



## Attachment 2

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# QUARTERLY INVESTMENT REPORT

**For The Period Ended December 31, 2023**

### **Aylmer Prudent Investor Portfolio**

46 Talbot St. West  
Aylmer, ON, ON  
N5H 1J7

Sachs, Heather  
Director of Financial Services/Treasurer  
hsachs@town.aylmer.on.ca  
(519) 773-3164 x4919

### **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

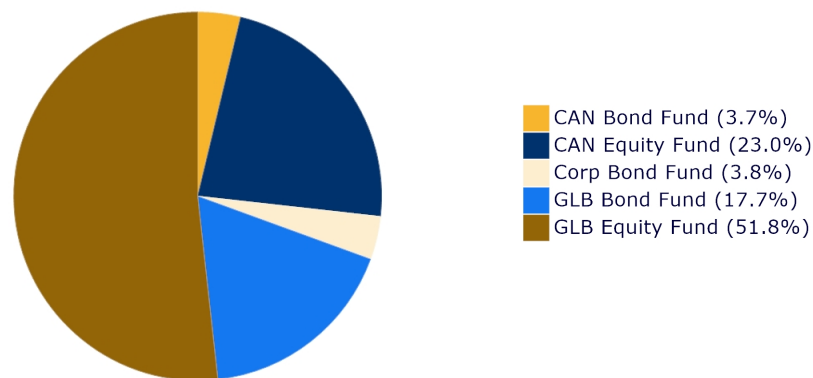
### **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Aylmer Prudent Investor Portfolio**  
**Executive Summary for the Quarter Ended December 31, 2023**

	<b>Time-Weighted Rate of Return in CAD for Consolidated Holdings</b>						<b>Since Inception</b>	<b>Inception Date</b>
	<b>Quarter</b>	<b>Year to date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>5 Years</b>		
Consolidated Portfolio Returns	-	-	-	-	-	-	0.8%	11/29/2023

**Overall Asset Allocation**



**Consolidated Portfolio Activity for Quarter**

<b>Portfolio</b>	<b>Starting Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Change in Market Value</b>	<b>Income</b>	<b>Ending Balance</b>
CAN Bond Fund	-	59,108.04	-	420.62	-	59,528.66
CAN Equity Fund	-	354,648.35	-	(2,104.32)	13,048.03	365,592.06
Corp Bond Fund	-	59,108.08	-	75.43	994.71	60,178.22
GLB Bond Fund	-	275,837.65	-	(4,652.02)	10,143.78	281,329.41
GLB Equity Fund	-	827,512.88	-	(19,053.80)	13,931.00	822,390.08
<b>Total</b>	<b>0.00</b>	<b>1,576,215.00</b>	<b>0.00</b>	<b>(25,314.09)</b>	<b>38,117.52</b>	<b>1,589,018.43</b>

**Aylmer Prudent Investor Portfolio  
Performance History At  
December 31, 2023**

**Performance by Fund**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
ONE Canadian Equity Fund	-	-	-	-	-	-	-	3.0	11/29/2023
ONE Global Equity Fund	-	-	-	-	-	-	-	-0.6	11/29/2023
ONE Canadian Corporate Bond Fund	-	-	-	-	-	-	-	1.8	11/29/2023
ONE Canadian Government Bond Fund	-	-	-	-	-	-	-	0.7	11/29/2023
ONE Global Bond Fund	-	-	-	-	-	-	-	1.9	11/29/2023

**Performance by Outcome**

	% Annualized Returns							Since Inception	Inception Date
	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years		
JIB1AYLTD10P	-	-	-	-	-	-	-	0.8	11/29/2023

## **QUARTERLY REVIEW**

Equity markets finished the year with strong performance as investor sentiment improved in the final few months of 2023. This led to strong returns for the Canadian Equity Fund, which was up 8.6% in the fourth quarter. This late-year surge in equity markets was in response to signals indicating that central banks are done raising interest rates and, more importantly, that global central banks are poised to start making meaningful cuts in interest rates in 2024. This comes after multiple economic indicators confirmed that inflation rates have fallen sharply from their peak in 2022. As central banks have been successful in containing inflation, there is less reason to maintain tight monetary policy. This was positive news for equity investors.

Returns for the 2023 Calendar year were also strong, with the Canadian stock market producing returns of over 11% last year. The Canadian Equity Fund had much stronger performance, achieving calendar year returns of 17.5%. Both stock selection and the fund's allocation across the different sectors of the market contributed to the strong performance.

