



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: September 6, 2023
Re: Town of Bracebridge's Investment Plan 2023
Report: ONE JIB 2023-044

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Bracebridge's Investment Policy Statement (Attachment 1).
2. Receive the Town of Bracebridge's Municipal Client Questionnaire (Attachment 2).
3. Approve the Town of Bracebridge's proposed Investment Plan (Attachment 3).

2. SUMMARY

The Town of Bracebridge has updated its Municipal Client Questionnaire (MCQ) to provide information on its MNRI and the investment horizons associated with its reserve balances. As part of its annual review process, Town staff identified that the overall investment horizon associated with MNRI has remained largely unchanged, and the Town will not be making cash contributions or drawdowns of MNRI as part of the annual update to the Investment Plan. The Town continues to have a very long investment horizon.

The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds & HISA	Total Invested (\$ millions)	Portfolio Weight (%)
ONE HISA	-	-
ONE Canadian Equity Fund	1.4	20.3
ONE Global Equity Fund	3.2	47.5
ONE Canadian Government Bond Fund	0.3	4.8
ONE Canadian Corporate Bond Fund	0.3	4.8
ONE Global Bond Fund	1.5	22.5
Total	\$ 6.8	100.0

3. BACKGROUND

The Town's Annual Investment Policy Statement review (IPS) resulted in only minor changes that have no material impact on the Investment Plan.

The Town completed its annual IPS review on October 12, 2022, with council approving minor housekeeping modifications to the IPS that were consistent with revisions in the ONE JIB IPS template. These modifications clarify language and give ONE JIB more flexibility to modify the product offerings used in the Prudent Investment Program.

The revision of the Town's IPS occurred within one year of the approval of the previous year's IPS, which is currently out of sync with the annual review of the Investment Plan. It is expected that Bracebridge's next investment Plan update will occur in November 2024, allowing the timing of the Investment Plan and IPS update to be better aligned.

Bracebridge will not be making contributions or withdrawals of MNRI this year

Bracebridge has approximately \$6.8 million of MNRI invested in the ONE JIB Outcomes and will not be making contributions or withdrawals as part of this Investment Plan update. Table 1 below provides a summary of the reserve categories and the associated investment horizon of these reserves as disclosed in Bracebridge's MCQ. Stabilization reserves and contingency reserves, which reflect reserves that typically are allocated into the ONE JIB's Contingency Outcome, represent about half of Bracebridge's MNRI, with the remaining MNRI having an investment horizon in excess of 10 years.

Table 1: MNRI by reserve and time horizon forecast, adapted from table 4.1 of MCQ (in thousands of \$).

Reserve Type	Brief Description	MNRI Amount	Less than 3 Years	3 to 5 Years	5 to 10 Years	10+ Years
Obligatory Reserve Funds	Gas Tax, Parkland Cash-in-Lieu, Development Charges etc.	\$1,100.9				\$1,100.9
Capital Project Reserves	Fire, Streetlighting, Library, Parks & Trails, Recreation, Gen Gov't, Tax Rate Stabilization	2,147.3				2,147.3
Contingency Reserves	Emergency Planning, PW Environmental/Operating	2,893.8				2,893.8
Stabilization Reserves	Election, Economic Development, General Government, Building Fees, Local Hospital etc.	650.5				650.5
Total		\$6,792.5				\$6,792.5

4. ANALYSIS

The Town does not anticipate any withdrawals in its cashflow forecasts but suggests that contributions may occur over the next 10 years

Based on current Town planning, Bracebridge does not expect to draw down MNRI in the foreseeable future. While contributions to MNRI are expected in the coming years, the Treasurer

does not currently have sufficient visibility to quantify these contributions. For this reason, potential contributions have not been reflected in the MCO provided by the municipality.

The Treasurer noted that Bracebridge will need to set aside funding for the Town’s share of a hospital in future years, which may lead to incremental contributions to MNRI. In addition, MRI set aside for the construction of its multi-use community centre could exceed construction costs. The residual might be contributed to MNRI in future years. These two items have not been considered in the drafting of this Investment Plan. Clarity on these two items may be available for next year’s Investment Plan review.

The proposed mapping of MNRI into investment outcomes and resulting asset allocation remain substantially unchanged in this Investment Plan update

Bracebridge’s investment horizon, risk tolerances, and investment objectives are largely unchanged from last year’s Investment Plan. The mapping of reserves is also largely unchanged. As a result, there will be no notable change in Bracebridge’s investment allocations at this time.

The Town’s investments are divided almost equally between the Contingency and Target Date 10+ Years Outcomes, at 48% and 52%, respectively. Mapping the MNRI to Outcomes relied on the MCO and discussions with the Treasurer to ensure a common understanding of the uses and purpose of the MNRI. Asset allocations (Table 3 below) and fund allocations (Tables 4 and 5) were determined using the ONE JIB Outcome Framework.

Table 3: Proposed Outcome Mapping and Asset Allocation

Outcome	Total Invested (\$ millions)	Portfolio Weight (%)	HISA (%)	Fixed Income (%)	Equities (%)	Total (%)
Contingency	\$ 3.3	48.0	-	40	60	100
Target Date 10+ Years	3.5	52.0	-	25	75	100
Total	\$ 6.8	100.0				

Table 4: Proposed Pooled Fund-Level Allocation

ONE Investment Funds & HISA	Total Invested (\$ millions)	Portfolio Weight (%)
ONE HISA	-	-
ONE Canadian Equity Fund	1.4	20.3
ONE Global Equity Fund	3.2	47.5
ONE Canadian Government Bond Fund	0.3	4.8
ONE Canadian Corporate Bond Fund	0.3	4.8
ONE Global Bond Fund	1.5	22.5
Total	\$ 6.8	100.0

Table 1: Proposed Pooled Fund Allocations by Outcome (values in \$ millions)

Outcome	ONE HISA	ONE Canadian Equity Fund	ONE Global Equity Fund	ONE Canadian Govt Bond Fund	ONE Canadian Corporate Bond Fund	ONE Global Bond Fund	Total
Contingency	-	\$ 0.6	\$ 1.4	\$ 0.2	\$ 0.2	\$ 0.9	\$ 3.3
Target Date 10+ Years	-	0.8	1.9	0.1	0.1	0.6	3.5
Total \$	-	\$ 1.4	\$ 3.2	\$ 0.3	\$ 0.3	\$ 1.5	\$ 6.8

5. CONCLUSION

The proposed Investment Plan is consistent with Bracebridge's IPS. The proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCO. As a result, the Investment Plan is appropriate for the Town's time horizons and available MNRI.

ATTACHMENT

Attachment 1: Town of Bracebridge's Investment Policy Statement

Attachment 2: Town of Bracebridge's Municipal Client Questionnaire

Attachment 3: Town of Bracebridge's proposed Investment Plan

Drafted by: Keith Taylor Chief Investment Officer and Jennifer Hess, Manager of Investment Services
 Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEO