Town of Whitby
(Town or Whitby)

Investment Plan

Date: July 2, 2020

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Contents

Page

1. Definitions

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

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

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

Asset Class: means a group of securities with similar characteristics and expected behaviours. Examples include Canadian stocks and global bonds.

Benchmark: means an independently verifiable index that is representative of a specific securities market (e.g., the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms. A Benchmark can be a single index or a combination of one or more indices.

Custodian: means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks"). ONE Investment's custodian is CIBC Mellon.

Environmental, Social and Governance (ESG) Investing: means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

External Portfolio Managers: means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a ONE Investment Pool. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation;

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 It functions in a similar way as a bank account in that it pays interest and funds can be withdrawn on demand without triggering investment gains or losses.

[In-Kind: means assets/securities instead of cash. In certain cases municipalities may transfer securities to ONE JIB that reflect a portion of their MNRI instead of remitting only cash to ONE JIB. As these securities mature ONE JIB would invest the proceeds into the investment Outcomes specified in the Investment Plan.]

Investment Policy Statement (IPS): means the investment policy adopted by Council and updated annually. It describes Whitby's money that it requires immediately (Short-Term Funds) and its money that it does not require immediately (Long-Term Funds), and sets out, among other things, Whitby's objectives and risk tolerances.

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

Municipal Client Questionnaire: means a document which shall be completed by the Treasurer of each participating municipality and which includes information on municipal investments and risk preferences that must be reviewed annually.

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

ONE Joint Investment Board (ONE JIB): means the joint board established by certain founding municipalities as a municipal services board under section 202 of the Act as required under Part II of the Regulation, and is the duly appointed Joint Investment Board for Whitby, as constituted from time to time and acting pursuant to the Terms of Reference set out in the ONE JIB Agreement.

ONE JIB Agreement: means the agreement effective as of July 2, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of Whitby's Long-Term Funds.

ONE JIB's Outcome Framework: a set of Investment Outcomes designed by the ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the funds assigned to the outcome.

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

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

Outcome: means in the context of the Investment Plan the same thing as 'solutions'. Investment Outcomes are a set of investment allocations with varying risk/return characteristics. The Outcomes assigned to each municipal investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

Prudent Investor Standard: means the standard requiring ONE JIB, when investing money under section 418.1 of the Act, to exercise the care, skill, diligence and judgement that a prudent investor would exercise in making such an investment but does not restrict the securities in which a municipality can invest. The Prudent Investor standard applies to the entire portfolio of Whitby's Long-Term Funds under control of ONE JIB rather than to individual securities.

Regulation: means Ontario Regulation 438/97.

Risk: means the uncertainty of future investment returns.

Risk Tolerance: means the financial ability and willingness to absorb a loss in return for greater potential for gains.

Short-Term Funds: means money that is required immediately (MRI) by a municipality. Whitby's IPS defines MRI as (*insert definition of MRI here*).

2. Purpose of Investment Plan

As required under the Act's prudent investor regime, this Plan (Plan) establishes how ONE JIB will invest Whitby's money that it does not require immediately (Long-Term Funds or MNRI). This Plan complies with Whitby's IPS adopted by Council on March 9, 2020 and is based on the information in the Municipal Client Questionnaire (MCQ) dated May 8, 2020. It was approved by ONE JIB at the May 20, 2020 meeting in Report # 20-011 – Investment Outcomes. This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Whitby.

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

3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Whitby's IPS.

This Plan is dependent on clear communication between Whitby, ONE JIB and ONE Investment regarding Whitby's needs, which is especially important when investment needs change. To ensure clear communication, ONE Investment employs an MCQ as part of its annual review. It is Whitby's responsibility to update the MCQ on a timely basis and to ensure that ONE Investment is aware of any needs that are not addressed in the MCQ and, as soon as practicable, of any material changes that occur during the year. It is the responsibility of ONE JIB and ONE Investment to provide liquidity to the extent possible, to adjust to changing needs in a timely fashion and to communicate any difficulties in so doing as soon as possible to Whitby. The process for communicating changes in the MCQ, IPS and other issues is set out in Appendix A. The process for moving funds in or out of ONE Investment is outlined in Appendix E.

