



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: November 29, 2023
Re: Review of External Managers - 2023
Report: ONE JIB 2023-O66

1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

2. SUMMARY

One of the fiduciary responsibilities of ONE JIB is to monitor the external managers who manage funds on ONE JIB's behalf. To help with the external manager review, ONE Investment has engaged the investment consulting firm Aon to prepare a monitoring report. Aon's report is attached as a confidential appendix to this report and will be presented to ONE JIB in private session by Aon staff. The goal of Aon's monitoring report is to offer a thorough evaluation of external investment managers.

3. BACKGROUND

ONE Investment has previously worked with Aon to select and monitor investment managers

Aon and ONE Investment have an established relationship; in the past, Aon has provided ONE Investment and ONE JIB with reports to analyze the external managers. Additionally, Aon helped with asset allocation studies and manager searches that supported the development of ONE's Prudent Investment Offering (i.e., the funds and allocations used in the Outcomes Framework). ONE JIB will be able to better understand performance and compliance issues with each external manager based on the analysis provided by the Aon report. The goal of this research is to provide ONE JIB with a more thorough understanding of the performance of external managers and to identify any potential issues that ONE JIB may decide to address.

ONE JIB has a fiduciary duty to monitor external investment managers

The monitoring of external managers is an ongoing obligation of ONE JIB and part of its fiduciary duties. This review of managers is intended to help satisfy this obligation. For further detail on the scope and details of the annual manager review a link to the Policy for Reviewing

External Investment Managers has been provided: [Policy for Reviewing External Managers](#)
The reports presented by Aon in the 2023 external manager review have slightly less detail than the comprehensive 2022 report. The 2023 report includes analysis of performance relative to the fund benchmarks and comparable mandates, as well as any other relevant information such as operational issues or changes in key personnel.

4. ANALYSIS

Aon's monitoring report reviews the performance and activity of each external investment manager from inception

The report provided by Aon will cover the investment activity of each external manager up to September 30, 2023. The report will evaluate the performance relative to the benchmark for each mandate and will assess whether the mandate has been managed in line with the guidance specified in their Investment Management Agreement. If relevant, AON's report will also identify operational issues with the external managers.

This review of external managers helps fulfil responsibilities specified in the Policy for Reviewing External Investment Managers

As specified in the Policy for Reviewing External Investment Managers, ONE JIB has a responsibility to provide oversight of its external managers. This oversight may involve monitoring performance to understand the drivers of performance; evaluating how well the managers and their funds are performing in relation to their investment mandate; understanding how performance has been achieved; and ensuring that the external investment managers are adhering to the applicable Investment Management Agreements and guidelines. Aon's report, which has been provided in confidence to the Board and is attached as a confidential appendix to this report, provides analysis that helps ONE JIB fulfil this responsibility.

In 2024 ONE JIB should consider whether a more comprehensive review of external managers is appropriate.

The Policy for Reviewing External Investment Managers notes that at least once every two years, the ONE JIB should determine whether a comprehensive review of each external investment manager is warranted. If ONE JIB decides to conduct such a review, it could be carried out by an external consultant (like Aon). An annual review of managers will be conducted in 2024, but ONE JIB will need to consider if a more comprehensive review of external managers is warranted for that review.

5. CONCLUSION

As part of its responsibility to provide oversight, ONE JIB regularly reviews its external investment managers. ONE Investment has engaged Aon to provide a confidential monitoring report to assist ONE JIB with the current review of external managers. If a more comprehensive review of the managers is required, ONE JIB will consider engaging an external investment consultant to assist with the analysis.

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