

Attachment 1



Town of Huntsville Staff Report

Meeting Date: July 22, 2024

To: Council

Report Number: CORP-2024-40

Confidential: No

Author(s): Julia McKenzie, Director of Financial Services/Treasurer

Subject: Investment Policy Statement - Repeal and Replace

Report Highlights

- As required by policy Budget-Financial-24: Investment Policy Statement (IPS), a review of the policy is done annually by Council. No changes are being recommended in 2024.
- ONE JIB Annual Performance Report for the period ending December 31, 2023

Recommendation

THAT: The Investment Policy Statement attached as Appendix I to Report CORP-2024-40 be approved;

AND FURTHER THAT: Budget&Financials-30 "Investment Policy Statement" be repealed and resolution GC66-23 be rescinded.

Background

Policy Budget-Financial-24 was approved by Council and came into effect on July 2, 2020 As outlined in the policy:

At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Funds and from ONE JIB with respect to the investment of Long-Term Funds. Following Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required. The policy was last reviewed by General Committee January 26, 2022.

The Town's Investment Policy Statement "Budget&Financial-30", Section 6.7 - Reporting requires that the Treasurer provide an annual investment report no less frequently than once annually which includes a statement about the performance of the Participating Municipality's Managed Assets during the period covered by the report. "ONE JIB Annual Report to Council 2023 - Huntsville" as attached to this report satisfies the requirements of the policy and outlines the performance of the

Town's investment under the Prudent Standard from inception and for the year 2023. The summary of the results were reported on previously in summary by the Treasurer through report CORP-2024-17. The ONE JIB Annual Performance Report for the period ending December 31, 2023 attached to this report has been approved by the ONE JIB.

Discussion

As outlined in the IPS, the annual review of the IPS must include:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the time frame to payout; and
- sensitivity to loss

The adequacy of funding for capital works: Based on preliminary estimates of the ending reserve balances (capital replacement and other general reserves) as well as obligatory reserve accounts (i.e., Development Charges, Parking In-lieu and Canada Community Building Fund) and expected financial commitments for 2024, holding \$10,000,000 as MNRI (money not required immediately), which is consistent with the prior years, will still allow for adequate funds for capital works funding for 2024.

The Municipality's ability to reduce other spending: In reviewing the funds required for the expected upcoming obligations for the next 18 months, it is expected that the Town will have the ability to meet current obligations and if required, if there are significant changes in the Town's operations (i.e., increase in taxes receivable, reduced investment income) the Town has the ability to control various operating costs to meet short term obligations.

Flexibility of the time frame to payout: The Town has funding budgeted to replenish reserve funds each year as well as the budgeted use of the funds. The timing of many capital projects occur throughout the year which provides some flexibility for the time frame of the payout of investments. It is expected, at this time, that the Town has flexibility based on current funding levels and expected projects.

Sensitivity to loss: The Town's capital plan considers capital spending across the long-term with staff endeavoring to spread significant spending across several years which reduces the sensitivity to loss. This allows for more time for funds to recuperate from short-term losses. However, as the Town is currently under-funding long-term infrastructure plans, any loss will increase the funding deficit for the Town's capital infrastructure plans.

Based on the overall assessment of the Town's financial assets and obligations, no change is required to the total amount invested as outlined in the Town's Investment Plan.

There are no changes being requested of the IPS attached other than the date and the previous policy to be rescinded.

Options

1. Approve the IPS as attached to this report (**Recommended**)
2. Recommend changes to be made to the IPS (Not recommended)

Capital

The Investment Policy Statement (IPS) considers the need to be looking at longer term horizons for investment management to match the timing of the needs of capital dollars based on asset management plans. Creating a more strategic approach to maintaining investments creates greater opportunity to increase yields on long-term funds.

Operational

The Treasurer will continue to identify MNRI (money not required immediately) which will be needed for short-term needs (i.e., less than 18 months). These funds will be held in liquid investments to ensure there is adequate access as needed for the operations of the Town. Investment income or interest earned on these short-term investments will be recognized in the financial statements annually as operating income.

Council Strategic Direction / Relevant Policies / Legislation / Resolutions

Sections 418 and 418.1 of the Municipal Act, 2001

Ontario Regulation 438/97 Eligible Investments and Related Financial Agreements (Municipal Act, 2001)

O. Reg. 43/18 Eligible Investments and Related Financial Agreements

Huntsville Delegation of Authority By-law 2019-25

Huntsville Policy - Budget&Financial-24 Investment Policy Statement

ONE Investment Town of Huntsville Investment Plan - Dated July 2, 2020

By-law 2020-53 Prudent Investor Enabling By-law

By-law 2020-36 Being a By-law to authorize various agreements relating to the ONE Investment

By-law 2024-32 To amend the ONE Joint Investment Board

CORP-2023-22 Investment Policy Statement - Review 2023, GC66-23

CORP-2024-17 2023 Investment Report - Prudent Investments

Attachments

[Investment Policy Statement - Review 2024](#)

[Town of Huntsville - ONE JIB Annual Report to Council and Q4 Investment Report](#)

Consultations

Keith Taylor, CFA - Chief Investment Officer, ONE Investment

Respectfully Submitted: Julia McKenzie, Director of Financial Services/Treasurer

Manager Approval (if required): _____

Director Approval: _____

CAO Approval:

Denise Corry, Chief Administrative Officer



SECTION: Finance	EFFECTIVE DATE: April 24, 2023
RECOMMENDATION NO.: GC66-23	COUNCIL APPROVAL: Res. No. 84-23
SUBJECT: Investment Policy Statement	POLICY NUMBER: Budget&Financial- 30

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1. GLOSSARY AND DEFINITIONS

The following capitalized terms are defined terms which have the meanings set out below:

Act: means the *Municipal Act, 2001*, S.O. 2001, c. 25, as amended from time to time.

Agent: means any administrator, Custodian, payment servicer, portfolio manager, investment counsel, consultant, banker, broker, dealer or other service provider engaged or appointed by ONE JIB and authorized by ONE JIB to exercise any of the functions of ONE JIB pursuant to a written agreement, in the manner and to the extent provided in the Regulation and without limiting the generality of the foregoing, Agent includes ONE Investment.

Asset Class: An asset class is a specific category of assets or investments, such as cash, fixed income, equities, alternative investments, real estate etc.

Asset Mix (or Asset Allocation): means the proportion of each asset class in a portfolio. Asset classes include bank deposits, money market securities, bonds and equities, among other things.

Authorizing By-law: means a by-law of a Founding Municipality which authorizes: (i) the entering into of the Initial Formation Agreement; (ii) the establishment of ONE JIB; (iii) the approval of the Client Questionnaire and the adoption of the IPS; and (iv) the entering into of the ONE JIB Agreement.

Benchmark: means an index that is representative of a specific securities market (e.g. the S&P/TSX Composite Index, the FTSE/TMX 91 Day T-bill Index, etc.) against which investment performance can be compared. Performance benchmarks refer to total return indices in Canadian dollar terms.