4. Custodian

All investments under the control and management of ONE JIB, [except for Whitby-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.]

5. Investment Goals and Objectives

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

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

Whitby has identified the following details in Table 1 of its investment objectives for its MNRI according to the classification scheme.

Table 1 - Outcomes Disclosed in Whitby's IPS

Investment Outcome	Objective	Risk Tolerance, Liquidity	Investment Horizon
Contingency	Contributions for unexpected events	Higher risk with emphasis on growth, liquid	very long (but readily available as needed)
Stable Return	To generate stable returns to fund recurring needs	Moderate risk with emphasis on stable returns, liquid	long (5+ years)
Target Date	Contributions toward specific projects, mitigate inflation impacts and meet target funding requirements. May also include contributions to asset management reserves	Lower risk, liquid	< 5 years
		Moderate risk with emphasis on stable returns, liquid	5 to 10 years
		Higher risk with emphasis on growth, liquid	Greater than 10 years

Whitby'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 Whitby's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined. The allocation of the Town's MNRI is consistent with the details as disclosed in the Town's IPS and MCQ.

Table 2 - ONE JIB Outcomes Framework

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of capital	Low risk; high liquidity	< 3 years
Stable Return	Stable Return	Income generation: To generate returns to fund recurring needs	Moderate risk with emphasis on growth and stable returns, regular liquidity	> 5 years (Perpetual)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk, emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	Asset mgt reserves	Contributions to generate returns to fund asset management reserves	Higher risk, emphasis on longer-term capital growth; low liquidity	> 10 years (Perpetual)
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk; high liquidity	3 - 5 years
	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Moderate risk, liquid	5 - 10 years
	Target Date 10+ yrs	Contributions toward capital projects, mitigate inflation impacts and meet target funding requirements	Higher risk, emphasis on long term inflation-adjusted growth	> 10 years

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

[The Town has significant spending needs through 2023, and this large cash outflow will be funded with MRI balances retained by the Town and potentially by drawing down MNRI invested with ONE Investment. In total, during the first 5 years of the Plan approximately $48.7 million is anticipated to be drawn down from MNRI to fund pre-planned capital expenditures. The Plan has contemplated the need for these drawdowns during this time frame. The remaining portion of MNRI, which represents in excess of 50% of the initial portfolio, will be invested for longer term time horizons. The Town also anticipates a significant spending need in the 5 to 10-year period related to growth.]

6. Investment Allocations

6.1 Asset Allocations

Asset allocations for each Outcome are expected to be relatively stable until the next annual review. Any changes to the amounts in each account must be communicated to ONE JIB formally as outlined in Appendix A.

The goals, objectives, constraints and circumstances of Whitby are taken into consideration when assigning asset allocations for Whitby 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 Whitby's portfolio of investments;
- The expected total return on investment and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

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

- On March 11, 2020 the World Health Organization declared the outbreak of the coronavirus (COVID-19) pandemic. Subsequently, the Province of Ontario declared a state of emergency on March 17, 2020. The financial impact of these events on municipalities is still to be determined. Examples could include increased cash flow requirements, decreased revenue or pressure for lower property tax rate increases.
- The COVID-19 pandemic has the potential to change the economic outlook and the capital markets outlook in ways that cannot be foreseen. This should not directly affect the risk profile of the Town or the implementation of this Plan.
- Prior to the COVID-19 pandemic, economic conditions have been characterized as broadly positive, with modest economic growth, low interest rates and modest inflationary pressures. The global economy appeared to be in the later stage of an economic expansion with significant potential for deceleration of economic growth. The COVID-19 pandemic has clouded the outlook.
- The portions of MNRI that will be needed in the shorter term will be invested in investment strategies with very low risk and high liquidity (such as cash and short-term fixed income) given the economic uncertainty in the near-term.
- 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, when the current economic uncertainties will likely have subsided; the use of diversification to reduce volatility and investments in securities with a potential for higher returns such as equities and bonds is expected to achieve returns that outpace inflation.

Return assumptions have been provided in section 6.6. These return assumptions were based on allocations that the Chief Investment Officer considers appropriate for Whitby and that have been approved by the ONE JIB. As the portfolios will be broadly diversified, these potential returns are expected to be achieved while still maintaining an appropriate risk profile.

