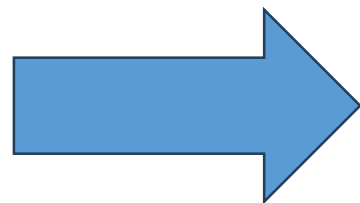


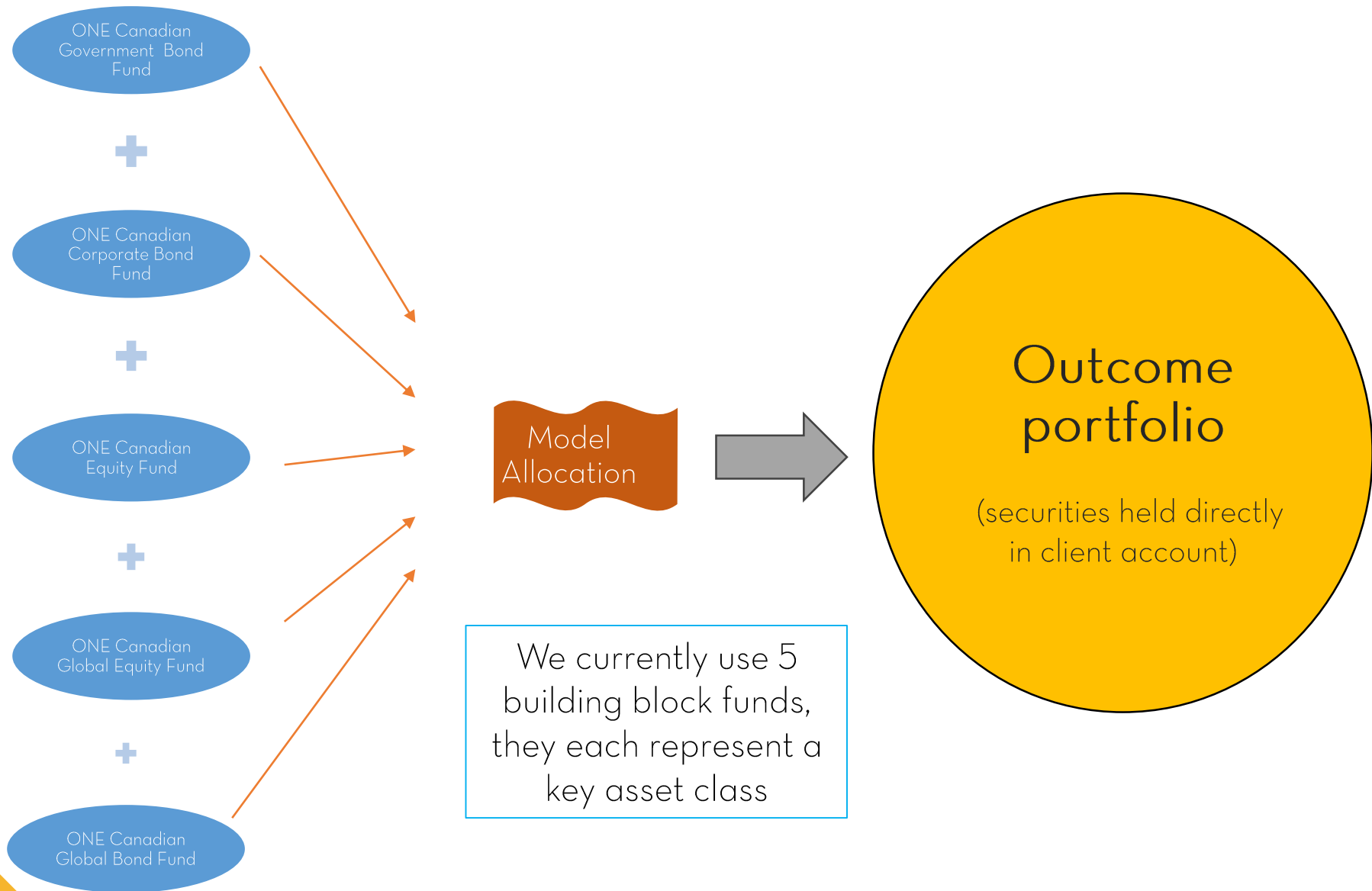
Building Block approach for Investments



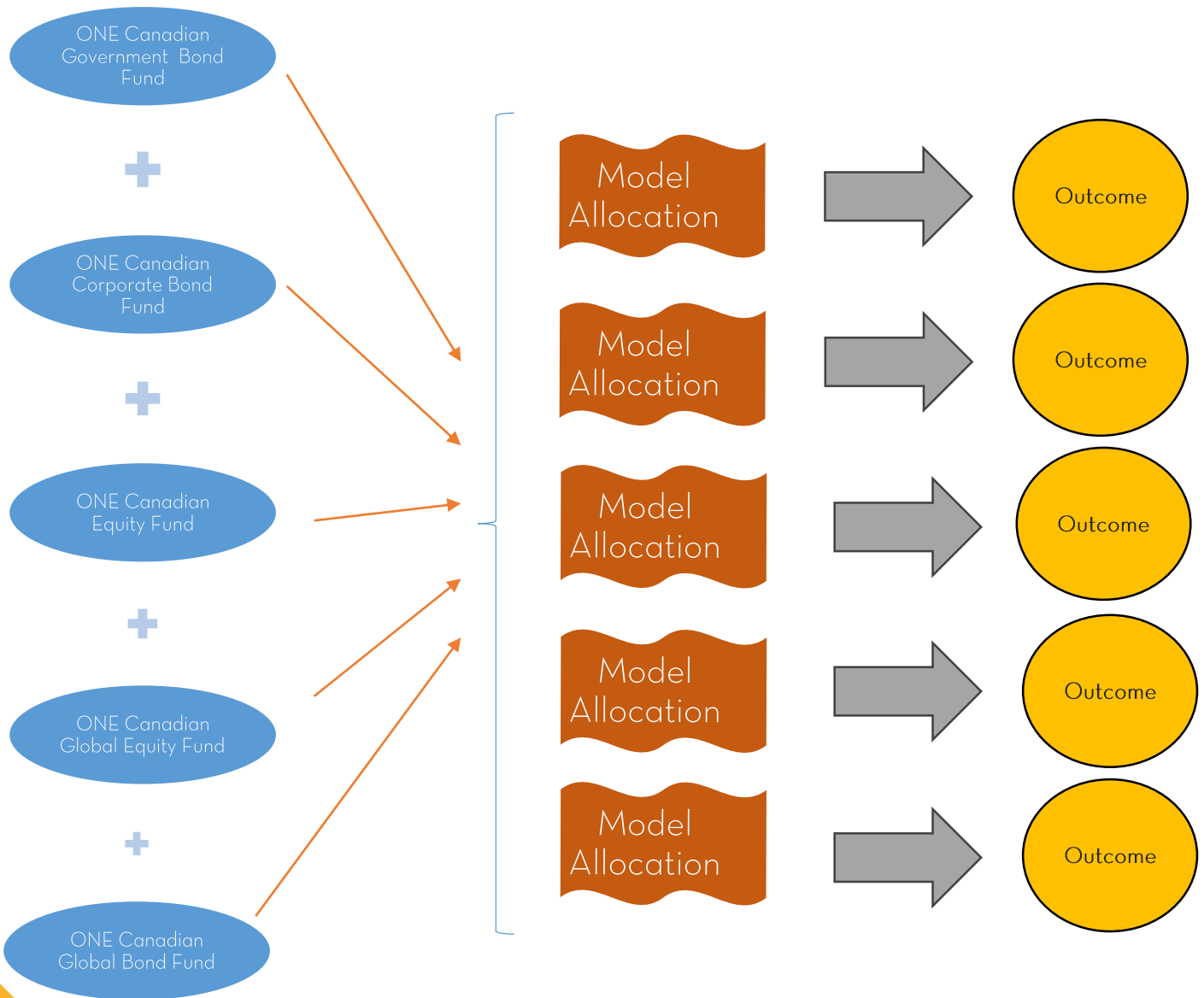
Objectives of OCIO

1. Ability to tailor investment offering for sophisticated clients.
2. Gain operational efficiencies & greater ability to scale
3. Provide access to a full suite of building block funds.
4. To gain ongoing support from team of investment professionals.
5. Greater ability to quickly respond to circumstances.

