



QUARTERLY INVESTMENT REPORT

For The Period Ended September 30, 2023

Muskoka Prudent Investor Portfolio

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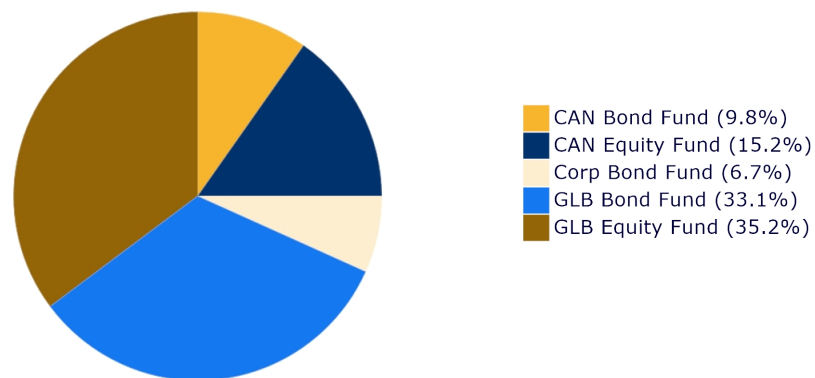
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Muskoka Prudent Investor Portfolio
Executive Summary for the Quarter Ended September 30, 2023

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	-1.3%	5.2%	10.8%	0.6%	3.0%	-	3.5%	07/02/2020

Overall Asset Allocation



Consolidated Portfolio Activity for Quarter

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	9,427,316.06	4,302,139.45	-	(19,729.17)	-	13,709,726.34
CAN Equity Fund	24,459,047.91	21,336.10	2,737,000.00	(354,053.66)	-	21,389,330.35
Corp Bond Fund	9,224,826.43	382,000.00	-	(194,022.01)	-	9,412,804.42
GLB Bond Fund	45,613,397.57	1,731,530.46	60,000.00	(873,078.82)	-	46,411,849.21
GLB Equity Fund	55,416,428.67	50,000.00	5,469,767.00	(573,623.00)	-	49,423,038.67
PI-HISA	3,639,615.99	-	3,688,708.55	-	49,092.56	-
Total	147,780,632.63	6,487,006.01	11,955,475.55	(2,014,506.66)	49,092.56	140,346,748.99

**Muskoka Prudent Investor Portfolio
Performance History At
September 30, 2023**

Performance by Fund

	% Annualized Returns								Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	
ONE Canadian Equity Fund	-1.3	8.2	15.8	3.0	10.1	-	-	11.1	07/02/2020
ONE Global Equity Fund	-0.9	9.9	19.1	2.6	7.1	-	-	7.7	07/02/2020
ONE Canadian Corporate Bond Fund	-2.1	-0.0	0.5	-4.0	-3.4	-	-	-2.9	07/02/2020
ONE Canadian Government Bond Fund	-0.2	0.6	1.3	-1.8	-1.4	-	-	-1.1	07/02/2020
ONE Global Bond Fund	-1.9	0.6	3.9	-4.0	-1.7	-	-	-1.0	07/02/2020

Performance by Outcome

	% Annualized Returns								Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	
JIB1MUSCONT	-1.3	5.9	12.0	0.1	4.1	-	-	4.8	07/02/2020
JIB2MUSTD35	-0.9	2.1	4.9	-1.6	-0.0	-	-	0.4	07/02/2020
JIB3MUSTD510	-1.4	5.1	10.6	-0.4	3.2	-	-	3.8	07/02/2020
JIBMUSCASH	1.4	3.9	4.9	9.5	6.4	-	-	5.9	07/02/2020
JIB4MUSTD10P	-1.2	7.2	14.3	-	-	-	-	10.4	07/04/2022

QUARTERLY REVIEW

The equity markets were modestly weaker in the third quarter, after three consecutive quarters of positive returns. The ONE Canadian Equity Portfolio generated returns of -1.3% in the quarter leading to returns for the 12-month period ending September 30, 2023, of 15.8%. This strongly outperformed the broader Canadian equity markets. The softness in equity markets in the quarter may be explained by a number of factors including signs of deceleration in Canadian economic growth, further interest rate hikes by the Bank of Canada in the wake of persistent inflation pressures, and signs of increased uncertainty about the overall economic outlook.