6.2 Account Structure

The amounts of MNRI, as disclosed in Whitby's MCQ dated May 20, 2020 have been allocated into investment Outcome categories as shown in Table 3 below.

Table 3 - Initial Allocations

Outcome	Allocation ($)	Allocation Weight (%)
Cash	438,287	0.4
Contingency	4,359,392	4.0
Asset Management Reserves	238,729	0.2
Target Date 3-5 Years	47,749,872	44.2
Target Date 5-10 Years	43,350,407	40.2
Target Date 10+ Years	11,818,247	10.9
Total	**107,954,934**	**100.0**

Mixes of ONE Prudent Investment Program funds and products appropriate for Whitby's circumstances will be used for each Outcome. Descriptions of these solutions, ONE Prudent Investment Program funds and the asset allocations for each Outcome are shown in Appendix B. [Note that Whitby holds $6 million in securities In-Kind which represent a portion of MNRI. When these securities mature (in several years) the proceeds will be invested in the investment Outcomes in keeping with the Plan at the time of maturity.]

[The process of moving from the current investments to the target weights, both noted below, is outlined in the Transition Plan in Appendix D.]

6.3 Cash Outcome

Cash allocations are appropriate for relatively short-term funding needs of the Town. If the funds 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 loss as there is ample time for investment growth to allow the investment value to recover. Monies in the Cash Outcome do not have this flexibility and will be invested in the ONE HISA which has a very remote possibility for loss of capital, which helps ensure the funds will be available when needed. Whitby has approximately $440,000 that will be allocated to the Cash Outcome. Details of the allocation of the Cash Outcome are found in Table 4. 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 4 - Cash Outcome

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

Cash Outcome returns and risk are discussed in section 6.6.

Benchmark: Bank of Canada 1 Year GIC Rate. There is no active management involved with HISA (High Interest Savings Account) balances.

6.4 Contingency Outcome

Whitby will need to generate long-term growth for funds within the Contingency Outcome. Contingency funds may be drawn upon to meet unexpected needs and infrequent events. Emphasis on the preservation of purchasing power is a key consideration, and therefore growth in the value of Whitby's investments is emphasized. Details of the allocation of the Contingency Outcome are shown in Table 5. Further detail about the Contingency Outcome allocations can also be found in Appendix B. These funds will be invested according to the asset mix set out in Table 5 and will be rebalanced to ensure a consistent risk profile – rebalancing is explained in more detail in section 9. All income will be reinvested to facilitate continued long-term growth in the assets until they are needed. The initial allocation to the Contingency Outcome will be approximately $4.4 million.

Table 5 - Contingency Outcome

Asset Class	Min	% Weight Target	Max	Benchmark
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 benchmark* - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		6		*blended benchmark* - Canadian Corporate Bonds
ONE Global Bond Fund		28		Bloomberg Barclays Multiverse Index
Total		**100**		

Contingency Outcome returns and risk are discussed in section 6.6.

Benchmark: 18% x S&P/TSX Composite Total Return Index + 42% x MSCI ACWI + 6% x *blended benchmark* - Canadian Government Bonds +6% x *blended benchmark* - Canadian Corporate Bonds + 28% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C.

6.5 Asset Management Reserves Outcome

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. A small portion of Whitby's MNRI will be allocated to this Outcome, which represents about $239,000 or approximately 0.2% of MNRI. Details of the allocation of Whitby's Asset Management Reserves Outcome are show in Table 6. 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 6 - Asset Management Reserve Outcome

	% Weight			
Asset Class	**Min**	**Target**	**Max**	**Benchmark**
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 benchmark* - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		1.5		*blended benchmark* - Canadian Corporate Bonds
ONE Global Bond Fund		7		Bloomberg Barclays Multiverse Index
Total		**100**		

Asset Management Reserve Outcome returns and risk are discussed in section 6.6.

Benchmark: 27% x S&P/TSX Composite Total Return Index + 63% x MSCI ACWI + 1.5% x *blended benchmark* - Canadian Government Bonds +1.5% x *blended benchmark* - Canadian Corporate Bonds + 7% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C.