The weakest segments of the Canadian equity market during the quarter were the Energy and the Materials sectors. The fund is designed to have light exposure to these sectors, which helps to dampen the volatility of returns, but in the quarter, this also helped the fund outperform its benchmark. A heavy allocation to the Information Technology sector also helped performance, as this was the best performing sector of the market, with sector returns of 24% in the quarter. The performance of Shopify Inc, which was up 39% in the quarter, contributed to the strong sector performance. As the manager does not hold Shopify Inc, the fund did not fully participate in the sector's strength. The performance of the fund benefited from holdings in Gildan Activewear and Restaurant Brands, which collectively represent about 10% of the fund and both had returns of over 15% in the quarter.

## **QUARTERLY REVIEW**

Global equity markets had strong performance in the fourth quarter, which added to the solid returns generated earlier in 2023. The ONE Global Equity Fund had returns of 6.9% in the fourth quarter, bringing full-year 2023 returns to 17.5%. These results are very encouraging, as they were achieved in the wake of rapid interest rate increases, ongoing concern about elevated inflation levels, and market worries about a looming global recession. This serves as a reminder that financial markets are forward looking, and the prospects for inflation to abate and interest rates to fall helped support investor optimism that led to these strong equity market returns. It is also now a consensus view that the US economy will achieve a 'soft landing', avoiding a recession, which also boosted investor sentiment.

US equity markets saw some of the strongest returns last year, producing returns in excess of 26%, with strength focused primarily on the seven biggest technology-focused companies, which have become known as the 'Magnificent 7' stocks. These seven stocks had spectacular returns last year that accounted for the bulk of US equity market returns in 2023. The Global Equity Fund has exposure to some of these 7 stocks, including Microsoft, Amazon, and Alphabet Inc. (Google), but the Fund has no exposure to the best-performing stocks from this group, Nvidia and Tesla Inc., which had returns of 239% and 101%, respectively, last year.

Asian equity markets were not as strong as other regions in 2023 amid sluggish growth from the Chinese economy. A slowdown in Chinese growth has direct implications for regional trading partners. Chinese equity markets were weaker last year, down more than 10%, with better performance experienced in other regional. Japanese equity markets performed well last year, up over 30%. The Global Equity Fund has small exposure to Japan but currently has no other Asian exposure.

## **QUARTERLY REVIEW**

The global bond markets had strong performance as bond yields dropped sharply in the quarter. The ONE Canadian Government Bond Fund had returns of 2.5% in the quarter, the ONE Canadian Corporate Bond Fund had returns of 6.3%, and the ONE Global Bond Fund had returns of 5.7%. The strong fourth quarter results helped full year returns in 2023, with the portfolios generating returns of 3.1%, 6.2%, and 6.5%, respectively, for the calendar year.

For most of the year, bond markets were focused on the prospect of further interest rate increases by the global central banks, which put downward pressure on bond prices. In November and December, the outlook became more positive, as it became more evident central banks might be done raising interest rates. More importantly, investors anticipated the US Federal Reserve Bank would make meaningful cuts in interest rates in 2024. This was reflected in bond prices, and yields dropped by about 1% in the quarter, with longer-term bonds tending to benefit more from the anticipated falling interest rates. The ONE Canadian Corporate Bond Fund and the ONE Global Bond Fund are both sensitive to changes in interest rates due to the relatively long maturity profiles of the bonds held (both funds have an average maturity of about 6.4 years). The falling interest rates led to strong returns for these funds. Changes in the investment orientation of the ONE Canadian Government Fund decreased its sensitivity interest rates leading to more modest gains for this fund in the quarter.

The sharp increase in interest rates in 2022 and 2023 was intended to slow economic growth to contain inflationary pressures. As inflation pressures continue to subside, interest rate cuts are likely. While the markets are anticipating lower interest rates on the horizon, the timing and magnitude of rate cuts by global central banks remain highly dependent on the economic outlook.

**Aylmer Prudent Investor Portfolio  
Consolidated Portfolio Holdings in CAD  
As of December 31, 2023**

<b>Security</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>% Weight</b>
CAN Equity Fund	271.193	1,355.84	367,696.38	1,348.08	365,592.06	23.01%
GLB Equity Fund	670.009	1,255.86	841,443.88	1,227.43	822,390.08	51.75%
Corp Bond Fund	65.557	916.80	60,102.79	917.95	60,178.22	3.79%
CAN Bond Fund	61.948	954.15	59,108.04	960.94	59,528.66	3.75%
GLB Bond Fund	324.061	882.49	285,981.43	868.13	281,329.41	17.70%
					<b>1,589,018.43</b>	<b>100.00%</b>