CFA Institute: refers to the global, not-for-profit professional association that administers the Chartered Financial Analyst (CFA) and the Certificate in Investment Performance Measurement (CIPM) curricula and examination programs worldwide, publishes research, conducts professional development programs, and sets voluntary,

ethics-based professional and performance reporting standards for the investment industry.

Credit Risk: means the possibility of a loss resulting from a borrower's failure to repay a loan or meet contractual obligations. That is, the risk that a lender may not receive the owed principal and interest.

Custodian: means a specialized financial institution that is responsible for safeguarding a municipality's investments and is not engaged in "traditional" commercial or consumer/retail banking. Global custodians hold investments for their clients in multiple jurisdictions around the world, using their own local branches or other local custodian banks ("sub-custodians" or "agent banks").

Derivative: A derivative is a contract between two or more parties whose value is based on an agreed-upon underlying financial asset (like a security) or set of assets (like an index). Common underlying instruments include bonds, commodities, currencies, interest rates, market indexes, and stocks.

Environmental, Social and Governance (ESG) Investing: means considering and integrating ESG factors into the investment process, rather than eliminating investments based on ESG factors alone. Integrating ESG information can lead to more comprehensive analysis of a company.

External Portfolio Managers: means external third-party investment management firms whose investment offerings are accessed by ONE JIB directly or through services provided to a Pooled Fund. External Portfolio Managers are agents authorized by ONE JIB in accordance with Part II of the Regulation.

Interest Rate Risk: refers to the possibility that the value of a bond or other fixed-income investment will suffer as the result of a change in interest rates. Interest rate risk can be managed to help improve investment outcomes.

Internal Controls: means a system of controls that may include authorities, policies, procedures, separation and segregation of duties, compliance checks, performance measurement and attribution, reporting protocols, measures for safekeeping of property and data, and the audit process.

Investment Plan: means the investment plan applicable to the Long-Term Money investments and adopted by ONE JIB under the Regulation, as it may be amended from time to time.

Investment Policy Statement (IPS): means the investment policy applicable to the Municipality's investments adopted and maintained by the Council of the Municipality for Long-Term Money under the Regulation, and for Short-Term Money, as the same may be amended from time to time. The IPS may also apply to the money and investments held by the Municipality for the benefit of persons other than the Municipality itself and may make reference to source(s) of money in which the Municipality may have an indirect interest but which the Municipality has no authority to invest.

JIB: is short for Joint Investment Board and means a joint municipal service board that is established under section 202 of the Act by two or more municipalities for the purposes of Part II of the Regulation.

Legal List Securities: means the securities and other investments and financial instruments that are included from time to time in Part I of the Regulation.

Leverage: means an investment strategy of using borrowed money—specifically, the use of various financial instruments or borrowed capital—to increase the potential return of an investment. Typically leverage also tends to increase investment risks.

Local Distribution Corporation or LDC: means a corporation incorporated under section 142 of the *Electricity Act, 1998*.

Long-Term Money: means money that the municipality has defined as long-term and characterized as money that is not required immediately by the Municipality as described in section 5.2. Monies that are Long Term Money will be invested in accordance with the Prudent Investor Standard.

Modern Portfolio Theory: means a theory of portfolio management that looks towards the portfolio as a whole, rather than towards the prudence of each investment in the portfolio. This is found in the CFA Institute Standards of Practice Handbook.

Municipality: means the Corporation of the Town of Huntsville.

ONE JIB: means ONE Joint Investment Board, established by certain founding municipalities under section 202 of the Act as a JIB for purposes of Part II of the Regulation, which is the duly appointed JIB for the Municipality, as constituted from time to time and which acts in accordance with the Act, the Regulation, the ONE JIB Agreement, including the Terms of Reference, this IPS and the Investment Plan.

ONE JIB Agreement: means the agreement effective as of July 2, 2020, entered into in accordance with the requirements of the Regulation, pursuant to which ONE JIB has control and management of the Municipality's Long-Term Money.

Outcome: in the context of the municipality's IPS the word 'outcome' is used interchangeably with 'solutions'. Investment outcomes are a set of investment allocations with varying risk/return characteristics. The outcomes assigned to each investor are intended to reflect the needs and circumstances of the municipality. MNRI may be invested into several outcomes based on the characteristics of the municipality's accounts/reserves and its saving and spending needs.

ONE JIB's Outcome Framework: a set of Investment Outcomes designed by ONE JIB to categorize the potential goals of investing MNRI. Each Outcome has a unique Asset Allocation with risk/return characteristics that are aligned with the intended use of the money assigned to the outcome.

Participating Municipality: means from time to time each of the municipalities for whom ONE JIB acts as the JIB under the terms of the ONE JIB Agreement.

Pooled Fund: means a unit trust established under a trust instrument, generally not available to the public, in which institutional, sophisticated or high net worth investors contribute monies that are invested and managed by an External Portfolio Manager. Monies are pooled or combined with monies of other investors.

Portfolio: means any collection of funds that are grouped together and required for specific purposes.

Proxy Voting: means a legal transfer to another party of a shareholder's right to vote thereby allowing shareholders who cannot attend meetings to participate. External Portfolio Managers usually vote proxies on behalf of their clients.

Prudent Effective Date: means July 2, 2020, the date on which the prudent investor regime applies to the Municipality.

Prudent Investor Standard: means the standard that applies when the Municipality invests money that it does not require immediately under section 418.1 of the Act. It requires the Municipality to exercise the care, skill, diligence and judgment that a prudent investor would exercise in making such an investment and the standard does not restrict the securities in which the Municipality can invest. The Prudent Investor Standard makes use of Modern Portfolio Theory and applies the standard of prudence to the entire portfolio in respect of the Municipality's Long-Term Money rather than to individual securities. It identifies the fiduciary's central consideration as the trade-off between risk and return as found in the CFA Institute Standards of Practice Handbook.

Regulation: means Ontario Regulation 438/97.

Risk: means the uncertainty of future investment returns or chance of loss of capital.

Risk Tolerance: means the financial ability and willingness to absorb a loss in return for greater potential for gains.

Securities Lending: means loaning a security to another market participant. The borrower is required to deliver to the lender, as security for the loan, acceptable collateral with value greater than the value of the securities loaned. The Securities Lending program is managed by the Custodian or another appointed agent on behalf of investors. A Securities Lending program is widely used by institutional investors to generate additional marginal returns on the total portfolio.

Short-Term Money: means money that is required immediately by the Municipality as described in section 5.1 and which remains under the control and management of the

Municipality. The money can be invested in appropriate Legal List Securities.

Sinking Fund: means a fund established to fulfil the requirements to make annual contributions in respect of various debenture issues wherein money is to be regularly set aside for the payment of the principal of the debentures at maturity.