6.6 Target Date Outcome

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.

The largest portion of Whitby's MNRI is intended to be invested in Target Date Outcomes. The most prominent use of funds in coming years will be to finance the infrastructure for Facility, Roads and Related Park, Fleet and Equipment and Information Technology assets. Approximately $100 million will be spent on these and other initiatives through 2023, with additional spending needs anticipated for several years thereafter. These projects will be funded with a combination of monies from MRI and MNRI. Target date allocations are designed to provide liquidity of approximately $47.7M to finance anticipated expenditures funded within the next five years. As the Town grows, the Commissioner of Corporate Services & Treasurer will need to supplement the balances retained in MRI with funds from MNRI to finance some of the near-term spending requirements. This means that MNRI will be impacted by large spending needs near term as balances are drawn down for capital projects. The remaining monies will be invested primarily for longer term growth. The monies invested in Target Date Outcomes will be split into several separate Target Date Allocations which collectively are reflective of the need for growth while being reflective of the time horizon on which the funds are required.

Approximately $47.7 million (about 44% of MNRI) will be allocated into the Target Date 3-5 Year Outcome, see Table 7, which is intended to provide some liquidity for the 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.

Table 7 - Target Date 3-5 Year Outcome

Asset Class	% Weight Min	% Weight Target	% Weight Max	Benchmark
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 benchmark* - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		10.5		*blended benchmark* - Canadian Corporate Bonds
ONE Global Bond Fund		49		Bloomberg Barclays Multiverse Index
Total		**100**		

Target Date 3 to 5 Year Outcome returns and risk are discussed in section 6.6.

Benchmark: 20% Bank of Canada 1 Year GIC Rate + 3% x S&P/TSX Composite Total Return Index + 7% x MSCI ACWI + 10.5% x *blended benchmark* - Canadian Government Bonds +10.5% x *blended benchmark* - Canadian Corporate Bonds + 49% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C

Whitby is experiencing significant growth and expects that it will require large investment spending within the 5 to 10-year time frame due to continued population growth. Approximately 40%, or $43.4 million, of MNRI will be invested in the Target Date 5–10 Year Outcome, which will be needed primarily to fund projects related to growth. Details of the allocation for this Outcome are in Table 8 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 8 - Target Date 5-10 Year Outcome

Asset Class	% Weight Min	Target	Max	Benchmark
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 benchmark* - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		7.5		*blended benchmark* - Canadian Corporate Bonds
ONE Global Bond Fund		35		Bloomberg Barclays Multiverse Index
Total		**100**		

Target Date 5 to 10 Year Outcome returns and risk are discussed in section 6.6.

Benchmark: 15% x S&P/TSX Composite Total Return Index + 35% x MSCI ACWI + 7.5% x *blended benchmark* - Canadian Government Bonds +7.5% x *blended benchmark* - Canadian Corporate Bonds + 35% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C

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 funds invested to grow in value. More detail on the allocations for the Target Date 10+ Year Outcome are shown in Table 9.

As these funds will primarily be used for construction/development projects in the future, this 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. Based on discussions with the Commissioner of Corporate Services & Treasurer and input from the MCQ, allocations to the Target Date 10+ Year Outcome for the Town's reserve and reserve funds are lower due to uncertainties related to recent amendments to the *Development Charges Act, 1997*, specifically the change from Development Charges to Community Benefit Charges.

Table 9 - Target Date 10+ Year Outcome

Asset Class	% Weight Min	% Weight Target	% Weight Max	Benchmark
Equity	**71**	**75**	**79**	
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 benchmark* - Canadian Government Bonds
ONE Canadian Corporate Bond Fund		3.75		*blended benchmark* - Canadian Corporate Bonds
ONE Global Bond Fund		17.5		Bloomberg Barclays Multiverse Index
Total		**100**		

Target Date 10+ Year Outcome returns and risk are discussed in section 6.6.

Benchmark: 22.5% x S&P/TSX Composite Total Return Index + 52.5% x MSCI ACWI + 3.75% x *blended benchmark* - Canadian Government Bonds +3.75% x *blended benchmark* - Canadian Corporate Bonds + 17.5% x Bloomberg Barclays Multiverse Index.