**Aylmer Prudent Investor Portfolio  
Holdings by Account  
At December 31, 2023**

**Account Name: Aylmer - Target Date 10 Year Plus Outcome  
Account Number: 570050823**

**For the Quarter Ending  
December 31, 2023**

<b>Holdings</b>	<b>Quantity</b>	<b>Unit Cost</b>	<b>Book Value</b>	<b>Price</b>	<b>Market Value</b>	<b>Weight</b>	<b>Market Value Gain (Loss)</b>	<b>Income Received</b>
Corp Bond Fund	65.55	916.80	60,102.79	917.95	60,178.22	3.7%	75.43	994.71
CAN Equity Fund	271.19	1,355.84	367,696.38	1,348.08	365,592.06	23.0%	(2,104.32)	13,048.03
CAN Bond Fund	61.94	954.15	59,108.04	960.94	59,528.66	3.7%	420.62	0.00
GLB Bond Fund	324.06	882.49	285,981.43	868.13	281,329.41	17.7%	(4,652.02)	10,143.78
GLB Equity Fund	670.00	1,255.86	841,443.88	1,227.43	822,390.08	51.7%	(19,053.80)	13,931.00
			<u>1,614,332.52</u>		<u>1,589,018.43</u>	100.0%	(25,314.09)	38,117.52

**Aylmer Prudent Investor Portfolio  
Performance History  
At December 31, 2023**

**% Annualized Returns**

	<b>Quarter</b>	<b>Year to Date</b>	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>4 Years</b>	<b>5 Years</b>	<b>Since Inception</b>	<b>Inception Date</b>
Return Net of Fees	-	-	-	-	-	-	-	0.8	11/29/2023

**% Calendar Year Returns**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Return Net of Fees	-	-	-	-	-	-



**Aylmer Prudent Investor Portfolio**  
**Transaction Summary for the Quarter Ended December 31, 2023**

**TRANSACTION SUMMARY**

**Account Name: Aylmer - Target Date 10 Year Plus Outcome**  
**Account Number: 570050823**

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	12/11/2023	12/11/2023	61.94	59,108.04
Buy	Corp Bond Fund	12/11/2023	12/11/2023	64.47	59,108.08
Buy	GLB Bond Fund	12/11/2023	12/11/2023	312.37	275,837.65
Buy	CAN Equity Fund	12/11/2023	12/11/2023	261.51	354,648.35
Buy	GLB Equity Fund	12/11/2023	12/11/2023	658.65	827,512.88
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	1.08	994.71
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	11.68	10,143.78
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	9.67	13,048.03
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	11.35	13,931.00



**Aylmer Prudent Investor Portfolio  
COMPLIANCE CERTIFICATE  
December 31, 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 December 31, 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".

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



# YEAR-END TRANSACTION REPORT

For The Period Ended December 31, 2023

## **Aylmer Prudent Investor Portfolio**

46 Talbot St. West  
Aylmer, ON, ON  
N5H 1J7

Sachs, Heather  
Director of Financial Services/Treasurer  
hsachs@town.aylmer.on.ca  
(519) 773-3164 x4919

## **ONE Investment**

155 University Ave, Suite 800  
Toronto, Ontario  
M5H 3B7

## **Relationship Manager**

Marie Wong Takishita, Client Service Representative  
416-971-9856  
one@oneinvestment.ca

**Aylmer Prudent Investor Portfolio**  
For the Period December 31, 2023  
(Consolidated Holdings)

**Book Value Summary by Security**

Security	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
CAN Bond Fund		59,108.04						59,108.04
CAN Equity Fund		354,648.35		13,048.03				367,696.38
Corp Bond Fund		59,108.08		994.71				60,102.79
GLB Bond Fund		275,837.65		10,143.78				285,981.43
GLB Equity Fund		827,512.88		13,931.00				841,443.88
<b>Total</b>	<b>0.00</b>	<b>1,576,215.00</b>	<b>0.00</b>	<b>38,117.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,614,332.52</b>

**Market Value Summary by Security**

Security	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
CAN Bond Fund		59,108.04				420.62	59,528.66
CAN Equity Fund		354,648.35		13,048.03		(2,104.32)	365,592.06
Corp Bond Fund		59,108.08		994.71		75.43	60,178.22
GLB Bond Fund		275,837.65		10,143.78		(4,652.02)	281,329.41
GLB Equity Fund		827,512.88		13,931.00		(19,053.80)	822,390.08
<b>Total</b>	<b>0.00</b>	<b>1,576,215.00</b>	<b>0.00</b>	<b>38,117.52</b>	<b>0.00</b>	<b>(25,314.09)</b>	<b>1,589,018.43</b>