In the quarter only two sectors of the Canadian market had positive returns, the most significant of which was the Energy sector, which was up over 10%, rising on the back of a \$20 per barrel increase in price of oil. The manager has always had a significant underweight exposure to this sector, which helps reduce the overall volatility of the portfolio. The portfolio's holdings in the energy sector were up over 19% in the quarter, strongly outperforming the broader sector due to good stock selection. This more than offset the affect of being 8% underweight to the second strongest sector of the market in the quarter.

The overall performance of the portfolio was aided by the positive contribution from stock selection in other sectors too. In the Information Technology sector, Celestica stood out. This holding was added to the portfolio in June with a 2.3% weight, and it rallied 73% in the third quarter. In the Industrials sector, SNC Lavalin, which represent 4% of the overall portfolio was up 30.5%. While the sector allocation choices by the manager collectively were a drag on portfolio performance, stock selection choice by the manager more than offset this, leading to portfolio outperformance vs the broader Canadian equity market.

QUARTERLY REVIEW

Global equity markets were modestly weaker in the quarter as investors took a more cautious stance towards equity markets after very strong returns in the first half of 2023. The ONE Global Equity Fund had returns of negative 0.9% while returns for the 12-month period ending September 30, 2023, remain strong at 19.1%. The market's sell-off toward the end of the quarter occurred amidst signs of a weakening global economy, further concerns surrounding the property sector in China, additional interest rate hikes in many developed economies, and a changing interest rate outlook that implies that interest rates will remain higher for a longer period of time.

After one of the most aggressive hiking cycles on record across most major economies, there has been increasing concerns for slowdown in economic activity. The shape of the yield curve and the leading economic indicators suggest that a recession may be on the horizon, but in the US, economic activity and strength in labour market have led many to believe that a soft landing for the US economy can be achieved. Both the US dollar and US equity markets outperformed most other equity markets in the quarter as a result.

During the quarter the Energy sector was the strongest segment of the global equity markets, up about 13% in the quarter, which the ONE Global Equity Fund did not benefit from as there is no exposure to this sector. The manager prefers to invest in companies that have a sustainable competitive advantage, attractive valuations and good business models, believing that this will lead to better returns, but prospects for firms in the energy sector are mostly tied to the trends in commodity prices, which are largely unpredictable.

QUARTERLY REVIEW

Global bond markets were weaker in third quarter as bond yields rose sharply around the globe, especially for intermediate and long-term bonds. Recent economic and inflation data led to expectations that the world's major central banks would not be lowering short-term interest rates anytime soon. Instead, major central banks in US and Europe raised short-term rates during the quarter as part of their ongoing efforts to contain inflation.

The performance of all ONE Investment's bond funds were weaker during the quarter as a result. Longer maturity bonds tended to have weaker performance leading to weaker performance for the ONE Canadian Corporate Bond Fund and ONE Global Bond Fund, which had returns of negative 2.1% and negative 1.9% respectively in the quarter. The ONE Canadian Government Bond Fund, which has a much shorter average maturity profile performed better, with returns of negative 0.2% in the quarter. All three bond funds had positive performance for the 12-month period ending September 30, 2023. The strongest was the ONE Global Bond Fund with returns of 3.9%. This fund invests in a much wider range of fixed income securities including high yield bonds, and BBB credit quality bonds which have performed well over the last 12 months.

Inflation continues to trend above central bank targets, and the interest rates rate hikes implemented by central banks to slow economic activity and reduce inflationary pressures have only been partially successful. It takes a considerable amount of time for the effects of interest rates to be fully reflected in economy activity making it very difficult to evaluate if further rate hikes are required. This dynamic has created uncertainty for the interest rate outlook.

Muskoka Prudent Investor Portfolio
Consolidated Portfolio Holdings in CAD
As of September 30, 2023

Security	Quantity	Unit Cost	Book Value	Price	Market Value	% Weight
CAN Equity Fund	16,621.253	1,081.13	17,969,851.08	1,286.86	21,389,330.35	15.24%
GLB Equity Fund	42,341.822	1,027.35	43,500,020.56	1,167.23	49,423,038.67	35.21%
Corp Bond Fund	10,723.267	973.72	10,441,548.35	877.79	9,412,804.42	6.71%
CAN Bond Fund	14,626.777	964.84	14,112,514.86	937.30	13,709,726.34	9.77%
GLB Bond Fund	54,516.751	974.00	53,099,640.61	851.33	46,411,849.21	33.07%
					140,346,748.99	100.00%