The *blended benchmark* for Canadian Government Bonds is: 95% FTSE Canada Short Government Bond Index + 5% FTSE Canada 91-Day Treasury Bill Index.

The *blended benchmark* for Canadian Corporate Bonds is 48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.

Further discussion on benchmarks is included in Appendix C

6.7 Projected Investment Returns

The prospect for improved returns with acceptable levels of investment risk is a key consideration for any municipality investing under the Prudent Investor Standard. Table 10 below provides a projection of the annual returns for each of Whitby's investment Outcomes (and consolidated Outcomes). These estimates were derived from an analysis of long-term returns based on conservative capital market assumptions and economic forecasts. They are presented for information purposes only, and actual investment results may differ materially. The source of returns (recurring income vs capital gains) is not a factor that ONE JIB actively considers for these mandates. It is largely not relevant to municipal investors because they are not subject to taxes on investment returns.

Table 10 - Projected Annual Returns

Outcome	Expected Return	Allocation Weight (%)
Cash	0.9%	0.4
Contingency	4.9%	4.0
Asset Management Reserves	5.8%	0.2
Target Date 3-5 Years	3.0%	44.2
Target Date 5-10 Years	4.6%	40.2
Target Date 10+ Years	5.3%	10.9
Overall	**4.0%**	**100.00**

* The projected overall Expected Return of the asset allocations for ONE Investment prudent investor offerings was evaluated by an external consultant, Aon. Their analysis includes a proprietary return measure that projects average annual expected returns via a Monte Carlo analysis. Actual returns may differ.

The return profile of MNRI projected above is biased downward due to the large balances that are earmarked to be used to fund capital projects over the next five years, which limits the ability of ONE JIB to invest these monies for long-term growth. As the near term target date balances are drawn down, the overall investment time horizon of MNRI balances will increase and a higher rate of return will likely be achieved as the porfolio transitions to a more growth-oriented portfolio.

6.8 Other Accounts

The Town has no other accounts ONE JIB must consider.

7. Constraints

Besides those listed below, there are also constraints specific to each externally managed portfolio that are available on the ONE Investment website.

7.1 Environmental, Social and Governance (ESG) Investing

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process 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.

7.2 Securities Lending

Unitized vehicles that are controlled by an External Portfolio Manager may engage in securities lending if their policies permit such an action. ONE JIB intends to consider securities lending and may introduce a formalized policy to allow securities lending.

7.3 Derivatives

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 Funds are invested in underlying funds where the External Portfolio Manager is authorized under the constating 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.

8. External Portfolio Managers

ONE Investment uses External Portfolio Managers to create the portfolios and investment pools (the ONE Investment Pools) used as building blocks in the asset allocation for each Outcome. These External Portfolio Managers are chosen and monitored using a rigorous process, with oversight by ONE JIB and ONE Investment and input from an external consultant knowledgeable in the asset classes and in the range of investment options and portfolio managers suitable for institutional investors.

9. Rebalancing

Each account's asset mix will be monitored by ONE Investment. Each investment outcome will have target weights assigned for each holding, which collectively represent the intended asset mix for the outcome. Minimum and maximum weights will also be assigned for asset classes, and these weights will guide the rebalancing process. Should the weight deviate outside the minimum or maximum weights noted in Appendix B, the account will be rebalanced as soon as practicable to bring it within the minimum/maximum range. Given variations in market liquidity, transactions will be completed as soon as reasonably viable, taking into account the investment objectives. Cash inflows/outflows will be used to rebalance as much as possible; if they are insufficient, investments will be sold in a commercially reasonable manner and reallocated as required.

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

10. Accommodating Cashflow Needs

This Plan is intended to be dynamic and responsive to the changing needs of Whitby. Once informed of changing needs in accordance with the ONE JIB Agreement, ONE JIB may need to revise allocations, deploy incoming monies or sell units of the investment pools accordingly. Additionally, income from investments will be automatically reinvested into the investment Outcomes where appropriate and cashflow needs of Whitby are expected to be financed with the sale of units of the investment pools. Any fee discounts that apply to Whitby are intended to be reinvested into the Contingency Outcome or as otherwise directed by the Treasurer.