Sinking Fund Required Contributions (Annual Sinking Fund Requirement): means the amount of money to be set aside each year for deposit into a sinking fund or a

retirement fund, as applicable, for each sinking fund and term debenture issue in accordance with the Municipality's debenture by-laws.

Sinking Fund Required Earnings: means the investment earnings needed for the Sinking Fund Contributions to continue to grow to a value sufficient to repay the principal at maturity for each issue of sinking fund and term debentures.

Sinking Fund Excess Earnings: means the investment earnings in excess of the required earnings.

2. PURPOSE AND LEGISLATIVE FRAMEWORK

2.1 Purpose of Policy

This IPS governs the investment of the Municipality's MNRI and MRI. It is intended, among other things, to direct the Treasurer in the investment of MRI and to direct ONE Joint Investment Board (ONE JIB) in the investment of MNRI by implementing the Authorizing By-law (by-law 2020-53 Prudent Investor Enabling) pursuant to which the Municipality authorized the establishment of guidelines for the prudent management of the Municipality's MNRI pursuant to section 418.1 of the Act.

In addition to the Municipality's MRI and MNRI, the Municipality is from time to time entrusted with the management of money and investments for a third-party beneficiary ("third-party trust funds").

There are also source(s) of money in which the Municipality may have an indirect interest but which the Municipality currently has no authority to invest. Such source(s) of money, referred to in this IPS as "designated funds", are listed in Schedule A attached hereto. The designated funds are identified in this IPS for the sole purpose of enabling the Municipality to better see, on an aggregated basis, the various financial assets in which the Municipality has an interest. The Municipality is not responsible for the investment activities or performance of designated funds.

The goals of this IPS are to:

- Define and assign responsibilities for investment of MRI and MNRI;
- Describe the Municipality's responsibilities with respect to third-party trust funds and designated funds
- Ensure compliance with the applicable legislation;
- Direct ONE JIB as to the Municipality's investment goals and risk tolerance;
- Provide guidance and limitations regarding the investments and their underlying risks;
- Establish a basis of evaluating investment performance and the underlying risks; and,
- Establish a reporting standard to Council.

This IPS applies to employees of the Municipality, to ONE JIB and to the employees of ONE Investment. ONE JIB, the Treasurer, and any agent or

advisor providing services to ONE JIB in connection with the investment of the portfolio shall accept and strictly adhere to this IPS.

2.2 Governing Legislation

Investments of MRI will, in accordance with this IPS, only be made in Legal List Securities.

Investments of MNRI are governed by the Prudent Investor Standard in accordance with Section 418.1 of the Act. This standard is similar to that which governs trustees and pension fund administrators and creates a fiduciary responsibility. Prudent investment in compliance with the Act and the Regulation enhances the potential for the Municipality to earn improved risk-adjusted rates of return.

Money and investments that the Municipality holds as third-party trust funds or has an interest in as designated funds will be subject to applicable legislation and any related agreements or instruments.

The Act provides that the Municipality, and therefore ONE JIB, must consider the following criteria in planning investments of MNRI, in addition to other criteria relevant to the circumstances:

- General economic conditions;
- The possible effect of inflation or deflation;
- The role that each investment plays within the Municipality's total portfolio of investments;
- The expected total return from income and the appreciation of capital; and
- Needs for liquidity, regularity of income and preservation or appreciation of capital.

2.3 Prudent Investor Standard

For MNRI, the standard to be used by the Municipality and ONE JIB shall be the Prudent Investor Standard as required by section 418.1 of the Act and Part II of the Regulation in the context of managing the Municipality's MNRI and investments thereof. Investments shall be made with the care, skill, diligence, and judgment, taking into account the prevailing circumstances, that persons of prudence, discretion and integrity would exercise in the management of investments, considering the necessity of preserving capital as well as the need for income and appreciation of capital. The Act includes a duty to obtain the advice that a prudent investor would obtain under comparable circumstances.

Officers, employees and investment agents acting in accordance with written procedures and the IPS and exercising due diligence shall take all necessary actions to optimize performance of investments on a portfolio basis, taking into account the prescribed risk and other parameters set out in this IPS and market factors. The Municipality's staff acting in accordance with written procedures and this IPS, shall be relieved of personal responsibility for an investment's performance, provided underperformance relative to expectations is reported to

Council and the liquidation or sale of investments is carried out in accordance with this IPS.

3. MONEY REQUIRED IMMEDIATELY AND MONEY NOT REQUIRED IMMEDIATELY

3.1 Determination of MNRI and MRI

Determination of the Municipality's MNRI is the responsibility of Council. In making the determination, Council may consider:

- the time horizon within which the monies are needed to meet financial obligations;
 - the purpose for which the monies have been collected or set aside and are to be used;
 - the source of the money; or
 - any combination of the foregoing
- The Municipality's MNRI will be comprised of money that is to be used to meet financial obligations that become due more than 18 (eighteen) months from the date of receipt of such money by the Municipality.

For certainty, all money and investments of the Municipality that have not been identified as MNRI (other than third-party trust funds and any designated funds referenced in Section 2.1) shall be deemed for purposes of this IPS to be MRI.

Determination of the Municipality's MNRI and MRI may be modified at any time and from time to time by action of Council and with respect to specific money by the Treasurer in accordance with the provisions of Section 6.2.

Any changes in this IPS regarding the Municipality's MNRI and MRI must be communicated immediately in writing to ONE JIB.

3.2 Overview of Portfolios

The Municipality's portfolios represent funds required for specific purposes. A high-level description of each of these portfolios and their objectives is provided in Section 5 below. This IPS applies to the following money of the Municipality, its agencies, boards and commissions including:

- MRI which is invested in Legal List Securities; and/or
- MNRI which is invested under the Prudent Investor Standard.

4. ROLES AND RESPONSIBILITIES

4.1 Role of ONE JIB

ONE JIB has been appointed by the Municipality in accordance with the requirements of the Act and the Regulation and on the terms and conditions set out in the ONE JIB Agreement (Appendix I).

ONE JIB exercises control and management of the Municipality's MNRI and the investments made by it in accordance with the objectives and risk tolerance established in this IPS.

Among the responsibilities of ONE JIB are the following:

- Reviewing this IPS;
- Adopting and maintaining an Investment Plan that complies with this IPS;
- Engaging External Portfolio Managers, Custodians, administrators and other investment professionals (Agents);
- Allocating the money and investments under its control and management among External Portfolio Managers and their funds in compliance with this IPS;
- Monitoring the performance of the Agents; and,
- Reporting to the Municipality.

The foregoing is subject to the more detailed terms and conditions contained in the ONE JIB Agreement.

4.2 Role of Municipal Staff

This IPS is approved and adopted by Council with input from the Treasurer, and from ONE JIB with respect to MNRI. MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, remain under the control and management of the Treasurer.

