



# REPORT

To: ONE Joint Investment Board  
From: Donna Herridge, Co-President/Co-CEO, ONE Investment  
Date: May 11, 2021  
Re: 2020 Year End Pooled Funds Update  
Report: 21-030

---

## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report entitled Year End Pooled Funds Update for information.

## 2. SUMMARY

- ONE Investment is required to:
  - File a Report of Exempt Distributions with the Ontario Securities Commission
  - Distribute Audited Financial Statement of the ONE Investment Pooled Funds to Participating Municipalities
  - File T3 Trust Income Tax and Information Return and distribute T3 Statements of Trust Income Allocations and Designations to Participating Municipalities
- As of April 15, ONE Investment has completed all necessary requirements within the required timeframes and paid all required fees.

## 3. BACKGROUND

**ONE Investment has reporting requirements dedicated by both the Ontario Securities Commission as well as the *Income Tax Act (Canada)*.**

Pursuant to the decision of the Ontario Securities Commission dated November 23, 2018 ONE Investment, ONE JIB and the ONE Investment Pools are exempt from certain regulatory requirements. The Ontario Securities Commission Exemption contains certain conditions applicable to ONE Investment and the ONE Investment Pools, outlined below.

- Under the Ontario Securities Commission Exemption, ONE Investment is required to:
  - Prepare and file with the ON Ontario Securities Commission, by January 30 of the following year, a Report of Exempt Distribution for distributions of securities made by each Investment Pool during the year ended December 31, 2020.
  - In its capacity as the Manager of each of the Investment Pools, arrange for the preparation of audited financial statements for each Investment Pool which comply with National Instrument 81-106 *Investment Fund Continuous Disclosure*, and deliver the audited financial statements to the Participating Municipalities and any other unitholders of the Investment Pools.
- Each of the ONE Investment Pools is required to comply with the *Income Tax Act (Canada)*, and in particular must prepare and file a T3 Trust Income Tax and Information Return (T3 Return) with Canada Revenue Agency and issue T3 Statements of Trust Income Allocations and Designations (T3 Slips) to the unitholders of the ONE Investment Pool by March 31

**ONE Investment has reporting requirements under the *Income Tax Act (Canada)* that are now completed**

ONE Investment is the duly appointed Manager of each of the ONE Investment Pools. The ONE Investment Pools refer to the five ONE Prudent Investment Funds – namely ONE Canadian Government Bond Fund, ONE Canadian Corporate Bond Fund, ONE Global Bond Fund, ONE Canadian Equity Fund and ONE Global Equity Fund. The ONE Investment Pools are unit trusts for purposes of the *Income Tax Act (Canada)*. Each of the ONE Investment Pools is required to prepare and file a T3 Return with Canada Revenue Agency in respect of its taxation year ended December 31, 2020. Each of the ONE Investment Pools is also required to prepare and issue T3 slips to each of its unitholders. Unitholders are the Participating Municipalities that invest in the ONE Pooled Funds.

**ONE Investment has reporting requirements under the Ontario Securities Commission that are now completed**

As the Manager of the ONE Investment Pools, ONE Investment is required on an annual basis to report to securities regulators certain information relating to the distribution of the securities of each ONE Investment Pool. Such information includes gross sales numbers, as well as the identities of the purchasers. Only summary information is available to the public; most of this information remains with securities regulators on a confidential basis. These reports are known as “Reports of Exempt Distribution” and are filed on Form 45-106F1. As “investment fund issuers”, the ONE Investment Pools are permitted to file once annually 30 days after year end and all associated fees were paid.

The ONE Investment Pools are “mutual funds” and are subject to the applicable provisions of National Instrument 81-106 *Investment Fund Continuous Disclosure* (NI 81-106). The Ontario Securities Commission Exemption does not exempt the ONE Investment Pools from the requirement to prepare financial statements which comply with NI 81-106. Each of the ONE Investment pools is required to prepare audited financial statements for its year ended December

31, 2020. The contents, presentation and disclosure contained in the ONE Investment Pool financial statements are prescribed by NI 81-106.

Under the Ontario Securities Commission Exemption, the ONE Investment Pools are not required to file their audited financial statements with the Ontario Securities Commission, provided that financial reporting is provided to Participating Municipalities in accordance with the provisions of the *Municipal Act*.

#### **4. ANALYSIS**

##### **Reports of Exempt Distribution were filed on January 28, 2021.**

Reports of exempt distribution are required to be completed 30 days after year end or January 30. ONE Investment filed all required reports with the Ontario Securities Commission on January 28, 2021.

##### **Approval of Audited Annual Financial Statements for the ONE Investment Pooled Funds was completed on April 15, 2021 and emailed to Participating Municipalities shortly thereafter.**

PricewaterhouseCoopers has been appointed the auditors of the ONE Investment Pools. As required by NI 81-106, the financial statements were prepared in accordance with International Financial Reporting Standards. PricewaterhouseCoopers provided unqualified opinions for the financial statements of each Pool. No audit recommendation letter points were noted.

Under NI 81-106, the financial statements of the ONE Investment Pools must be approved by the Manager prior to being made available to investors. In its capacity as Manager, the Board of Directors of ONE Investment approved the audited financial statements of the ONE Investment Pools, attached in Appendix A, on April 15, 2021, and thereafter, the financial statements were delivered by email to the Participating Municipalities.

##### **T3 slips and T3 Returns were prepared and filed as required for Tax Act compliance.**

At year end, all net income and realized capital gains of each ONE Investment Pool were distributed to unitholders such that no income tax is payable at the level of the Pool. The year-end distribution process ran smoothly, and the calculations were reviewed by both ONE Investment staff and the PricewaterhouseCoopers tax accountants for accuracy and completeness. T3 Slips and T3 Returns were prepared and filed as required.

Copies were shared with Participating Municipalities as required by regulation although they are tax-exempt entities. As this is a new process for Participating Municipalities, communications have been prepared to assist them through the year end.

## **5. CONCLUSION**

Each of the ONE Investment Pools has now completed its first-year end, which included certain activities required under the Ontario Securities Commission Exemption. Many of these compliance activities were new processes for ONE Investment. ONE Investment is committed to providing the Participating Municipalities with high quality products and services. Full compliance with all applicable tax and regulatory requirements is critical to delivering on that commitment.

Drafted by: Donna Herridge - Co-President/CEO

Approved for submission by: Judy Dezell and Donna Herridge - Co-Presidents/CEO