11. Non-Liquid Assets

11.1 Legacy Investments / Strategic Investments

Whitby'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 Whitby's IPS such that ONE JIB has agreed not to dispose of or deal with that investment without Whitby's consent. Table 11 below describes the investment in Whitby Hydro Shares.

Table 11 - Whitby's LDC Holdings

Investment in Local Distribution Company	Amount ($)

Whitby Hydro Shares	53,261,000

11.2 Transitional Investments

MNRI that Whitby will transfer the control and management of to ONE JIB will consist of available cash and the proceeds from the liquidation of Whitby's ONE Legal List Investment Program products. Principal Protected Notes valued at $6M will be included as part of Whitby's MNRI that is under the control and management of ONE JIB.

[Whitby plans to sell some or all of its ONE Legal List Investment Program products. The proceeds of the sale will be given to ONE JIB as MNRI. More details on transition planning is provided in Appendix D.]

12. Comments by Chief Investment Officer

Certain qualitative factors were considered in assigning the investment allocations. Whitby's reserve and reserve fund balances over the next few years will be affected by pre-planned capital expenditures. Whitby's MNRI is expected to be drawn down significantly through 2023 and periodically throughout the next 10-year period to accommodate a 40% increase in the Town's population by 2032. The Town appears to have strong cash flow to fund future needs and large balances of MRI to address recurring operating needs and provide some flexibility to finance unexpected needs. This strong financial footing should allow the MNRI to be invested with a relatively long-term horizon and assume a reasonable amount of investment risk. This offers the Town 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.

One of the investment objectives for Whitby is to achieve growth for the monies invested, with above-inflation returns. Due to the long-term time horizon for some of the Town's reserve and reserve funds and the need for returns to exceed inflation, an allocation to equities is appropriate. In the short to medium term there is limited need for recurring income from the investment portfolios and all income generated is intended to be reinvested.

The Town has cashflow flexibility in coming years as more than 50% of MNRI will not need to be utilized in the next five years. Additionally, the objective to achieve growth for the monies invested, with above-inflation returns was recognized as an important goal for the Town. Aside from the funding for the specified near-term needs, the Town has the flexibility to assume a moderate risk profile for the consolidated portfolio, and investment allocations are also influenced by the time horizon associated with the MNRI. The Chief Investment Officer has exercised discretion when choosing ONE Investment Outcomes to use in the portfolio and the overall risk profile of the portfolio was considered the most important consideration. At the time of writing, the recommended overall exposure to equity within the portfolios was 35.3%, effectively doubling the Town's overall exposure to equity investments compared to its current allocations within the legal list regime. Equity weights will rise further as balances from the Target Date 3–5 Year Outcome is drawn down. This level of diversified equity exposure is appropriate for the Town considering its circumstances and needs.

Appendix A: Process for Communicating Changes in Investment Needs

For effective investment management it is imperative that material changes in Whitby's investment needs be communicated to ONE JIB on a timely basis. These include changes in:

- Risk tolerance;
- The IPS;
- Timeframes and/or estimated amounts for financial obligations, including sooner-than-expected amounts and longer timeframes;
- Revisions in MNRI;
- Desired end use of funds, especially if that is likely to affect the investment approach; and
- Changes in authorized personnel responsible for investments

These changes must be communicated in writing using the MCQ on the ONE Investment website. Section 5.01 (c) of the ONE JIB Agreement requires that Participating Municipalities provide written notice to the Board Secretary of ONE JIB of any amendment or modification to its IPS. Written communication should be directed to the attention of the Chief Investment Officer at ONE@oneinvestment.ca and the ONE JIB Secretary at dkelly@oneinvestment.ca. They are considered received when ONE Investment provides a formal return email acknowledgement.

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

Following is a list of the ONE Investment Pools and products used to achieve target asset allocations. For more information on how these ONE Investment Pools and solutions are managed, please see further detail on the ONE Investment website.

