



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: May 29, 2024  
Re: Town of Whitby's Investment Plan 2024  
Report: ONE JIB 2024-035

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the Town of Whitby's Investment Policy Statement (Attachment 1).
2. Receive the Town of Whitby's Municipal Client Questionnaire (Attachment 2).
3. Approve the Town of Whitby's proposed Investment Plan (Attachment 3).

## 2. SUMMARY

The Town of Whitby has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI, and the investment horizons associated with its reserve balances. The MCQ indicates the Town will not be making contributions or withdrawals of MNRI as part of the annual Investment Plan update this year.

The MCQ provides detail on the investment horizon associated with the Town's MNRI, and the Town continues to have a relatively long investment horizon. While some minor changes in the investment horizon of MNRI were identified from the review of reserve forecasts, there is uncertainty about the timing involved. Due to this uncertainty, no changes in the allocation of MNRI across investment outcomes are being recommended in Whitby's Investment Plan currently. Consolidated equity allocations in the Investment Plan will remain at 40.5%. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 22.8	12.1
ONE Global Equity Fund	53.2	28.3
ONE Canadian Government Bond Fund	37.9	20.2
ONE Canadian Corporate Bond Fund	13.0	6.9
ONE Global Bond Fund	60.8	32.4
Total	\$ 187.7	100.0

### 3. BACKGROUND

#### Whitby’s annual Investment Policy Statement (IPS) review resulted in no changes to the IPS

The Town completed its annual IPS review on April 30, 2024, making no updates to the wording or content of the IPS. There have been no changes to the ONE JIB IPS template since the Town last updated the plan in January 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

#### There was no significant change in the overall investment horizon associated with MNRI this year.

The Town’s investment horizon, risk tolerances, and investment objectives are unchanged from last year’s Investment Plan. The mapping of reserves is also largely unchanged. As a result, there will be no changes to the Town’s Investment Plan at this time. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type. Note that the valuations in the table below are based on municipal reserves tracked by the Town for accounting purposes and the values do not reflect the most recent market valuations. This has led to some distortions versus the MNRI of \$187.7 million as disclosed in section 5 of the Town’s MCQ.

Table 1: MNRI by reserve and time horizon forecast, adapted from Table 7 of the MCQ.

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Asset Management Reserve	Long Term Reserve to support the Asset Management Plan	56,678,958	6,486,731	31,082,225	8,218,957	10,891,044
Capital Reserves	Growth Reserve Fund to support Town's share of the Capital Growth Program, Various Program Reserves & mid-term requirements from the Asset Management Reserve	55,818,820	0	20,381,285	32,783,453	2,654,083
Development Charges Reserve Funds	Development Charges					
Other Obligatory Reserve Funds	Canada Community Building RF, Building Permit Revenue RF, Parking CIL RF, Gravel Pit Reserve, Development Future Specified Contributions.	47,353,554	3,737,864	11,801,673	2,976,615	28,837,401

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Investment Horizon of MNRI			
			Less than 3 years	3 to 5 years	5 to 10 years	10+ years
Contingency	Engineering Development Fee Reserve, Planning Development Fee Reserve, Bad Debt Allowance Reserve, Contingencies Reserve, Winter Control Reserve, Engineering & Planning Fees	14,832,283	0	0	0	14,832,283
<b>Total MNRI</b>		174,683,615	10,224,595	63,265,183	43,979,025	57,214,811

**Whitby will not be making contributions or withdrawals of MNRI this year and does not expect any over the next few years**

The Town expects to have significant cash outflows for the next few years related to ongoing capital projects but has ample money required immediately balances to address these spending needs. While development charges revenues are down this year, it is not clear that this trend will be sustained. If revenues do not pick up over the next two years, a downward revision in MNRI is possible in the 2025-2026 timeframe, but this has not been incorporated into reserve balance forecasts at this time. As a result of this, the Town’s cashflow forecasts have not indicated any notable contributions or withdrawals of MNRI over the next ten years. Section 8 of the Town’s MCQ provides details of the anticipated contributions/withdrawals of MNRI over the next 10 years, which are shown in Table 2 below.