Consistent with this IPS, the Treasurer is responsible for the implementation of the investment program and the establishment of investment procedures which shall include:

- Investment management of MRI and any third-party trust funds referenced in Section 2.1 by, or under the direction of, the Treasurer;
- The deposit or withdrawal of MNRI, under the explicit delegation of authority regarding MNRI, and the investment thereof, to ONE JIB, which is responsible for the control and management of such funds and investments; and,
- A system of controls exercised by the Treasurer to regulate the activities of subordinate officials

No person including, without limitation, ONE JIB, may engage in an investment transaction except as provided under the terms of this IPS.

In the management of MRI of the Municipality, and any third-party trust funds referenced in Section 2.1, the Treasurer may engage one or more agents and service providers. ONE Investment can assist with the investment of the Municipality's MRI, in Legal List Securities, and with the investment of third-party trust funds, in accordance with the terms of the applicable trust, if permitted, at the request of the Municipality.

4.3 Ethics and Conflicts of Interest

Individuals who are responsible for Huntsville's Short-Term Portfolio shall comply with the Municipality's Conflict of Interest guidelines and any relevant professional codes of conduct (e.g., the CPA Code of Professional Conduct).

ONE JIB, in its capacity as a joint municipal service board, in addition to being a local board of each member Municipality is subject to a Code of Conduct as required by the Municipal Act, 2001 (the "Act"). This Code of Conduct applies to the Chair and the other Members of ONE JIB acting in their capacity as Members of ONE JIB.

5. INVESTMENT

5.1 MRI: Short-Term Money

The Municipality's MRI is described in this IPS as Short-Term Money. Short-Term Money consists of money that is needed to meet the short-term financial obligations of the Municipality coming due within 18 (eighteen) months from the date of receipt of such money and are controlled and managed by the Treasurer.

5.1.1 Short-Term Moneys: Investment Objectives

The main focus of the investment of Short-Term Money is cash management, and the interest income generated by the investment of these monies contribute to municipal revenues. To the extent possible, the Municipality shall attempt to match its investments with anticipated obligations.

Capital preservation is the paramount objective for short-term investments, and these investments need to be highly liquid. Consequently, only high quality, short-term investments that are also Legal List Securities will be held in this portfolio. The Municipality may invest in fully liquid money market securities and deposit accounts. The Municipality aims to maximize returns subject to the constraints set out in Part I of the Regulation, as amended from time to time, with a view to preserving capital and to further manage risk through diversification by issuer and credit quality.

The investment objectives for short term money, ranked in priority, are as follows:

a) Security of Principal

The primary objective for MRI is to ensure the security of principal. To minimize the risk of loss, investments shall be subject to minimum credit ratings and shall be diversified by maturity, type of investment and issuer. Investing activities will be reviewed on a regular basis as actual, revised and forecasted operating and capital plans are completed. Maturity dates should be structured so that investment cash inflows occur when needed.

b) Liquidity Requirements

Liquidity is measured by the ease with which securities can be converted to cash to meet forecast spending. The investments that are eligible under Ontario's Eligible Investments and Related Financial Agreements Regulation possess

different features and thus market prices will vary depending on market conditions, as well as the particular features of the type of investment.

To ensure adequate liquidity, the Municipality's investments shall be diversified by holding securities of various terms to maturity and by various types of investments and issuers and to the extent possible, the term of such investments shall match the forecasted requirements for such monies to meet expenditures.

c) Rate of Return

The Municipality's money shall be invested to maximize the rate of return within acceptable risk levels while respecting the security of principal, legal constraints and the liquidity needs of each investment portfolio.

The composition of each portfolio, including its term to maturity and type of investments, shall be adjusted within the guidelines of this Policy to take advantage of market opportunities. Such changes shall be made with the periodic interest rate outlook and target portfolio structure approved by the Treasurer.

5.1.2 Short-Term Money: Eligible Investments

Short Term Money may be invested in high quality, short-term investments that are also Legal List Securities available from banks, dealers and other financial institutions. Investments issued or guaranteed by approved institutions will be permitted by this Policy, as deemed eligible by Ontario Regulation 438/97 or as authorized by subsequent provincial regulations. Investments will be limited to securities issues maintaining a minimum credit rating by an appropriate credit rating agency.

Eligible investments include the following offerings by ONE Investment:

- ONE Investment High Interest Savings Account;
- ONE Investment Money Market Portfolio; and,
- ONE Investment Canadian Government Bond Portfolio

Investment in the foregoing is subject to the Municipality entering into the prescribed Agency Agreement with LAS and CHUMS.

5.2 MNRI: Long-Term Money

The Municipality's MNRI is described in Section 3.1 as Long-Term money. In accordance with the ONE JIB Agreement and this IPS, ONE JIB has exclusive control and management of the Long-Term Money and the investments made therewith.

From time to time, the Municipality may require money immediately to meet financial obligations and may require ONE JIB to liquidate one or more investments in order to generate money to meet those obligations. ONE JIB will select the investment(s) to be liquidated. The timing of such liquidation will be determined by ONE JIB in consultation with the Treasurer.

5.2.1 Long-Term Money: Investment Objectives

In setting the objectives noted below, the Municipality has taken into account the following considerations:

- Preservation of capital;
- Adequate liquidity that takes into account the needs of financial obligations and reasonably anticipated budgetary requirements;
- Diversification by asset class, market, sector, issuer, credit quality and term to maturity;
- Income and capital appreciation; and,
- Macro risks, such as inflation, economic growth and interest rates.

The municipality's Investment objectives for its Long-Term money (MNRI) can be achieved via allocations to the Outcomes defined within the ONE JIB's Outcome Framework. Table 1 provides a summary of this framework.

Table 1:

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
Cash	Cash	Preservation of Capital	Low risk; high liquidity	< 3 years
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)
Contingency	Contingency	Contributions for unexpected and infrequent events	Higher risk; emphasis on longer-term capital growth with some liquidity	> 5 years (Perpetual)
	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)
Target Date	Target Date 3-5 yrs	Preservation of capital	Low risk; high liquidity	3 – 5 years
	Target Date 5-10 yrs	Contributions toward capital projects, mitigate inflation impacts and meet	Moderate risk, liquid	5 – 10 years

Outcome Category	Outcome Strategy	Objective	Risk Tolerance, Liquidity	Investment Horizon
		target funding requirements		
	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

Investment of long-term money is to be managed by ONE JIB in a way that balances the investment objectives with a level of risk that is appropriate for the municipality. The MNRI invested with ONE JIB will be broadly diversified to help reduce the volatility of investment returns. Returns have an impact on revenues, as well as a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. To the extent possible, the Long-Term Money's investment horizons are aligned with the Municipality's obligations and cash flow requirements and may consist of liquid and non-liquid securities based on future cash flow requirements.