ONE Investment Pool or Product	External Portfolio Manager	Mandate	Asset Class
High Interest Savings (HISA)	CIBC Commercial Banking	Savings account	Cash
ONE Canadian Government Bond Fund	MFS	Bonds of < 5 years' maturity focused on Canadian Government bonds	Canadian short-term Fixed Income
ONE Canadian Corporate Bond Fund	MFS	Primarily in Canadian Corporate Bonds	Canadian Fixed Income
ONE Global Bond Fund	Manulife Investment Management	Global Unconstrained Fixed Income	Global Fixed Income
ONE Global Equity Fund	Mawer Investment Management	Global Equities inclusive of Emerging Markets exposure	Global Equities
ONE Canadian Equity Fund	Guardian Capital	Canadian Equity with conservative investment approach	Canadian Equities

Investment Outcomes

The asset allocations for ONE Investment's Outcomes are detailed in the tables below. Rebalancing will be managed for these asset allocations as explained in this Plan. As asset mixes drift away from their intended target and converge on either the minimum or maximum ranges noted below, ONE Investment will rebalance the holdings to restore allocations to the intended asset mix. The Outcomes will also be rebalanced twice annually, as required, to ensure the allocations do not drift materially away from the intended targets. Note that these allocations target a maximum of 70% foreign exposure, and Canadian Bond exposure targets equal allocation to the ONE Canadian Government Bond Fund and the ONE Canadian Corporate Bond Fund.

Cash Outcome	**% Weight**		
	Min	**Target**	**Max**
ONE HISA	na	100	na
Total Cash		**100**	

Stable Return Outcome	**% Weight**			**Duration**
	Min	**Target**	**Max**	**(Years)**
ONE HISA	8	10	12	
Total Cash	**8**	**10**	12	
ONE Canadian Equity Fund		9		
ONE Global Equity Fund		21		
Total Equity	**26**	**30**	**34**	
ONE Canadian Government Bond Fund		9		1.6 – 3.6
ONE Canadian Corporate Bond Fund		9		3.0 – 6.9
ONE Global Bond Fund		42		2.0 – 6.0
Total Fixed Income	**55**	**60**	**65**	
Total Allocated		**100**		

Contingency Outcome	**% Weight**			**Duration**
	Min	**Target**	**Max**	**(Years)**
ONE HISA				
Total Cash		**0**		
ONE Canadian Equity Fund		18		
ONE Global Equity Fund		42		
Total Equity	**55**	**60**	**65**	
ONE Canadian Government Bond Fund		6		1.6 – 3.6
ONE Canadian Corporate Bond Fund		6		3.0 – 6.9
ONE Global Bond Fund		28		2.0 – 6.0
Total Fixed Income	**35**	**40**	**45**	
Total Allocated		**100**		

Asset Management Reserve Outcome	**% Weight**			**Duration**
	Min	**Target**	**Max**	**(Years)**
ONE HISA				
Total Cash		**0**		
ONE Canadian Equity Fund		27		
ONE Global Equity Fund		63		
Total Equity	**88**	**90**	**92**	
ONE Canadian Government Bond Fund		1.5		1.6 – 3.6
ONE Canadian Corporate Bond Fund		1.5		3.0 – 6.9
ONE Global Bond Fund		7		2.0 – 6.0
Total Fixed Income	**8**	**10**	**12**	
Total Allocated		**100**		

Target Date Outcomes:

Investments with target dates will be managed to reduce risk as the target date approaches. As time passes and the spending needs get closer, it is appropriate to reduce the amount of risk so that there is greater certainty that the funds will be available as needed. This means that reserves, reserve accounts and other balances that are assigned to target date allocation will be reassigned to a nearer dated Target Date Outcome as time passes. In this way as the spending needs grows nearer, the associated investment allocations will migrate to a lower risk Outcome.