Building Blocks = Current

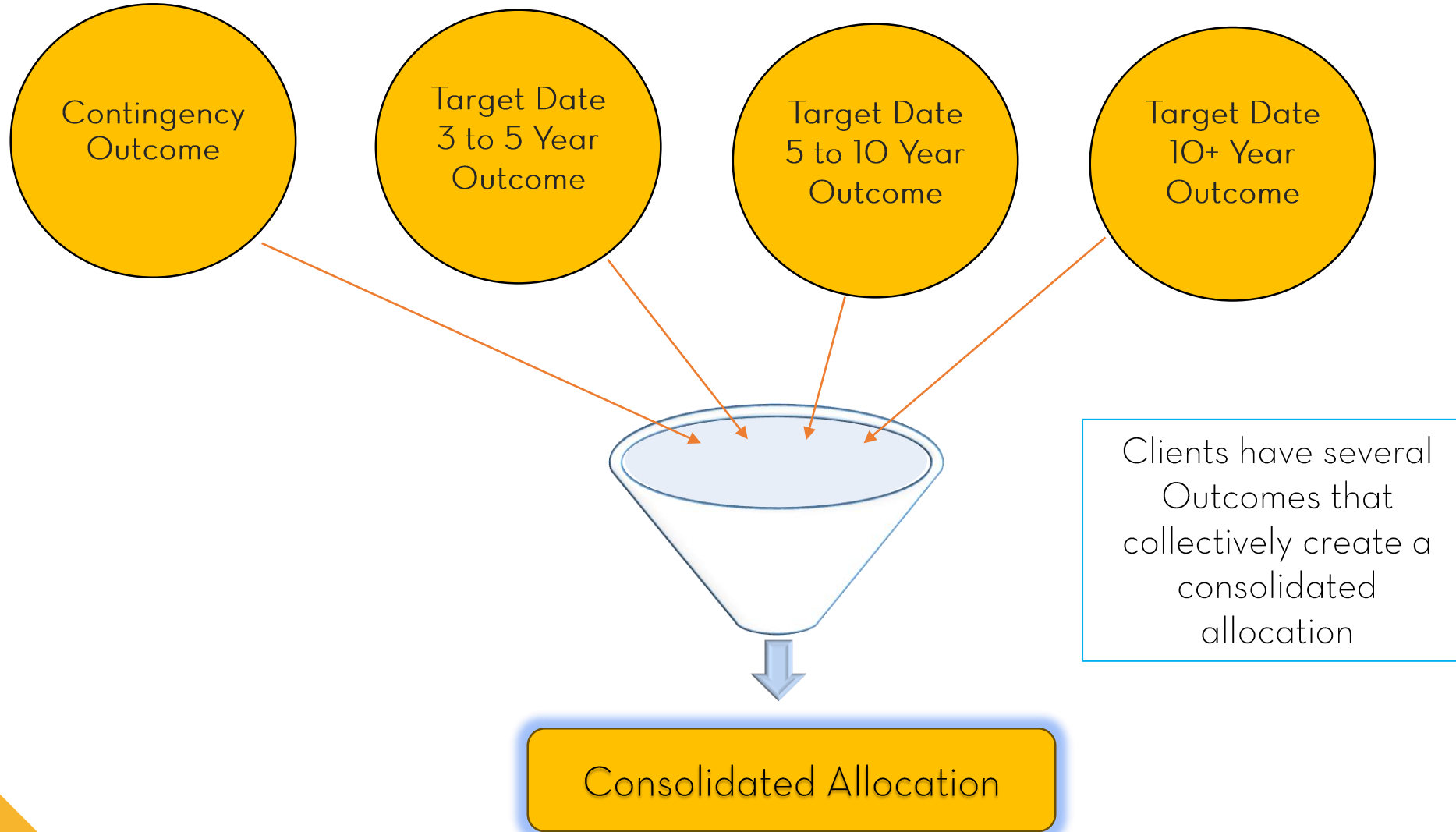


Building Blocks = Current

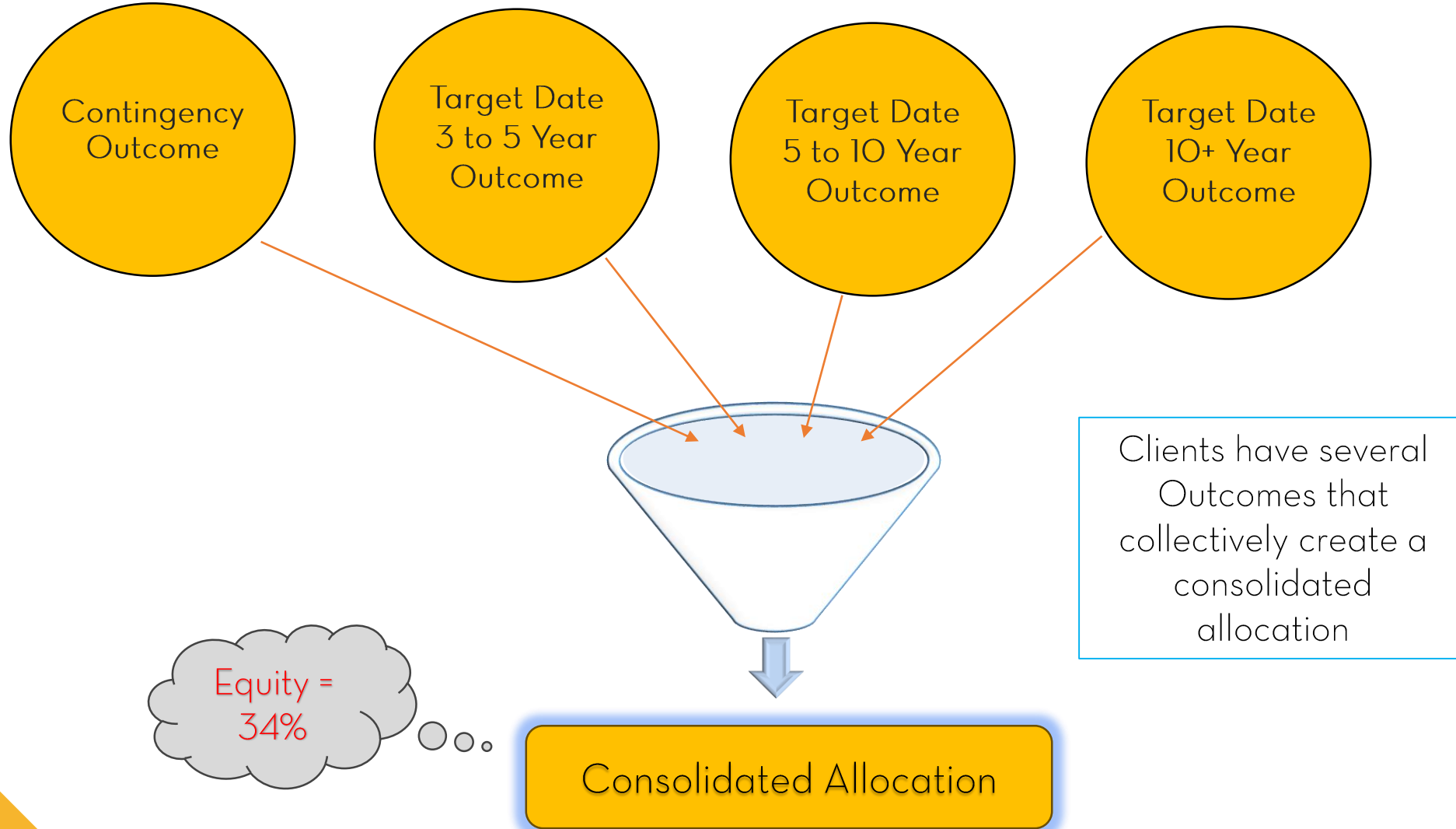


Each client holds several Outcomes.
Each are separate accounts.
They all hold the same funds in different proportions.