5.2.2 Long-Term Money: Eligible Investments

Eligible investments for Long-Term Money include any Pooled Fund or other collective investment vehicle or institutional investment management product sponsored or managed by ONE Investment for the Prudent Investment Program (Prudent Investment Offering), provided always that the products and the selection of products comply in all material respects with the IPS. Additionally, nothing in this IPS prevents Long-Term Money from being held in cash, short term money market instruments, or overnight deposits.

5.2.3 Long-Term Money: Sinking Funds

This section has intentionally been left blank.

5.2.4 Long-Term Money: Local Distribution Corporation (LDC) Securities

The direct investment in LDC shares and/or promissory notes, as may be applicable, prior to July 2, 2020, shall be permitted and included as part of the Long-Term Money/MNRI held by ONE JIB. Specific details of this investment shall be approved by Council in its sole and absolute discretion, and ONE JIB shall adhere to all terms and conditions as directed by the Municipality. More specifically, ONE JIB shall be prohibited from selling, transferring, assigning, or pledging the LDC shares.

LDC shares are considered restricted, special assets and remain in the custody of the Huntsville. LDC shares are to be viewed as separate standalone investments with the subject matter expertise and administrative functions

remaining under the purview of Huntsville. Council retains direct, de facto control of the LDC shares and ONE JIB shall adhere to all terms and conditions as directed. More specifically, Council controls all acquisition and disposition decisions related to current and future LDC assets. Any voting related to LDC shares will be undertaken solely by Huntsville.

The investment in LDC shares will not be included in calculations regarding asset mix/allocations or other constraints that apply to the Long-Term Money.

5.3 Third-Party Trust Funds and Designated Funds

In addition to the Municipality's own money, the Municipality is from time to time entrusted with third-party trust funds, and the Municipality's responsibilities and obligations with respect thereto may be subject to other legislation and governed by other agreements and instruments. To the extent that there is any conflict or inconsistency between the provisions of this IPS and the terms and conditions contained in such other legislation, agreements or instruments applicable to third-party trust funds, the latter shall prevail.

The Municipality's third-party trust funds and the designated funds are listed in Schedule A.

For certainty, the third-party trust funds and the designated funds are not MNRI of the Municipality, and such monies are not under the control or management of ONE JIB.

5.4 Investment Management

5.4.1 *Investment Management of Short-Term Money*

The investment of Short-Term Funds shall be controlled and managed by the Treasurer.

5.4.2 *Investment Management of Long-Term Money*

The investment of Long-Term Money shall be controlled and managed by ONE JIB in accordance with this IPS.

Competent External Portfolio Managers shall be appointed by ONE JIB, and they shall enter into an agreement with ONE Investment that complies with this IPS and Part II of the Regulation and provide compliance and performance reports. In accordance with the applicable regulatory requirements, ONE JIB shall make any External Portfolio Manager changes deemed in the best interest of the Municipality. For each External Portfolio Manager, ONE Investment shall agree on a set of operational guidelines including constraints, discretion limits, diversification and quality standards, and performance expectations, which are documented in each External Portfolio Manager's guidelines.

5.5 Transition to Prudent Investor Regime

This section has intentionally been left blank.

5.6 Investment Constraints

5.6.1 *Environmental, Social and Governance (ESG) Investing*

The Town of Huntsville supports ESG investing for Short-Term and Long-Term Money. The Town believes that well-managed companies are those that demonstrate high ethical and environmental standards and respect for their employees, human rights, and the communities in which they do business, and that these actions contribute to long term financial performance.

The Town has chosen to monitor the developments of ESG factors and will reconsider its approach to ESG investing for the Short-Term Portfolio as and when appropriate to do so. For the investment of Long-Term Money, ONE JIB is required to explore how External Portfolio Managers are implementing responsible investing principles at the time of hiring and during periodic reviews. It may report on results periodically, if requested.

5.6.2 *Securities Lending*

Securities lending is not permitted for short term. Investments directly held by the municipality. The municipality may hold externally managed investment portfolios that engage in securities lending.

For the investment of Long-Term Money, the Municipality may invest in pooled funds, and other investment funds that are managed by an External Portfolio Manager who may engage in Securities Lending if the policies of the External Portfolio Manager permit such an action.

5.6.3 *Derivatives*

Derivatives may not be used for speculative purposes. They may be used for the investment of Long-Term Money where they are fully covered by a backing asset, e.g., as for currency or other hedging, to change portfolio duration or in covered call strategies.

5.6.4 *Use of Leverage*

Nothing in this IPS prevents the use of leverage, provided it is prudent to do so. Leverage is inherent in the use of certain types of investment strategies and instruments. Where leverage is employed, ONE JIB (for MNRI) and the Treasurer (for MRI) shall have in place monitoring procedures to manage overall exposure to any counterparty. Leverage is not a strategy currently employed by ONE JIB but may be considered at a later date.

5.6.5 *Pooled Funds*

All investment strategies may be pursued directly through holdings of corporate and government issuers and indirectly via pooled funds and investment funds or any combination thereof. The investment strategies may also include allocations to cash or short-term investment vehicles.

5.6.6 Currency Hedging

The Municipality's funding requirements are in Canadian dollars. However, some exposure to foreign currencies in the Long-Term Portfolio may be advantageous to provide diversification and potentially enhance returns. Therefore, it shall not be a violation of this IPS for investments in global mandates to be unhedged, in whole or in part, where the diversification benefits embedded in the currency exposure are considered to be beneficial or desirable by ONE JIB.

5.7 Performance Monitoring, Rebalancing and Management

5.7.1 Short-Term Money

The Treasurer shall have ultimate authority for all investment transactions and to ensure that all investments are made in accordance with this.

5.7.2 Long-Term Money

For the investment of Long-Term Money, ONE JIB shall establish parameters for monitoring investments and rebalancing through policy or directly within the investment plan.

Investments are expected to achieve returns at least equal to their benchmarks measured over a rolling five-year period. At minimum, ONE JIB shall provide reporting described in Section 6.7 that shows the Municipality's holdings, declares compliance with this IPS, and shows External Portfolio Manager performance.

6. ADMINISTRATIVE POLICIES

6.1 Flow of Money and Annual Municipal Budget

6.1.1 Transfer to ONE JIB as Part of Annual Review Process

On an annual basis, as part of the Municipality's Annual Review process, the Municipality shall identify the amount, if any, of Long-Term Money that it holds. Any Long-Term Money not already under the control and management of ONE JIB shall be transferred to ONE JIB as soon as practicable.

6.1.2 Transfer to Municipality as Part of Annual Review Process

On an annual basis, ONE JIB shall be notified by the Treasurer as to the amount, if any, required by the Municipality from the Long-Term Money then under the control and management of ONE JIB for the Municipality's operational purposes. Such amount shall be deemed to be Short-Term Money and shall be returned to the Municipality in a lump sum or by way of periodic payments, as directed by the Treasurer.