Target Date Outcomes	Target Date 3- 5 Years			Target Date 5-10 Years			Target Date 10+ Years		
	% Weight			% Weight			% Weight		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
ONE HISA		20			0			0	
Total Cash	**17**	**20**	**23**		**0**			**0**	
ONE Canadian Equity Fund		3			15			22.5	
ONE Global Equity Fund		7			35			52.5	
Total Equity	**8**	**10**	**12**	**45**	**50**	**55**	**71**	**75**	**79**
ONE Canadian Government Bond Fund		10.5			7.5			3.75	
ONE Canadian Corporate Bond Fund		10.5			7.5			3.75	
ONE Global Bond Fund		49			35			17.5	
Total Fixed Income	**66**	**70**	**74**	**45**	**50**	**55**	**21**	**25**	**29**
Total Allocated		**100**			**100**			**100**	

Appendix C: Performance Benchmarks for ONE Investment Funds

- The table below details the benchmarks to be used for the performance evaluation of the ONE Investment Pools.
- Blended benchmarks for the prudent investor Outcomes will be used in proportion to their target asset allocation weights.

ONE HISA	Bank of Canada 1 Year GIC Rate
ONE Canadian Equity Fund*	S&P/TSX Composite Total Return Index
ONE Global Equity Fund	MSCI ACWI (net)
ONE Canadian Government Bond Fund*	95% the DEX All Government Short Bond Index and 5% the DEX 91 Day T-Bill Index
ONE Canadian Corporate Bond Fund*	48% the FTSE TMX Canada All Government Bond Index, 40% the FTSE TMX Canada Short Term Corporate A Index, 10% FTSE TMX Canada Universe Corporate AAA/AA Index and 2% the FTSE TMX Canada 91 Day T-Bill Index.
ONE Global Bond Fund	Bloomberg Barclays Multiverse Index

* Note 1: These funds have exposures that broadly parallel ONE Investment Legal List Program products and use the same performance benchmarks.

Appendix D: Transition Plan

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

At the writing of this Plan Whitby's holdings in ONE Legal List Investment Program holdings were the following:

Whitby's ONE Investment Holdings (As at June 4, 2020)	Amount ($)
ONE Canadian Equity Portfolio	9,031,077
ONE HISA	62,219,268
Total – ONE Investment	71,250,345

The objective is to move from existing investment to the current allocations recommended in this Plan (as noted below) as quickly and cost efficiently as practicable. The Town will liquidate the securities above, and the proceeds will be delivered to ONE JIB. The settlement cycle for ONE Legal List Investment Program products and ONE HISA is very short so no special considerations will be needed to accommodate the transfer of ONE Legal List Investment Program holdings to the ONE JIB Prudent Investment Program. Additional monies will be given to ONE JIB as MNRI. The Town will use cash plus proceeds from liquidating other short-term investments to raise the funds to transfer to ONE JIB.

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

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

Table C- 1 - Whitby's Outcomes

Outcome	Allocation ($)	Allocation Weight (%)
Cash	438,287	0.4
Contingency	4,359,392	4.0
Asset Management Reserves	238,729	0.2
Target Date 3-5 Years	47,749,872	44.2
Target Date 5-10 Years	43,350,407	40.2
Target Date 10+ Years	11,818,247	10.9
Total	**107,954,934**	**100.0**

Table C- 2 - Whitby's Consolidated Holdings

ONE Investment Funds & HISA	Total Invested ($)	Portfolio Weight (%)
ONE HISA	9,988,261	9.25
ONE Canadian Equity Fund	11,443,310	10.6
ONE Global Equity Fund	26,701,057	24.7
ONE Canadian Govenrment Bond Fund	8,973,346	8.3
ONE Canadian Corporate Bond Fund	8,973,346	8.3
ONE Global Bond Fund	41,875,614	38.8
Total	**107,954,934**	**100.0**

Target holding weights will be maintained within the asset allocation bands identified in section 6 of this Plan until instructed otherwise. The purchase of these funds will be financed by the $70 million from the liquidation of ONE Legal List Investment Program products with the balance being funded by cash from the Town.

The Town also holds $6 million of Principal Protected Notes, see Table C-3 below, that will be transferred to ONE JIB In-Kind, representing part of its MNRI. As these securities mature over time the proceeds will be invested in ONE Investment Outcomes:

Table C- 3 - Principal Protected Notes

Security	Maturity	Amount ($)
Scotiabank 5 Year PPN	3-Jan-24	1,000,000
Scotiabank 7 Year PPN	18-Jan-27	5,000,000
Total		**6,000,000**

Appendix E: Transferring Funds

These procedures will be provided at a later date.

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