



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: November 29, 2023  
Re: Aylmer's Investment Plan 2023  
Report: ONE JIB 2023-O65

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Aylmer's Municipal Client Questionnaire (Attachment 1).
2. Approve the Town of Aylmer's proposed Investment Plan (Attachment 2).

## 2. SUMMARY

The Town of Aylmer has decided to join the ONE JIB as a Participating Municipality. As part of the process under the applicable provincial regulation, the ONE JIB must develop and approve an Investment Plan for Aylmer. The Town has provided a Municipal Client Questionnaire (MCQ) to provide information on its MNRI and the investment horizons associated with its reserve balances.

Aylmer will allocate \$1.58 million in MNRI to be invested under the care and control of ONE JIB. Investment allocations have been determined by reviewing expected cashflows affecting municipal reserve balances to produce a portfolio with an investment horizon appropriate for the Town of Aylmer based on the ONE JIB's Outcomes Framework.

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

<b>ONE Investment Funds &amp; HISA</b>	<b>Total Invested</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 354,648	22.5
ONE Global Equity Fund	827,513	52.5
ONE Canadian Government Bond Fund	59,108	3.8
ONE Canadian Corporate Bond Fund	59,108	3.8
ONE Global Bond Fund	275,837	17.5
<b>Total \$</b>	<b>\$ 1,576,215</b>	<b>100.0</b>

### 3. BACKGROUND

Aylmer will be contributing \$1.58 million in MNRI to ONE JIB that will be invested based on details in its MCQ and guidance from the municipal Treasurer

Aylmer is contributing \$1.58 million of MNRI that will be invested in the ONE JIB Outcomes. This MNRI amount is informed by analysis of expected cashflows affecting MNRI over the next 10 years. It is a conservative estimate due to a degree of uncertainty in the cashflow estimates and elevated capital spending plans over the next year. Table 1 below provides a summary of the reserve categories and the associated investment horizon of these reserves as disclosed in Aylmer's MCQ. As shown below, 100% of MNRI has an investment horizon that exceeds 10-years.

*Table 1: MNRI by reserve and time horizon forecast, adapted from table 4.1 of MCQ*

Reserve Type	Brief Description	MNRI Amount	Less than 3 years	3 to 5 years	5 to 10 years	10+ years
DC Reserve Funds	To fund growth capital					
Other Res / Res Funds	Capital and Contingency long term in nature	\$1,576,215				\$1,576,215
Total		\$1,576,215				\$1,576,215

### 4. ANALYSIS

The Town does not anticipate any withdrawals in the near term but suggests that contributions may occur over the next 10 years

Based on current Town planning, Aylmer does not expect to draw down MNRI in the foreseeable future, but contributions to MNRI are likely to occur in the coming years. The Town expects 2024 capital spending to be elevated, at a level approximately three times the amount spent in most years. This, combined with uncertainty about cash flow projections associated with some of the Town's development charge reserves, has limited the amount of MNRI that the Town can contribute at this time. It is anticipated that in future years greater certainty about the timing of cash flows associated with municipal reserves may lead to incremental contributions of MNRI.

Aylmer retains sufficient liquidity in money required immediately to address immediate spending needs and address spending for unanticipated needs out of money required immediately balances. For this reason, no allocation to the Contingency Outcome has been included in Aylmer's Investment Plan, with all MNRI being allocated to the Target Date 10+ Year Outcome. Mapping the MNRI to Outcomes relied on the MCQ and discussions with the Treasurer to ensure a common understanding of the uses and purpose of the MNRI. Asset allocations (Table 3) and fund allocations (Table 4) were determined using the ONE JIB Outcomes Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested</b>	<b>Portfolio Weight (%)</b>	<b>HISA (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Target Date 10+ Years	\$ 1,576,215	100.0	-	25	75	100
Total	\$ 1,576,215	100.0				

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds &amp; HISA</b>	<b>Total Invested</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 354,648	22.5
ONE Global Equity Fund	827,513	52.5
ONE Canadian Government Bond Fund	59,108	3.8
ONE Canadian Corporate Bond Fund	59,108	3.8
ONE Global Bond Fund	275,837	17.5
Total \$	\$ 1,576,215	100.0

## 5. CONCLUSION

Aylmer’s Investment Plan reflects the Town’s current planning details and circumstances disclosed in the Town’s MCQ. The proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. As a result, the Investment Plan is appropriate for the Town’s time horizons and available MNRI.

## ATTACHMENTS

Attachment 1: Town of Aylmer’s Municipal Client Questionnaire

Attachment 2: Town of Aylmer’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