6.2 Flow of Money Otherwise than through the Budget Process

6.2.1 Surplus Funds

The Short-Term Funds capture revenues received by the Municipality during each year after the approval of the Municipality's budget for the year. Any amounts deemed to be MNRI by the [Treasurer] at any such time during the year shall be transferred to ONE JIB to be under its management and control as Long-Term Funds. Amounts so transferred will be recorded annually in the Investment Plan and allocated by ONE JIB in accordance with the Investment Plan.

6.2.2 Contingencies

The [Treasurer] is authorized to direct ONE JIB to return any amounts determined by the Treasurer to be required to meet expenditures for unexpected contingencies not anticipated by the Municipality's budget in force for that year, provided however that the aggregate of the amounts to be returned to the Municipality under this Section 6.2.2 during the year shall not exceed 25% of the Long-Term Money under the control and management of ONE JIB as at the date that the Municipality approved its budget for the year (the Budgeted Long-Term Money). In determining the Budgeted Long-Term Money for purposes of calculating the 25% limit, any Long-Term Money to be transferred to the control and management of ONE JIB in accordance with that year's Annual Review pursuant to Section 6.1.1 shall be included and any amount to be returned by ONE JIB to the Municipality pursuant to Section 6.1.2 shall be excluded.

6.3 Valuation of Investments

Investments shall be valued according to the values provided by the Custodian(s). For the investment of Long-Term Money, values of unitized vehicles shall be valued according to the unit values published by the Custodian. Other investments shall be valued at their market value when that is available from regular public trading. If a market valuation of an investment is not available, then a fair value shall be supplied by the External Portfolio Manager to the Custodian no less frequently than quarterly.

6.4 Voting Rights

Subject to the provisions of Section 5.2.4 with respect to LDC securities, where External Portfolio Managers have been appointed, such External Portfolio Managers shall assume the responsibility of exercising voting rights and will report their voting policies to ONE JIB annually. The Municipality may access these policies at any time.

6.5 Internal Controls

The Treasurer shall establish an annual process of review of all investments made under this IPS. This review will provide internal control by assuring compliance with governing legislation and with policies and procedures established by the [Treasurer]. To the extent ONE JIB's input is needed, these requirements will be communicated in advance to ONE JIB.

6.6 Custodians

All investments and assets of the investment portfolios shall be held by a Custodian and any of the Custodian's sub-custodians or nominees. For Long-Term Money, the Custodian shall be acceptable to ONE Investment. For Short-Term Money, the Custodian shall be acceptable to ONE Investment if ONE Investment is administering the investment of the Municipality's Short-Term Money, otherwise the Custodian shall be acceptable to the Municipality.

6.7 Reporting

6.7.1 Short-Term Money

For the investment of Short-Term Money, the Treasurer shall report at least annually to Council, the report to be in a form and contain such content as Council may request. This may include investment performance during the period covered and any other information required under the Regulation and that the Treasurer may consider to be pertinent.

6.7.2 Long-Term Money

The Regulation provides that ONE JIB shall submit an investment report to Council in respect of the investment of Long-Term Money at least annually. This report shall include the following.

- Investment performance during the period covered by the report;
- Asset mix of the total portfolio;
- A listing of individual investments held at the fund level at the end of the reporting period showing, where appropriate, book value, market value, realized/unrealized gains/losses and actual income received;
- A list of all transactions including the security name, trade date, and the purchase and/or sale price;
- A statement by the Treasurer as to whether all investments were made in accordance with the IPS and as to whether all investments were made in accordance with the Investment Plan; and
- Any other pertinent information in the opinion of the Treasurer.

All securities invested on behalf of the Municipality by ONE JIB or with the assistance of ONE Investment shall be held for safekeeping in the name of the Municipality by a Custodian.

7. APPROVAL, SUBSEQUENT MODIFICATIONS AND EFFECTIVE DATE

7.1 Revocation / Amendment of Previous Investment Policy

Amendment to the previous policy as outlined in Report CORP-[2023-222022-06](#), and approved through motion GC[66-234-22](#).

7.2 Modifications to the IPS

At least annually, Council shall review the IPS and update it, if required. In the course of reviewing the IPS, Council may request comments from the Treasurer with respect to the investment of Short-Term Money and from ONE JIB with respect to the investment of Long-Term Money.

Following the Council's review of the IPS, ONE JIB shall review the Investment Plan and update it, if required.

At a minimum, the annual IPS review will consider:

- the adequacy of funding for capital works;
- the Municipality's ability to reduce other spending;
- flexibility of the timeframe to payout; and
- sensitivity to loss.

7.3 Effective Date

This IPS is adopted by Council of the Municipality effective ~~April 25, 2023~~ July 22, 2024

The Treasurer is directed to sign a copy of this IPS to evidence approval and to deliver a copy of this IPS to ONE JIB.

Schedule A

Third-Party Trust Funds and Designated Funds

Third-Party Trust Funds

Care and maintenance trust funds under the *Funeral, Burial and Cremation Services Act, 2002* which are to be invested pursuant to the *Trustee Act*.

Designated Funds

The Municipality has no authority or responsibility with respect to investment of designated funds.

Reserve Funds of the Huntsville Business Improvement Area (BIA)

- Reserve Funds of the Huntsville Business Improvement Area (BIA)
- Municipal Accommodation Tax Funds – Tourism Entity Share

Appendix I: ONE JIB Agreement



QUARTERLY INVESTMENT REPORT

For The Period Ended December 31, 2023

Huntsville Prudent Investor Portfolio

37 Main St. East
Huntsville, ON
P1H 1A1

McKenzie, Julia
Director of Finance/Treasurer
julia.mckenzie@huntsville.ca
(705) 789-1751 x2251

ONE Investment

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

Relationship Manager

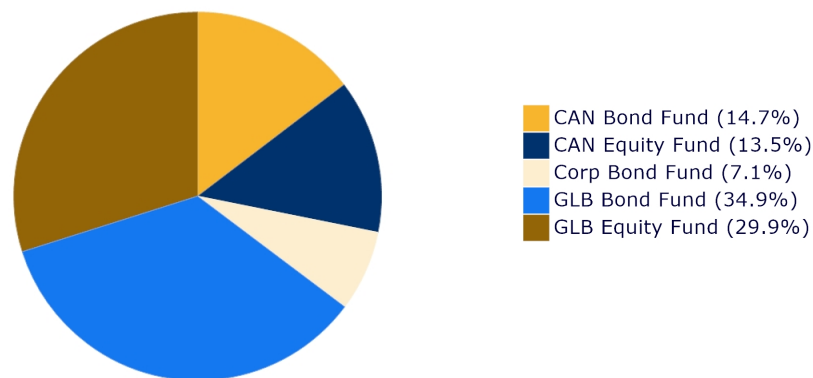
Marie Wong Takishita, Client Service Representative
416-971-9856
one@oneinvestment.ca

