Fund | | 7 | | MSCI ACWI (All Country World Index) |
| Fixed Income | 66 | 70 | 74 | |
| ONE Canadian Government Bond Fund | | 10.5 | | Blended – Canadian Government Bonds |
| ONE Canadian Corporate Bond Fund | | 10.5 | | Blended – Canadian Corporate Bonds |
| ONE Global Bond Fund | | 49 | | Bloomberg Barclays Multiverse Index |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C

About 1/3rd of MNRI allocated to Target Date Outcomes reflect development charge reserves, most of which will not be required for at least 5 years. Approximately 41%, or \$12.25 million, of MNRI will be invested in the Target Date 5–10 Year Outcome. Details of the allocation for this Outcome are in Table 6 below. Further detail about the Target Date 5-10 Year Outcome allocations can also be found in Appendix B.

Amounts will be allocated to the Target Date 5–10 Year Outcomes to reflect the intended time horizon and risk profile for reserve accounts where near term liquidity is less relevant. The Target Date 5–10 Year Outcome has a 50% allocation to equities, which should help monies invested in this outcome to achieve growth. As monies invested in this Outcome typically reflect reserves for future capital projects, growth is the value of investments is important to help offset the impact of inflation and pre-construction changes on project costs.

Table 6 - Target Date 5-10 Year Outcome

| Asset Class | % Weight | | | Benchmark |
|-----------------------------------|-----------|------------|-----------|-------------------------------------|
| | Min | Target | Max | |
| Equity | 45 | 50 | 55 | |
| ONE Canadian Equity Fund | | 15 | | S&P/TSX Composite Index |
| ONE Global Equity Fund | | 35 | | MSCI ACWI (All Country World Index) |
| Fixed Income | 45 | 50 | 55 | |
| ONE Canadian Government Bond Fund | | 7.5 | | Blended – Canadian Government Bonds |
| ONE Canadian Corporate Bond Fund | | 7.5 | | Blended – Canadian Corporate Bonds |
| ONE Global Bond Fund | | 35 | | Bloomberg Barclays Multiverse Index |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C

Approximately 11%, or \$11.8 million of MNRI will be invested in the Target Date 10+ Year Outcome, which is intended to fund longer-term capital projects. This Target Date Outcome has an overall allocation to equity of about 75%, which should provide an opportunity for the monies invested to grow in value. More detail on the allocations for the Target Date 10+ Year Outcome are shown in Table 7.

As these monies may be used for construction/development projects in the future, growth is highly relevant as it will help preserve the purchasing power for monies invested. The need for investment returns to at least match inflation is a key consideration for monies allocated to this longer dated target date outcome.

Table 7 - Target Date 10+ Year Outcome

| Asset Class | % Weight | | | Benchmark |
|-----------------------------------|-----------|------------|-----------|-------------------------------------|
| | Min | Target | Max | |
| Equity | 71 | 75 | 59 | |
| ONE Canadian Equity Fund | | 22.5 | | S&P/TSX Composite Index |
| ONE Global Equity Fund | | 52.5 | | MSCI ACWI (All Country World Index) |
| Fixed Income | 21 | 25 | 29 | |
| ONE Canadian Government Bond Fund | | 3.75 | | Blended – Canadian Government Bonds |
| ONE Canadian Corporate Bond Fund | | 3.75 | | Blended – Canadian Corporate Bonds |
| ONE Global Bond Fund | | 17.5 | | Bloomberg Barclays Multiverse Index |
| Total | | 100 | | |

Further discussion on benchmarks is included in Appendix C

5.8 Projected Investment Returns

This section has not been updated.

5.9 Non-Liquid Assets

a. Legacy Investments / Strategic Investments

the Municipality's investment in Whitby Hydro, an LDC, has a strategic purpose beyond generating investment returns. While this investment is part of the responsibility of ONE JIB, it is subject to a restriction set out in the Municipality's IPS such that ONE JIB has agreed not to dispose of or deal with that investment without the Municipality's consent. Table 12 below describes the investment in Whitby Hydro Shares.

Table 12 - The Municipality's LDC Holdings

| <u>Investment in Local Distribution Company</u> | <u>Amount (\$)</u> |
|---|--------------------|
| Whitby Hydro Shares | 53,261,000 |

b. Transitional Investments

This section does not apply

5.10 Other Accounts

The Municipality has no other accounts ONE JIB must consider.

6. Applicable ONE JIB Policies

Besides those listed below, there may also be constraints specific to each externally managed portfolio that govern how they are invested by the external investment manager.

6.1 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 and evaluating 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 with the intent of 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.

6.2 Securities Lending

Investment Funds that are controlled by an External Portfolio Manager may engage in securities lending if their policies permit such an action.