**Muskoka Prudent Investor Portfolio
Holdings by Account
At September 30, 2023**

**Account Name: Muskoka - Contingency Outcome
Account Number: 570050088**

**For the Quarter Ending
September 30, 2023**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,223.18	978.14	1,196,449.89	877.79	1,073,702.74	5.7%	(23,243.70)	0.00
CAN Equity Fund	2,684.36	1,219.87	3,274,594.29	1,286.86	3,454,418.86	18.5%	(52,875.51)	0.00
CAN Bond Fund	1,207.79	979.18	1,182,653.80	937.30	1,132,072.11	6.0%	(2,963.45)	0.00
GLB Bond Fund	5,933.43	998.16	5,922,537.87	851.33	5,051,321.64	27.1%	(99,055.12)	0.00
GLB Equity Fund	6,787.15	1,129.60	7,666,821.80	1,167.23	7,922,238.72	42.5%	(88,108.10)	0.00
			<u>19,243,057.65</u>		<u>18,633,754.07</u>	100.0%	(266,245.88)	0.00

**Muskoka Prudent Investor Portfolio
Performance History
At September 30, 2023**

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-1.3	5.9	12.0	0.1	4.1	-	-	4.8	07/02/2020

% Calendar Year Returns

	2022	2021	2020	2019	2018
Return Net of Fees	-9.1	12.6	-	-	-

Muskoka Prudent Investor Portfolio
Holdings by Account
At September 30, 2023

Account Name: Muskoka - Target Date 3 to 5 Year Outcome
Account Number: 570050096

For the Quarter Ending
September 30, 2023

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	2,320.08	971.00	2,252,809.60	877.79	2,036,556.96	10.5%	(34,339.77)	0.00
CAN Equity Fund	436.56	1,031.86	450,471.09	1,286.86	561,794.35	2.9%	(7,184.00)	0.00
CAN Bond Fund	6,354.80	950.21	6,038,423.81	937.30	5,956,377.82	30.7%	262.37	0.00
GLB Bond Fund	11,151.20	966.08	10,773,047.69	851.33	9,493,376.54	48.9%	(147,753.66)	0.00
GLB Equity Fund	1,140.00	1,015.26	1,157,407.59	1,167.23	1,330,655.14	6.8%	(12,341.15)	0.00
			<u>20,672,159.78</u>		<u>19,378,760.81</u>	100.0%	(201,356.21)	0.00

Muskoka Prudent Investor Portfolio
Performance History
At September 30, 2023

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-0.9	2.1	4.9	-1.6	-0.0	-	-	0.4	07/02/2020

% Calendar Year Returns

	2022	2021	2020	2019	2018
Return Net of Fees	-6.1	2.0	-	-	-

Muskoka Prudent Investor Portfolio
Holdings by Account
At September 30, 2023

Account Name: Muskoka - Target Date 5 to 10 Year Outcome
Account Number: 570050104

For the Quarter Ending
September 30, 2023

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	6,108.74	990.96	6,053,543.69	877.79	5,362,212.03	6.9%	(116,082.06)	0.00
CAN Equity Fund	9,252.51	1,022.16	9,457,589.10	1,286.86	11,906,749.74	15.3%	(196,823.00)	0.00
CAN Bond Fund	5,969.68	983.85	5,873,297.80	937.30	5,595,401.70	7.2%	(14,647.21)	0.00
GLB Bond Fund	32,267.83	988.82	31,907,351.65	851.33	27,470,639.83	35.3%	(538,692.20)	0.00
GLB Equity Fund	23,382.83	1,009.56	23,606,543.58	1,167.23	27,293,361.62	35.1%	(305,389.61)	0.00
			76,898,325.82		77,628,364.92	100.0%	(1,171,634.08)	0.00

Muskoka Prudent Investor Portfolio
Performance History
At September 30, 2023

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-1.4	5.1	10.6	-0.4	3.2	-	-	3.8	07/02/2020

% Calendar Year Returns

	2022	2021	2020	2019	2018
Return Net of Fees	-8.9	10.5	-	-	-

**Muskoka Prudent Investor Portfolio
Holdings by Account
At September 30, 2023**

**Account Name: Muskoka - Cash Outcome
Account Number: 570050757**

**For the Quarter Ending
September 30, 2023**

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
CAN Bond Fund	86.66	936.24	81,139.45	937.30	81,231.39	100.0%	91.94	0.00
			<u>81,139.45</u>		<u>81,231.39</u>	<u>100.0%</u>	<u>91.94</u>	<u>0.00</u>