Huntsville Prudent Investor Portfolio

Executive Summary for the Quarter Ended December 31, 2023

	Time-Weighted Rate of Return in CAD for Consolidated Holdings						Since Inception	Inception Date
	Quarter	Year to date	1 Year	2 Years	3 Years	5 Years		
Consolidated Portfolio Returns	6.1%	10.9%	10.9%	1.0%	3.1%	-	4.1%	07/02/2020

Overall Asset Allocation



Consolidated Portfolio Activity for Quarter

Portfolio	Starting Balance	Contribution	Withdrawals	Change in Market Value	Income	Ending Balance
CAN Bond Fund	1,463,493.19	5,000.00	-	37,014.52	-	1,505,507.71
CAN Equity Fund	1,286,951.24	-	10,000.00	60,406.77	49,497.06	1,386,855.07
Corp Bond Fund	680,121.61	5,901.41	-	31,349.82	12,057.08	729,429.92
GLB Bond Fund	3,276,588.33	108,408.95	-	68,018.62	129,161.26	3,582,177.16
GLB Equity Fund	2,975,786.73	-	105,000.00	147,593.31	52,011.38	3,070,391.42
PI-HISA	2.72	-	3,285.98	-	3,283.26	-
Total	9,682,943.82	119,310.36	118,285.98	344,383.04	246,010.04	10,274,361.28

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

Performance by Fund

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
ONE Canadian Equity Fund	8.6	17.5	17.5	4.1	9.3	-	-	12.9	07/02/2020
ONE Global Equity Fund	6.9	17.5	17.5	2.3	8.4	-	-	9.2	07/02/2020
ONE Canadian Corporate Bond Fund	6.3	6.2	6.2	-1.3	-1.6	-	-	-1.0	07/02/2020
ONE Canadian Government Bond Fund	2.5	3.1	3.1	-0.4	-0.7	-	-	-0.3	07/02/2020
ONE Global Bond Fund	5.7	6.5	6.5	-1.3	-0.8	-	-	0.6	07/02/2020

Performance by Outcome

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
JIB1HNTCONT	6.6	13.0	13.0	1.3	4.9	-	-	6.4	07/02/2020
JIB2HNTTD35	5.1	7.4	7.4	0.4	0.9	-	-	1.8	07/02/2020
JIB3HNTTD10P	6.9	14.8	14.8	1.9	6.4	-	-	7.9	07/02/2020
JIBHNTCASH	0.3	3.8	3.8	9.4	11.8	-	-	10.1	07/02/2020
JIB4HNTTD510	6.4	11.8	11.8	0.9	-	-	-	1.7	08/04/2021

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.

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

Security	Quantity	Unit Cost	Book Value	Price	Market Value	% Weight
CAN Equity Fund	1,028.757	1,083.23	1,114,390.02	1,348.08	1,386,855.07	13.50%
GLB Equity Fund	2,501.477	1,044.26	2,612,210.96	1,227.43	3,070,391.42	29.88%
Corp Bond Fund	794.627	982.42	780,662.80	917.95	729,429.92	7.10%
CAN Bond Fund	1,566.694	958.24	1,501,273.82	960.94	1,505,507.71	14.65%
GLB Bond Fund	4,126.280	983.34	4,057,553.17	868.13	3,582,177.16	34.87%
					10,274,361.28	100.00%



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

**Account Name: Huntsville - Contingency Outcome
Account Number: 570050047**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	240.92	987.23	237,846.65	917.95	221,154.06	5.4%	9,515.20	3,655.56
CAN Equity Fund	578.63	1,048.40	606,646.82	1,348.08	780,056.35	19.2%	34,161.36	27,840.32
CAN Bond Fund	233.79	982.87	229,785.69	960.94	224,659.47	5.5%	5,527.33	0.00
GLB Bond Fund	1,274.30	980.13	1,248,985.61	868.13	1,106,269.84	27.3%	21,360.55	39,888.36
GLB Equity Fund	1,395.69	1,019.79	1,423,324.16	1,227.43	1,713,116.19	42.3%	82,323.22	29,019.60
			<u>3,746,588.93</u>		<u>4,045,255.91</u>	100.0%	152,887.66	100,403.84

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

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	6.6	13.0	13.0	1.3	4.9	-	-	6.4	07/02/2020

% Calendar Year Returns

	2023	2022	2021	2020	2019	2018
Return Net of Fees	13.0	-9.1	12.6	-	-	-



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

**Account Name: Huntsville - Target Date 3 to 5 Year Outcome
Account Number: 570050054**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	423.59	982.49	416,181.28	917.95	388,842.89	10.0%	16,730.64	6,427.36
CAN Equity Fund	96.07	1,115.76	107,200.29	1,348.08	129,521.61	3.3%	5,672.08	4,622.65
CAN Bond Fund	1,208.51	951.44	1,149,835.33	960.94	1,161,313.33	30.0%	28,571.98	0.00
GLB Bond Fund	2,178.01	985.99	2,147,511.22	868.13	1,890,815.84	48.8%	35,299.36	68,176.44
GLB Equity Fund	242.36	1,076.36	260,869.52	1,227.43	297,482.73	7.6%	14,341.71	5,039.25
			<u>4,081,597.64</u>		<u>3,867,976.40</u>	100.0%	100,615.77	84,265.70

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

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	5.1	7.4	7.4	0.4	0.9	-	-	1.8	07/02/2020

% Calendar Year Returns

	2023	2022	2021	2020	2019	2018
Return Net of Fees	7.4	-6.1	1.9	-	-	-



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

**Account Name: Huntsville - Target Date 10 Year Plus Outcome
Account Number: 570050062**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	51.04	975.28	49,787.36	917.95	46,860.56	3.5%	1,981.28	774.58
CAN Equity Fund	231.56	1,033.79	239,392.13	1,348.08	312,172.72	23.6%	13,507.23	11,141.48
CAN Bond Fund	47.54	979.06	46,551.83	960.94	45,690.08	3.4%	1,098.39	0.00
GLB Bond Fund	257.71	971.61	250,402.86	868.13	223,733.71	16.9%	4,395.32	8,067.10
GLB Equity Fund	561.45	1,013.32	568,934.29	1,227.43	689,142.59	52.3%	33,121.21	11,673.84
			<u>1,155,068.47</u>		<u>1,317,599.66</u>	100.0%	<u>54,103.43</u>	<u>31,657.00</u>

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

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	6.9	14.8	14.8	1.9	6.4	-	-	7.9	07/02/2020