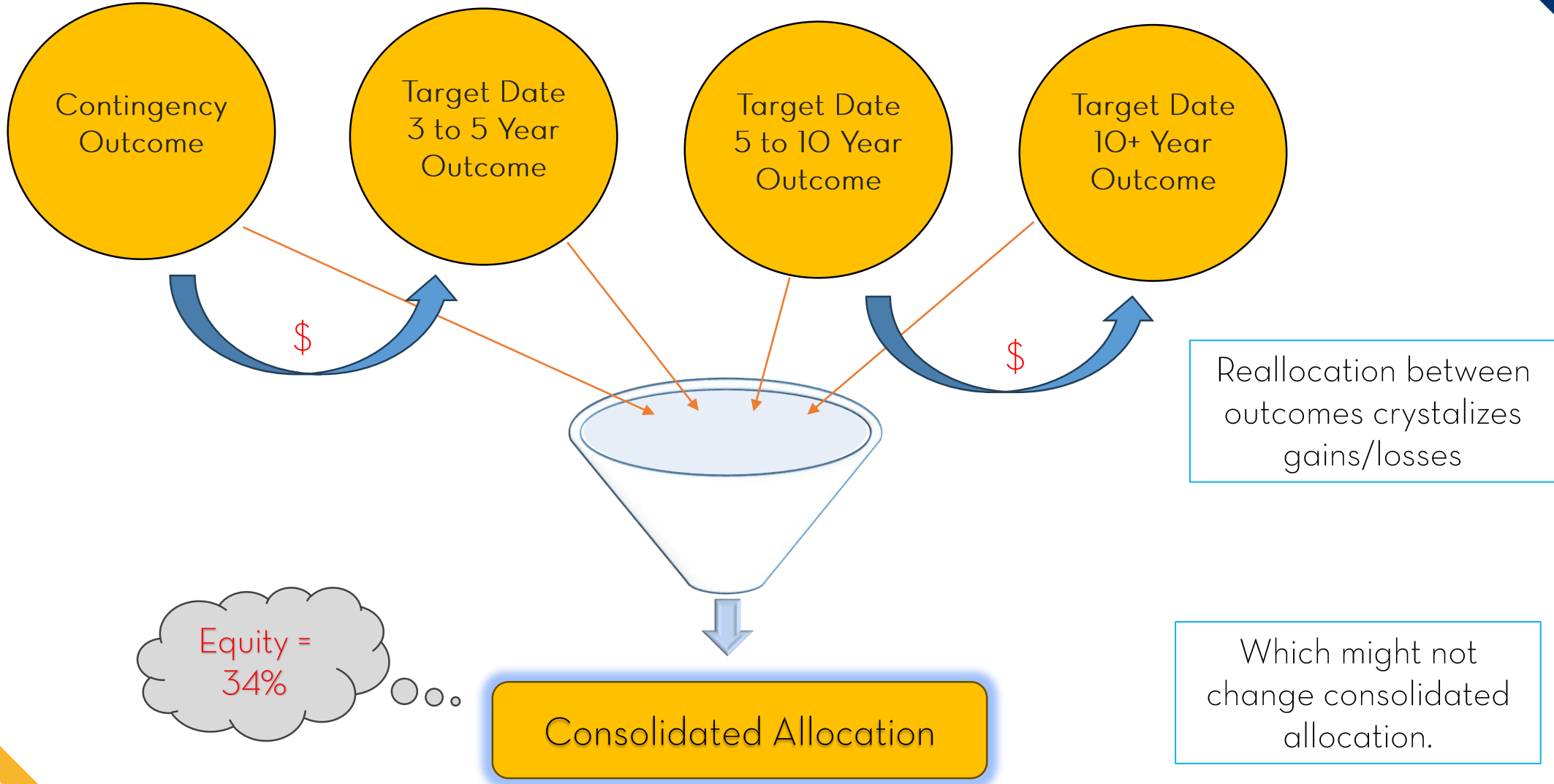
Building Blocks + Outcomes = Current



Building Blocks + Outcomes = Current



Building Blocks + Outcomes = Current



Building Block Funds + Outcome Accounts

Pros

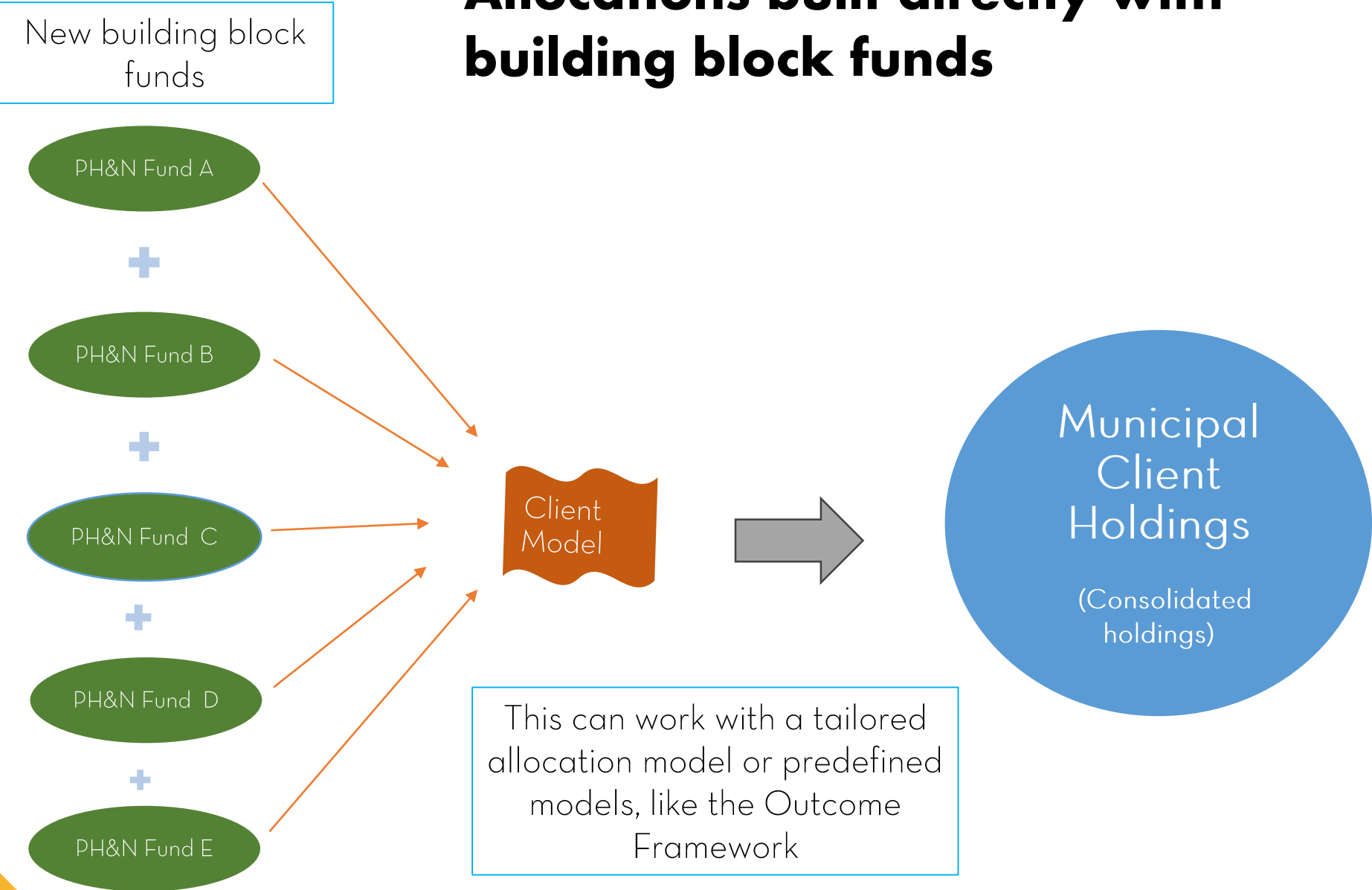
- Performance track record by Outcome is available.
- Direct mapping of reserves to investment allocations.
- Thought process resonates with municipalities.
- Gives clear direction on investment allocations.

Cons

- Switching between Outcomes crystalizes gains losses and can lead to excessive trading.
- Too simplistic. It only looks at reserves. Does not consider other factors.
- Returns in same Outcome may be slightly different for each client.

Preferred OCIO Offering Structure

Allocations built directly with building block funds



Details

New PH&N funds

- 34 PH&N funds will be available as building blocks.
- Holdings will be selected from the 34 building block funds.
- Several model portfolios would be designed.
- More tailored allocations could be built for large municipalities with the same building blocks.
- OCIO offering would be used by all Participating Municipalities.
- Funds are on PH&N's platform,
 - reporting done by PH&N.
 - new custodial arrangement.
 - PH&N responsible for fund compliance and administration.