6.3 Derivatives

ONE JIB does not intend that derivatives be used in the investment of Long-Term Funds for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

6.4 Rebalancing

Each investment Outcome will have target weights assigned for each asset class and investment holding, which collectively represent the intended asset allocation for the Outcome. Minimum and maximum weights will also be assigned for asset class allocations, and these weights will guide the rebalancing process. Each account's asset allocation will be monitored and rebalanced by ONE Investment in accordance with ONE JIB's Rebalancing Policy and this Investment Plan.

7. Implementation

7.1 Custodian

All investments under the control and management of ONE JIB, [except for Municipally-owned electricity assets,] 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.]

7.2 Transition Plan (including transitional investments)

This section does not apply

7.3 Accommodating Cashflow Needs

a. Investment Income and Rebates

Income from investments will be automatically reinvested and cashflow needs of the Municipality are expected to be financed with the sale of units of the investment pools. Any fee discounts that apply to the Municipality are intended to be reinvested into the Contingency Outcome or as otherwise directed by the Treasurer.

a. Anticipated mid-year cashflow requests

The Municipality has not disclosed any known mid-year cashflow needs that would result in withdrawals.

b. Unanticipated mid-year cashflow requests

Upon receipt of an updated MCQ from the Municipality that involves a withdrawal of MNRI, the Chief Investment Officer will process the request in accordance with ONE JIB's Withdrawals of Money Not Required Immediately (MNRI) Policy.



Appendix A: Process for Communicating Changes in Investment Needs

For effective investment management it is imperative that material changes in **The Municipality'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 money, 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: 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. ONE JIB may review and amend the investment allocations for the ONE Investment's Outcomes from time to time. Any changes subsequently implemented by ONE JIB that revise allocation weights assigned or holdings included in these Outcomes may supersede the details in the tables below. As appropriate, the ONE JIB may consider how to implement such changes in a pragmatic way and will give guidance on how such changes to the allocations and Outcomes should be implemented.

Cash Outcome

| Asset Class | % Weight | | |
|--------------|------------|------------|------------|
| | Min | Target | Max |
| Cash | 100 | 100 | 100 |
| ONE HISA | | 100 | |
| Total | | 100 | |

Stable Return Outcome

| Asset Class | % Weight | | |
|-----------------------------------|-----------|------------|-----------|
| | Min | Target | Max |
| Cash | 8 | 10 | 12 |
| ONE HISA | | 10 | |
| Equity | 26 | 30 | 34 |
| ONE Canadian Equity Fund | | 9 | |
| ONE Global Equity Fund | | 21 | |
| Fixed Income | 55 | 60 | 65 |
| ONE Canadian Government Bond Fund | | 9 | |
| ONE Canadian Corporate Bond Fund | | 9 | |
| ONE Global Bond Fund | | 42 | |
| Total | | 100 | |

Contingency Outcome

| Asset Class | % Weight | | |
|-----------------------------------|-----------|------------|-----------|
| | Min | Target | Max |
| Equity | 55 | 60 | 65 |
| ONE Canadian Equity Fund | | 18 | |
| ONE Global Equity Fund | | 42 | |
| Fixed Income | 35 | 40 | 45 |
| ONE Canadian Government Bond Fund | | 6 | |
| ONE Canadian Corporate Bond Fund | | 6 | |
| ONE Global Bond Fund | | 28 | |
| Total | | 100 | |

Asset Management Reserves Outcome

| Asset Class | % Weight | | |
|-----------------------------------|-----------|------------|-----------|
| | Min | Target | Max |
| Equity | 88 | 90 | 92 |
| ONE Canadian Equity Fund | | 27 | |
| ONE Global Equity Fund | | 63 | |
| Fixed Income | 8 | 10 | 12 |
| ONE Canadian Government Bond Fund | | 1.5 | |
| ONE Canadian Corporate Bond Fund | | 1.5 | |
| ONE Global Bond Fund | | 7 | |
| Total | | 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 money 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 investments will be migrated to a lower risk target date Outcome.

| Asset Class | Target Date 3-5 Years | | | Target Date 5-10 Years | | | Target Date 10+ Years | | |
|-----------------------------------|-----------------------|------------|-----------|------------------------|------------|-----------|-----------------------|------------|-----------|
| | % Weight | | | % Weight | | | % Weight | | |
| | Min | Target | Max | Min | Target | Max | Min | Target | Max |
| Cash | 17 | 20 | 23 | | 0 | | | 0 | |
| ONE HISA | | 20 | | | 0 | | | 0 | |
| Equity | 8 | 10 | 12 | 45 | 50 | 55 | 71 | 75 | 79 |
| ONE Canadian Equity Fund | | 3 | | | 15 | | | 22.5 | |
| ONE Global Equity Fund | | 7 | | | 35 | | | 52.5 | |
| Fixed Income | 66 | 70 | 74 | 45 | 50 | 55 | 21 | 25 | 29 |
| 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 | | 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 |

Benchmarks used for ONE Investment Funds may be revised at a future date and may be adjusted as appropriate to reflect changes in the underlying investment mandates approved by the ONE JIB.