**Muskoka Prudent Investor Portfolio
Performance History
At September 30, 2023**

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	1.4	3.9	4.9	9.5	6.4	-	-	5.9	07/02/2020

% Calendar Year Returns

	2022	2021	2020	2019	2018
Return Net of Fees	15.2	0.5	-	-	-

Muskoka Prudent Investor Portfolio
Holdings by Account
At September 30, 2023

Account Name: Muskoka - Target Date 10 Year Plus Outcome
Account Number: 570050625

For the Quarter Ending
September 30, 2023

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	1,071.24	876.31	938,745.17	877.79	940,332.69	3.8%	(20,356.48)	0.00
CAN Equity Fund	4,247.81	1,126.97	4,787,196.60	1,286.86	5,466,367.40	22.2%	(97,171.15)	0.00
CAN Bond Fund	1,007.83	929.71	937,000.00	937.30	944,643.32	3.8%	(2,472.82)	0.00
GLB Bond Fund	5,164.27	870.73	4,496,703.40	851.33	4,396,511.20	17.8%	(87,577.84)	0.00
GLB Equity Fund	11,031.82	1,003.39	11,069,247.59	1,167.23	12,876,783.19	52.2%	(167,784.14)	0.00
			<u>22,228,892.76</u>		<u>24,624,637.80</u>	100.0%	(375,362.43)	0.00

Muskoka Prudent Investor Portfolio
Performance History
At September 30, 2023

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	-1.2	7.2	14.3	-	-	-	-	10.4	07/04/2022

% Calendar Year Returns

	2022	2021	2020	2019	2018
Return Net of Fees	-	-	-	-	-

Muskoka Prudent Investor Portfolio
Transaction Summary for the Quarter Ended September 30, 2023

TRANSACTION SUMMARY

Account Name: Muskoka - Contingency Outcome
Account Number: 570050088

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Sell	CAN Equity Fund	09/27/2023	09/27/2023	196.02	250,000.00
Sell	GLB Equity Fund	09/27/2023	09/27/2023	539.75	626,324.00

Muskoka Prudent Investor Portfolio
Transaction Summary for the Quarter Ended September 30, 2023

TRANSACTION SUMMARY

Account Name: Muskoka - Target Date 3 to 5 Year Outcome
Account Number: 570050096

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	09/27/2023	09/27/2023	4,508.45	4,221,000.00
Buy	Corp Bond Fund	09/27/2023	09/27/2023	436.83	382,000.00
Buy	GLB Bond Fund	07/24/2023	07/24/2023	36.06	31,530.46
Buy	GLB Bond Fund	09/27/2023	09/27/2023	2,002.97	1,700,000.00
Buy	CAN Equity Fund	09/27/2023	09/27/2023	16.73	21,336.10
Buy	GLB Equity Fund	09/27/2023	09/27/2023	43.08	50,000.00
Reinvested Interest Income	PI-HISA	07/06/2023	07/06/2023	15,253.41	15,253.41
Reinvested Interest Income	PI-HISA	08/03/2023	08/03/2023	16,471.43	16,471.43
Reinvested Interest Income	PI-HISA	09/06/2023	09/06/2023	16,861.38	16,861.38
Transfer Out	PI-HISA	09/28/2023	09/28/2023	3,650,663.10	3,650,663.10

Muskoka Prudent Investor Portfolio
Transaction Summary for the Quarter Ended September 30, 2023

TRANSACTION SUMMARY

Account Name: Muskoka - Target Date 5 to 10 Year Outcome
Account Number: 570050104

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Sell	CAN Equity Fund	09/27/2023	09/27/2023	1,176.16	1,500,000.00
Sell	GLB Equity Fund	09/27/2023	09/27/2023	1,560.94	1,811,291.45
Sell	GLB Equity Fund	09/27/2023	09/27/2023	398.86	462,828.55

Muskoka Prudent Investor Portfolio
Transaction Summary for the Quarter Ended September 30, 2023

TRANSACTION SUMMARY

Account Name: Muskoka - Cash Outcome

Account Number: 570050757

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	09/27/2023	09/27/2023	86.66	81,139.45
Reinvested Interest Income	PI-HISA	07/06/2023	07/06/2023	158.96	158.96
Reinvested Interest Income	PI-HISA	08/03/2023	08/03/2023	171.66	171.66
Reinvested Interest Income	PI-HISA	09/06/2023	09/06/2023	175.72	175.72
Transfer Out	PI-HISA	09/28/2023	09/28/2023	38,045.45	38,045.45

Muskoka Prudent Investor Portfolio
Transaction Summary for the Quarter Ended September 30, 2023

TRANSACTION SUMMARY

Account Name: Muskoka - Target Date 10 Year Plus Outcome
Account Number: 570050625

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Sell	GLB Bond Fund	09/27/2023	09/27/2023	70.69	60,000.00
Sell	CAN Equity Fund	09/27/2023	09/27/2023	773.91	987,000.00
Sell	GLB Equity Fund	09/27/2023	09/27/2023	2,214.21	2,569,323.00

**Muskoka Prudent Investor Portfolio
COMPLIANCE CERTIFICATE
September 30, 2023**

In accordance with the terms of section 8.02 of the ONEJIB Agreement dated as of July 2, 2020 (the "ONE JIB Agreement") ONE Investment confirms as follows:

With respect to the quarter ended September 30, 2023 to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipality under the management and control of ONE JIB pursuant to the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the IPS and the Investment Plan of the Participating Municipality.

A handwritten signature in black ink that reads "Keith Taylor".

Keith Taylor, Chief Investment Officer, ONE Investment
On the behalf of the ONE Joint Investment Board

APPENDIX

**The District of Muskoka
Securities Pledged to ONE JIB**

As at September 30, 2023

Symbol	Status	Quantity	Average Unit Cost (\$)	Book Cost (\$)	Market Price (\$)	Market Value (\$)	% of Portfolio
Cash and Equivalents							
DISTRICT MUN OF MUSKOKA BEO 4.9% 5MAY24	SEG	46,000	111.430	51,257.80	99.634	46,745.59 ⁽⁴⁾	2.5
Total Cash and Equivalents				51,257.80		46,745.59	2.5
Fixed Income Securities and Fixed Income Funds							
DISTRICT MUN OF MUSKOKA BEO 4.95% 5MAY25	SEG	211,000	112.650	237,691.50	99.196	213,538.59 ⁽⁴⁾	11.5
DISTRICT MUN OF MUSKOKA BEO 5% 5MAY26	SEG	105,000	112.991	118,641.00	100.011	107,140.32 ⁽⁴⁾	5.8
DISTRICT MUN OF MUSKOKA BEO 5.05% 5MAY27	SEG	295,000	112.065	330,590.50	99.721	300,217.58 ⁽⁴⁾	16.2
DISTRICT MUN OF MUSKOKA BEO 5.05% 5MAY28	SEG	360,000	109.856	395,482.00	101.015	371,025.62 ⁽⁴⁾	20.0
DISTRICT MUN OF MUSKOKA BEO 5.1% 5MAY29	SEG	400,000	104.270	417,080.00	101.436	414,015.78 ⁽⁴⁾	22.3
DISTRICT MUN OF MUSKOKA BEO 5.1% 5MAY30	SEG	137,000	116.369	159,425.00	101.284	141,592.16 ⁽⁴⁾	7.6
DISTRICT MUN OF MUSKOKA ONT 2.95% 27NOV30	SEG	100,000	98.240	98,240.00	87.099	88,117.36 ⁽⁴⁾	4.7
DISTRICT MUN OF MUSKOKA ONT 3% 27NOV31	SEG	100,000	98.120	98,120.00	86.883	87,918.62 ⁽⁴⁾	4.7
DISTRICT MUN OF MUSKOKA ONT 3.05% 27NOV32	SEG	100,000	98.010	98,010.00	85.831	86,883.88 ⁽⁴⁾	4.7
Total Fixed Income Securities and Fixed Income Funds				1,953,280.00		1,810,449.91	97.5
Total Account Value - CAD Cash				2,004,537.80		1,857,195.50	100.0

ONE JIB - Outcome Framework - Target Allocations

Outcome							<u>Allocation</u>			
	HISA	Canadian Equity Fund	Global Equity Fund	Canadian Government Bond Fund	Canadian Corporate Bond Fund	Global Bond Fund	Equity	Fixed Income	Cash	Total
Cash	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%			100.0%	100%
Stable Return	10.0%	9.0%	21.0%	9.0%	9.0%	42.0%	30.0%	60.0%	10.0%	100%
Contingency	0.0%	18.0%	42.0%	6.0%	6.0%	28.0%	60.0%	40.0%		100%
Asset Management	0.0%	27.0%	63.0%	1.5%	1.5%	7.0%	90.0%	10.0%		100%
Target Date 3-5	20.0%	3.0%	7.0%	10.5%	10.5%	49.0%	10.0%	70.0%	20.0%	100%
Target Date 5-10	0.0%	15.0%	35.0%	7.5%	7.5%	35.0%	50.0%	50.0%		100%
Target Date 10+	0.0%	22.5%	52.5%	3.75%	3.75%	17.5%	75.0%	25.0%		100%