PH&N Funds would become new building block funds

Existing funds to be maintained until all PM transitioned. Funds then mothballed

ONE Canadian Government Bond Fund

ONE Canadian Corporate Bond Fund

ONE Canadian Equity Fund

ONE Canadian Global Equity Fund

ONE Canadian Global Bond Fund

PH&N funds managed directly on their platform

PH&N Fund A

PH&N Fund B

PH&N Fund C

PH&N Fund D

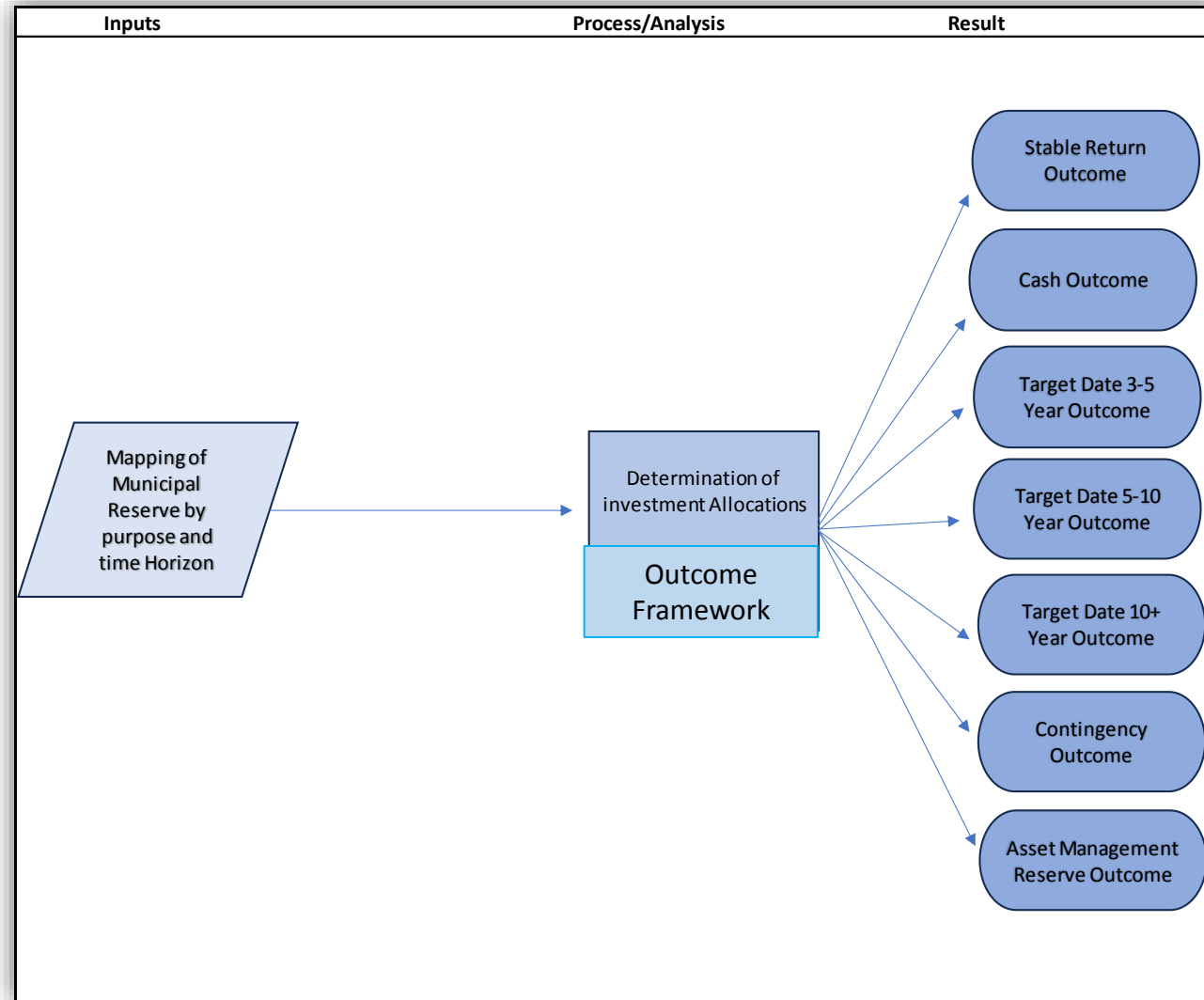
PH&N Fund E

PH&N Fund F

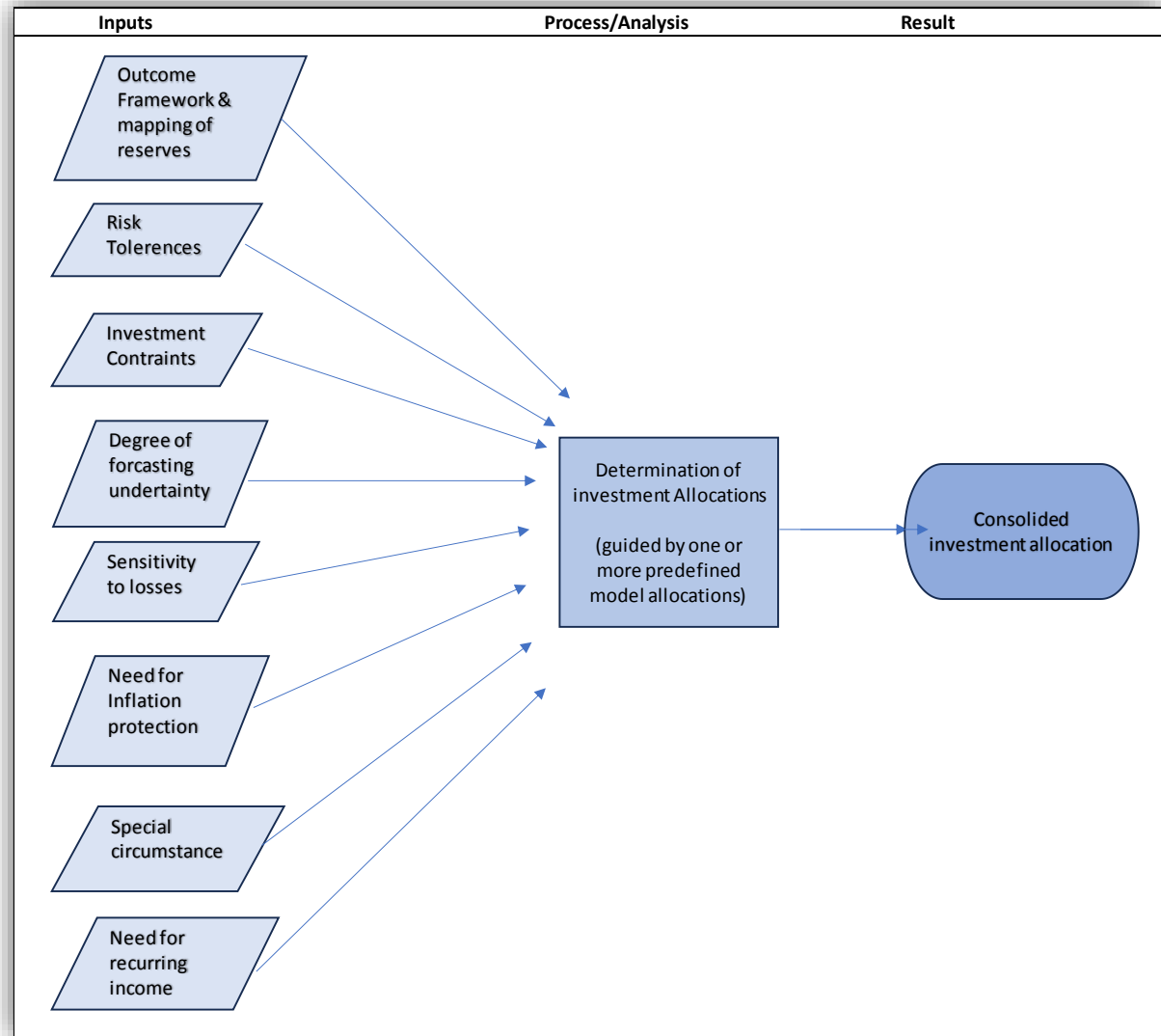
- All Participating Municipalities would be transitioned to OCIO Offering.
- Reporting would come from PH&N.
- Compliance reports would be created by PH&N and shared with CCO, CIO & ONE JIB.
- Compliance oversight changes, with much of the oversight done by PH&N

Current Process vs potential new process

Current process: from reserves to Outcomes



Proposed new process?



Details

Current Process

- Allocations process only considers reserves. Not clear how other factors are reflected.
- Clients hold several outcome accounts that each hold the same securities.
 - Every transaction between accounts crystalizes gains/losses.

New Process

- Uses reserve mapping as one of the key inputs in informing allocations.
 - But incorporates other factors.
- Explicitly considers all the Prudent criteria identified in the Act.
- Multiple models can be used to help guide the allocations.
- Full tailoring of allocations is available as need.
- Additional support from OCIO.

End of CIO Presentation

OCIO Slides