**Aylmer Prudent Investor Portfolio**  
For the Period December 31, 2023  
Summary By Account

**Book Value Summary by Account**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1AYLTD10P		1,576,215.00		38,117.52				1,614,332.52
<b>Total</b>	<b>0.00</b>	<b>1,576,215.00</b>	<b>0.00</b>	<b>38,117.52</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,614,332.52</b>

**Market Value Summary by Account**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1AYLTD10P		1,576,215.00		38,117.52		(25,314.09)	1,589,018.43
<b>Total</b>	<b>0.00</b>	<b>1,576,215.00</b>	<b>0.00</b>	<b>38,117.52</b>	<b>0.00</b>	<b>(25,314.09)</b>	<b>1,589,018.43</b>

**Aylmer Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for CAN Bond Fund**

**Book Value Summary by Account for CAN Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1AYLTD10P		59,108.04						59,108.04
<b>Total</b>	<b>0.00</b>	<b>59,108.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>59,108.04</b>

**Market Value Summary by Account for CAN Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1AYLTD10P		59,108.04				420.62	59,528.66
<b>Total</b>	<b>0.00</b>	<b>59,108.04</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>420.62</b>	<b>59,528.66</b>

**Aylmer Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for CAN Equity Fund**

**Book Value Summary by Account for CAN Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1AYLTD10P		354,648.35		13,048.03				367,696.38
<b>Total</b>	<b>0.00</b>	<b>354,648.35</b>	<b>0.00</b>	<b>13,048.03</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>367,696.38</b>

**Market Value Summary by Account for CAN Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1AYLTD10P		354,648.35		13,048.03		(2,104.32)	365,592.06
<b>Total</b>	<b>0.00</b>	<b>354,648.35</b>	<b>0.00</b>	<b>13,048.03</b>	<b>0.00</b>	<b>(2,104.32)</b>	<b>365,592.06</b>

**Aylmer Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for Corp Bond Fund**

**Book Value Summary by Account for Corp Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1AYLTD10P		59,108.08		994.71				60,102.79
<b>Total</b>	<b>0.00</b>	<b>59,108.08</b>	<b>0.00</b>	<b>994.71</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>60,102.79</b>

**Market Value Summary by Account for Corp Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1AYLTD10P		59,108.08		994.71		75.43	60,178.22
<b>Total</b>	<b>0.00</b>	<b>59,108.08</b>	<b>0.00</b>	<b>994.71</b>	<b>0.00</b>	<b>75.43</b>	<b>60,178.22</b>



**Aylmer Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for GLB Bond Fund**

**Book Value Summary by Account for GLB Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1AYLTD10P		275,837.65		10,143.78				285,981.43
<b>Total</b>	<b>0.00</b>	<b>275,837.65</b>	<b>0.00</b>	<b>10,143.78</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>285,981.43</b>

**Market Value Summary by Account for GLB Bond Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1AYLTD10P		275,837.65		10,143.78		(4,652.02)	281,329.41
<b>Total</b>	<b>0.00</b>	<b>275,837.65</b>	<b>0.00</b>	<b>10,143.78</b>	<b>0.00</b>	<b>(4,652.02)</b>	<b>281,329.41</b>

**Aylmer Prudent Investor Portfolio**  
**For the Period December 31, 2023**  
**Summary By Account for GLB Equity Fund**

**Book Value Summary by Account for GLB Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Realized Gains/(Loss)</b>	<b>Cost Basis Adjustment</b>	<b>Closing Balance</b>
JIB1AYLTD10P		827,512.88		13,931.00				841,443.88
<b>Total</b>	<b>0.00</b>	<b>827,512.88</b>	<b>0.00</b>	<b>13,931.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>841,443.88</b>

**Market Value Summary by Account for GLB Equity Fund**

<b>Account</b>	<b>Opening Balance</b>	<b>Contribution</b>	<b>Withdrawals</b>	<b>Reinvested Income</b>	<b>Reinvested Capital Gains</b>	<b>Change in Market Value</b>	<b>Closing Balance</b>
JIB1AYLTD10P		827,512.88		13,931.00		(19,053.80)	822,390.08
<b>Total</b>	<b>0.00</b>	<b>827,512.88</b>	<b>0.00</b>	<b>13,931.00</b>	<b>0.00</b>	<b>(19,053.80)</b>	<b>822,390.08</b>

*APPENDIX*

## 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 December 31, 2023, the permitted duration range is 3.67 to 6.67 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 December 31, 2023, the permitted duration range for the Fund is 1.12 to 2.12 years. MFS aims to outperform the benchmark, which is:

- 60% FTSE Canada Short-Term Government Bond Index +
- 40% 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.