ONE JIB - Outcome Framework - Defined

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon	Allocation		
					Equity	Fixed Income	Cash
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years			100%
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)	30%	60%	10%
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)	60%	40%	
	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)	90%	10%	
Target Date	Target Date 3-5 yrs.	Preservation of capital	Low risk; high liquidity	3 - 5 years	10%	70%	20%
	Target Date 5-10 yrs.	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years	50%	50%	
	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	75%	25%	

Glossary and Definitions for Quarterly Reports

Account

ONE Investment clients have one or more custodial accounts. All Prudent Investor Funds will be administered with ONE Investment's custodian, CIBC Mellon. Unlike Legal List accounts, MNRI invested in the ONE Investment Prudent Investor Funds will be under the control of the ONE Joint Investment Board. In most cases, the Prudent Investor clients will have multiple accounts with the custodian, with the account structure based on the investment outcomes assigned to each client. This will allow reporting to the municipal client based on the investment outcome framework.

Annual and Annualized Returns: please see Returns below.

Asset Allocation

Asset allocation is the single biggest driver of fund returns and should be set taking into account municipal risk tolerance. Also known as asset mix, it is the combination of asset classes in a fund and is normally shown as the percentage weights in each. Example asset classes are money market, Canadian bonds, global bonds, Canadian stocks and global stocks. Each of the ONE JIB Outcomes has an associated asset allocation that is designed to be appropriate for the intended investment Outcome.

Asset Mix: See Asset allocation.

Benchmark

The Benchmark is the standard against which investors compare their portfolio returns to understand its performance. Benchmark can be set either at the asset class level or for the overall portfolio. At the asset class level, benchmarks are usually chosen to represent the entire market; active managers seek to outperform their benchmarks by at least the amount of fees they charge.

For example, a typical benchmark for Canadian stocks is the S&P/TSX Composite Index which is calculated by Standard and Poor's (S&P) and for Canadian money market, the typical benchmark is the FTSE 182-Day Treasury Bill Index from the Financial Times Stock Exchange Group (FTSE). For a portfolio that aims to have risk halfway between these two asset classes, the total portfolio benchmark might be 50% S&P/TSX Composite Index and 50% FTSE 182-Day Treasury Bill Index.

Benchmark returns are always time weighted. (See Returns below for more detail on time weighted returns)

Blended Benchmark

A blended benchmark is a benchmark that is constructed from two or more underlying benchmarks. The weights of each underlying benchmark used in a blended benchmark remain constant over time.

Canadian Corporate Bond Fund

The ONE Investment Canadian Corporate Bond Fund holds short and mid-term Canadian bonds managed by MFS. Based on the benchmark duration at June 30, 2020, the permitted duration range for the Fund is 4.5 to 7.51 years. MFS aims to outperform the benchmark, which is:

- 48% FTSE Canada Universe All Government Bond Index +
- 40% FTSE Canada Short-Term Corporate A Index +
- 10% FTSE Canada Universe Corporate AAA/AA Index +
- 2% FTSE Canada 91-Day Treasury Bill Index.

Canadian Equity Fund

The ONE Canadian Equity Fund holds Canadian stocks managed by Guardian Capital. Guardian aims for below-market risk, achieved with a ONE-imposed constraint on the weight of Material and Energy sectors because of the expected above-market volatility of these sectors.

Canadian Government Bond Fund

This ONE Government Canadian Bond Fund holds short-term Canadian bonds managed by MFS. Based on the benchmark duration at June 30, 2020, the permitted duration range for the Bond Fund is 1.73 to 3.73 years. MFS aims to outperform the benchmark, which is:

- 95% FTSE Canada Short-Term Government Bond Index +
- 5% FTSE Canada 91-Day Treasury Bill Index.

Book Value

Book value is the Unit Cost of each holding multiplied by the number of units. It represents the amount originally paid to invest in the holding and takes into account all contributions and withdrawals.