*Table 2: Anticipated Cash Flow Projections MNRI by year from table 8 of the MCQ.*

Reserve Name or Category	Brief Description or Purpose	Total MNRI Amount	Less than 3 years	3 to 5 years	5 to 10 years
Anticipated MNRI Drawdowns	-	-	-	-	-
Anticipated MNRI Contributions	-	-	-	-	-
<b>Net change in MNRI</b>	-	-	-	-	-

#### 4. ANALYSIS

##### **The mapping to Outcomes and the resulting asset allocation is consistent with the Town's cashflow forecasts, risk tolerances and objectives**

The Town continues to have a relatively long investment horizon, with about \$100 million of reserves identified as having an investment horizon greater than five years. The current allocation of MNRI includes \$10.8 million in the Cash Outcome, which should provide ample flexibility for any unexpected events that lead to a near term MNRI drawdown and an additional \$12.8 million in the Contingency Outcome. This provides more than sufficient flexibility should MNRI drawdowns be required. It is not expected that such drawdowns will be required, but the Treasurer noted that a slowdown in growth could potentially affect cashflow forecasts. Considering this, the mapping of MNRI to investment outcomes is consistent with the mapping of municipal reserves and provides more than adequate flexibility for the Town's needs. As there will be no changes in the mapping of MNRI to investment outcomes, the overall risk level for the Town is unchanged and the overall allocation to equities at a consolidated level remains at 40.5%.

Mapping the MNRI to Outcomes was based on the information provided in the MCQ and discussions with the Treasurer. Asset allocations (Table 3) and fund allocations (Tables 4 and 5) were determined using the ONE JIB's Outcome Framework.

*Table 3: Proposed Outcome Mapping and Asset Allocation*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Cash	\$10.9	5.8	100	-	100
Contingency	12.8	6.8	40	60	100
Asset Mgmt Reserves	16.6	8.8	10	90	100
Target Date 3-5 Years	70.2	37.4	90	10	100
Target Date 5-10 Years	46.5	24.8	50	50	100
Target Date 10+ Years	30.8	16.4	25	75	100
<b>Total</b>	<b>\$187.7</b>	<b>100.0</b>			

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 22.8	12.1
ONE Global Equity Fund	53.2	28.3
ONE Canadian Government Bond Fund	37.9	20.2
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<b>Total</b>	<b>\$ 187.7</b>	<b>100.0</b>

*Table 5: Proposed Pooled Fund Allocations by Outcome (values in \$ thousands)*

<b>Outcome</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corp Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Cash	-	-	\$ 10.9	-	-	\$ 10.9
Contingency	\$ 2.30	\$ 5.36	0.77	\$ 0.77	\$ 3.6	12.8
Asset Mgmt Reserves	4.47	10.44	0.25	0.25	1.2	16.6
Target Date 3-5 Years	2.11	4.92	21.42	7.37	34.4	70.2
Target Date 5-10 Years	6.98	16.29	3.49	3.49	16.3	46.5
Target Date 10+ Years	6.93	16.16	1.15	1.15	5.4	30.8
<b>Total</b>	<b>\$ 22.8</b>	<b>\$ 53.2</b>	<b>\$ 37.9</b>	<b>\$ 13.0</b>	<b>\$ 60.8</b>	<b>\$ 187.7</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with the Town’s IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The investment allocations can address the known future cashflow needs of MNRI anticipated by the Town. The Plan also provides sufficient flexibility to address unexpected drawdowns. The Investment Plan is appropriate for the Town’s time horizons and circumstances, but further drawdowns in MNRI are expected within three years. Outcome allocations will be adjusted in the 2025 Investment Plan when there is greater certainty surrounding the size and timing involved.

### ATTACHMENTS

- Attachment 1: Town of Whitby’s Investment Policy Statement
- Attachment 2: Town of Whitby’s Municipal Client Questionnaire
- Attachment 3: Town of Whitby’s proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services  
 Approved by: Judy Dezell and Donna Herridge, Co-presidents/CEOs, ONE Investment