CAD

This is a short form for “Canadian dollars”. Although the outcomes have exposure to foreign securities, all returns in the report reflect Canadian dollar-based returns. Foreign holdings will be impacted by movements in foreign currencies which may impact investment returns. This impact can be reduced by currency hedging strategies. The global equity exposure does not hedge currency exposure, but the global bond exposure may use hedging. The degree to which global bond exposure is hedged back to the Canadian dollar may vary and will reflect the currency hedging strategy of the external manager.

Consolidated Holdings

Consolidated holdings are the aggregate value of all investments with ONE Investment. Consolidated holdings detailed in this report only reflect MNRI balances invested in ONE Investment’s Prudent Investor Funds and HISA balances under the control of the ONE JIB. In certain cases, clients may hold ONE Investment Legal List portfolios or HISA which will not be reflected in consolidated holdings in this report. Additionally, ‘in-kind’ securities pledged to the ONE JIB will not be reflected in this report.

Discounts

Certain fee discounts apply for investors in the ONE Investment Prudent Investor offering. These discounts include a 4bps discount that applies to AUM of Founding Members, and ‘tier discounts’ that apply for any investors with balances in excess of certain thresholds. These discounts would not apply to HISA balances but would apply to balances in Legal List portfolios (if applicable). Discounts will be rebated to the municipalities on a quarterly basis. These discounts are not taken into consideration in the performance details in this investment report.

Distribution: a cash payment of interest or dividends made by ONE Investment from a fund.

Duration

This statistic applies to bonds and is similar in concept to term to maturity. The difference is that duration also takes into account the size and timing of interest payments. A bond with higher coupon payments will have a shorter duration than one with the same term to maturity and lower coupon payments: the reason is that the higher-coupon bond receives more of its return earlier. The higher the duration of a bond, the higher its sensitivity to interest rate movements.



Fees

Fees include all expenses involved in managing the fund: external investment manager fees, custody costs, ONE Investment's costs and administrative costs.

Global Bond Fund

The ONE Global Bond Fund is an unconstrained global bond mandate managed by Manulife Asset Management. The unconstrained nature of the mandate means that the fund will contain a mix of global government, corporate and securitized debt, including emerging markets and high-yield securities. The mandate is not constrained by sector or currency. Manulife aims to outperform the benchmark, which is Bloomberg Barclays Multiverse Index Unhedged.

Global Equity Fund

The ONE Global Equity Fund holds Global stocks managed by Mawer Investment Management. Mawer aims to outperform the benchmark, which is MSCI All Country World Index (ACWI). This mandate invests in both emerging and developed markets. Manager will allocate capital to the best global opportunities, which may include both large and small capitalization companies. This mandate is intended to be a broadly diversified portfolio of wealth-creating companies bought at discounts to their intrinsic values that typically employ a long-term holding period.

High Interest Savings Account (HISA)

This bank account is provided by CIBC. Its very short-term nature precludes it from being considered an investment. Interest income from HISA will be reflected only in the executive summary page as will a list of HISA transitions. As the HISA product is a demand deposit, its value of his does not fluctuate daily. In this way it differs from the ONE Investment fund whose price change in response to changes in the value of underlying investments. Returns for individual accounts holding HISA will not be presented in the report beyond what is disclosed in the executive summary. HISA balances held in the Prudent Investor Offering reflect MNRI and will be under the control of the ONE JIB.

Holdings: the ONE Investment funds or HISA Balances held in client accounts.

Inception Date

The inception is the first date that an investment was made. For each account, this will be the first time funds were transferred in; for funds offered by ONE Investment, it is the date the funds started. For ONE JIB Founders, the Inception date is July 2, 2020.



Income

Income is a cash flow generated by an investment and normally includes interest on bonds and dividends on stocks. It is differentiated from capital gains, which also contribute to returns, but which are not considered income.

Investment Manager

Investment managers are external firms hired by ONE Investment to create funds to our specifications. These are MFS Investment Management Canada for Canadian fixed income, Manulife Asset Management for global fixed income, Guardian Capital Group Ltd for Canadian equity, and Mawer Investment Management Ltd for global equity.

Market Value

The value of an investment at current market prices, calculated by multiplying the Price (defined below) by the number of units held.

ONE Joint Investment Board (ONE JIB)

The joint board established by 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 the municipality, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

Outcome

Outcome means, in the context of the Investment Plan, the same thing as ‘solution’. 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. ONE JIB has five pre-defined basic outcomes:

Cash:

The Cash Outcome is designed for investments with a time horizon of less than 3 years. Preservation of capital and liquidity are the highest priorities. Investments allocated to this outcome are expected to be transferred back to the care and control of the municipal treasurer when the funds are reclassified as MRI.

Contingency:

The Contingency outcome is designed for investing contingency reserves. The funds in this outcome may be drawn upon to meet unexpected needs and infrequent events. The investment horizon for this outcome is typically greater than 5 years, with an emphasis placed on long-term growth and preservation of purchasing power is a key consideration.

Asset Management Reserves:

The Asset Management Reserve Outcome is specifically designed for very long investment horizons with a well-defined purpose. Allocations to this Outcome are intended to generate returns to help fund asset management objectives. The long-term nature of asset management reserves allows this Outcome to emphasize long-term growth.

Stable Return:

The Stable Return Outcome is designed to provide an annual income while preserving the value of the principal investment. The principal amount is often invested in perpetuity with no intent to withdraw for the foreseeable future. This outcome is frequently used by municipalities looking to replace the income stream of a utility that has been sold, with some or all proceeds of the sale acting as the principal.

Target Date:

The Target Date Outcomes are designed for contributions toward planned capital projects. There are three target date designs for different time horizons: 3 to 5 years; 5 to 10 years; and greater than 10 years. For capital projects in the 3-to-5-year range, preservation of capital is prioritized. For projects in the 5-to-10-year range, emphasis is placed on inflation mitigation and meeting target funding requirements. For projects in the greater-than-10-year range, emphasis is placed on longer-term inflation adjusted growth.

Price

The price of ONE funds is the unit price at a point in time, also known as the net asset value, which is calculated daily by CIBC Mellon. This price takes into account the last traded prices of all securities held by the manager, the bid/ask spread where no recent trade is available and a daily accrual for all fees including investment management and administration.

Prudent Investor Standard

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 Long-Term Funds under control of ONE JIB rather than to individual securities.

Quality

This statistic refers to the creditworthiness of bonds based on ratings provided by bond rating agencies such as S&P, DBRS, Fitch and Moody's. The highest quality bonds are rated AAA and range down from there to AA, A and BBB, all of which are investment grade ratings. Ratings below BBB are considered high yield. The lower a credit rating, the higher a bond's yield to maturity and commensurate risk of default on interest payments or principal. The credit rating on an entire fund is calculated as a weighted average.

Realized and Unrealized Gains

Capital gains reflect the movement in the Price of investments as they rise over time relative to their average Unit Cost. Negative gains are losses, meaning that the Price of the units in the account is lower than the average Price paid for them (Unit Cost). Because gains / losses are calculated based on net asset values, they are diminished by the amount of fees. (Please see Fees, Price and Unit Cost.)

- **Unrealized gains** exist “on paper” until the investment is sold in return for cash, at which point they become realized.
- **Realized gains** are generated by withdrawals from accounts during the time period in question based on the unit Price compared to the Unit Cost.

Returns

Returns measure the percentage increment in value generated by investments over a period of time. Unless otherwise noted, time-weighted total returns are reported here, which include all forms of income and capital gains. There are different aspects to return calculations explained below.

- **Calendar Year Return:** reflects the total return generated by investments in the specified year any between January 1 to December 31.
- **Annualized Returns:** the total return generated by investments in each year for holding periods greater than one year. Annualized returns are the geometric average over a multi-year period, meaning they represent the compound return. For periods of one year or less, the actual return is shown without the effect of compounding.
- Returns in this report are calculated net of fees based on the Prices of the ONE Investment funds. These are calculated daily by CIBC Mellon and take into account all fees and costs associated with managing the fund.
- Return details in this report do not account for fee discounts that may apply for some Prudent Investor clients.
- **Time-weighted returns:** returns in this report are time-weighted in order for them to be compared to the benchmarks. Time-weighted returns are calculated in a way that excludes the effect of the timing of contributions and withdrawals (cash flows) from the fund. (To capture the effect of cash flows and measure their impact on returns, investors would instead need use dollar-weighted return calculations.)

Unit Cost

Unit Cost is the weighted average Price paid for all the Fund units held in the account and reflects the impact of units bought and sold over time.

Unrealized Gains: Please see Realized and Unrealized Gains

Value Added: The return generated by an investment manager above (or below, if negative) the benchmark.

Year to Date: The time period beginning January 1 and ending at the most recent quarter end.