% Calendar Year Returns

	2023	2022	2021	2020	2019	2018
Return Net of Fees	14.8	-9.4	15.9	-	-	-



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

**Account Name: Huntsville - Target Date 5 to 10 Year Outcome
Account Number: 570050377**

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

Holdings	Quantity	Unit Cost	Book Value	Price	Market Value	Weight	Market Value Gain (Loss)	Income Received
Corp Bond Fund	79.05	972.02	76,847.51	917.95	72,572.41	6.9%	3,122.70	1,199.58
CAN Equity Fund	122.47	1,315.80	161,150.78	1,348.08	165,104.39	15.8%	7,066.10	5,892.61
CAN Bond Fund	76.84	977.29	75,100.97	960.94	73,844.83	7.0%	1,816.82	0.00
GLB Bond Fund	416.24	986.56	410,653.48	868.13	361,357.77	34.6%	6,963.39	13,029.36
GLB Equity Fund	301.97	1,189.12	359,082.99	1,227.43	370,649.91	35.5%	17,807.17	6,278.69
			<u>1,082,835.73</u>		<u>1,043,529.31</u>	100.0%	<u>36,776.18</u>	<u>26,400.24</u>

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

% Annualized Returns

	Quarter	Year to Date	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Return Net of Fees	6.4	11.8	11.8	0.9	-	-	-	1.7	08/04/2021

% Calendar Year Returns

	2023	2022	2021	2020	2019	2018
Return Net of Fees	11.8	-8.9	-	-	-	-

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

TRANSACTION SUMMARY

Account Name: Huntsville - Contingency Outcome
Account Number: 570050047

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	10/26/2023	10/26/2023	77.19	65,000.00
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	3.98	3,655.56
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	45.94	39,888.36
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	20.65	27,840.32
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	23.64	29,019.60
Sell	GLB Equity Fund	10/26/2023	10/26/2023	55.91	65,000.00

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

TRANSACTION SUMMARY

Account Name: Huntsville - Target Date 3 to 5 Year Outcome
Account Number: 570050054

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	11/01/2023	11/01/2023	4.02	3,408.95
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	7.00	6,427.36
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	78.53	68,176.44
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	3.42	4,622.65
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	4.10	5,039.25
Reinvested Interest Income	PI-HISA	10/05/2023	10/05/2023	3,283.25	3,283.25
Transfer Out	PI-HISA	10/11/2023	10/11/2023	3,283.25	3,283.25

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

TRANSACTION SUMMARY

Account Name: Huntsville - Target Date 10 Year Plus Outcome
Account Number: 570050062

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	CAN Bond Fund	10/26/2023	10/26/2023	5.30	5,000.00
Buy	Corp Bond Fund	10/26/2023	10/26/2023	1.02	901.41
Buy	Corp Bond Fund	10/26/2023	10/26/2023	5.66	5,000.00
Buy	GLB Bond Fund	10/26/2023	10/26/2023	23.75	20,000.00
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	0.84	774.58
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	9.29	8,067.10
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	8.26	11,141.48
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	9.51	11,673.84
Sell	CAN Equity Fund	10/26/2023	10/26/2023	4.01	5,000.00
Sell	GLB Equity Fund	10/26/2023	10/26/2023	21.50	25,000.00

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

TRANSACTION SUMMARY

Account Name: Huntsville - Cash Outcome
Account Number: 570050732

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Reinvested Interest Income	PI-HISA	10/05/2023	10/05/2023	0.01	0.01
Transfer Out	PI-HISA	10/11/2023	10/11/2023	2.73	2.73

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

TRANSACTION SUMMARY

Account Name: Huntsville - Target Date 5 to 10 Year Outcome
Account Number: 570050377

TRANSACTION TYPE	SECURITY	TRADE DATE	SETTLEMENT DATE	QUANTITY	TRADE AMOUNT (CAD)
Buy	GLB Bond Fund	10/26/2023	10/26/2023	23.75	20,000.00
Reinvested Distributions	Corp Bond Fund	12/29/2023	12/29/2023	1.30	1,199.58
Reinvested Distributions	GLB Bond Fund	12/29/2023	12/29/2023	15.00	13,029.36
Reinvested Distributions	CAN Equity Fund	12/29/2023	12/29/2023	4.37	5,892.61
Reinvested Distributions	GLB Equity Fund	12/29/2023	12/29/2023	5.11	6,278.69
Sell	CAN Equity Fund	10/26/2023	10/26/2023	4.01	5,000.00
Sell	GLB Equity Fund	10/26/2023	10/26/2023	12.90	15,000.00



**Huntsville 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".

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

Huntsville Prudent Investor Portfolio

37 Main St. East
Huntsville, ON
P1H 1A1

McKenzie, Julia
Director of Finance/Treasurer
julia.mckenzie@huntsville.ca
(705) 789-1751 x2251

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

Huntsville 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	749,273.82	752,000.00						1,501,273.82
CAN Equity Fund	1,074,270.42		10,000.00	49,497.06		622.54		1,114,390.02
Corp Bond Fund	762,704.31	5,901.41		12,057.08				780,662.80
GLB Bond Fund	3,751,509.43	176,882.48		129,161.26				4,057,553.17
GLB Equity Fund	2,654,066.60		105,000.00	52,011.38		11,132.98		2,612,210.96
PI-HISA	782,847.17		816,142.75	33,295.58				
Total	9,774,671.75	934,783.89	931,142.75	276,022.36	0.00	11,755.52	0.00	10,066,090.77

Market Value Summary by Security

Security	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
CAN Bond Fund	711,001.67	752,000.00				42,506.04	1,505,507.71
CAN Equity Fund	1,189,275.49		10,000.00	49,497.06		158,082.52	1,386,855.07
Corp Bond Fund	680,558.29	5,901.41		12,057.08		30,913.14	729,429.92
GLB Bond Fund	3,186,080.39	176,882.48		129,161.26		90,053.03	3,582,177.16
GLB Equity Fund	2,707,220.04		105,000.00	52,011.38		416,160.00	3,070,391.42
PI-HISA	782,847.17		816,142.75	33,295.58			
Total	9,256,983.05	934,783.89	931,142.75	276,022.36	0.00	737,714.73	10,274,361.28

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

Book Value Summary by Account

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB1HNTCONT	3,638,005.04	65,000.00	65,000.00	100,403.84		8,180.05		3,746,588.93
JIB3HNTTD10P	1,115,707.53	33,518.17	30,000.00	31,657.00		4,185.77		1,155,068.47
JIB4HNTTD510	1,057,045.79	20,000.00	20,000.00	26,400.24		(610.30)		1,082,835.73
JIB2HNTTD35	3,963,910.76	816,265.72	816,140.02	117,561.18				4,081,597.64
JIBHNTCASH	2.63		2.73	0.10				
Total	9,774,671.75	934,783.89	931,142.75	276,022.36	0.00	11,755.52	0.00	10,066,090.77

Market Value Summary by Account

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB1HNTCONT	3,579,061.25	65,000.00	65,000.00	100,403.84		365,790.82	4,045,255.91
JIB3HNTTD10P	1,144,253.45	33,518.17	30,000.00	31,657.00		138,171.04	1,317,599.66
JIB4HNTTD510	933,177.55	20,000.00	20,000.00	26,400.24		83,951.52	1,043,529.31
JIB2HNTTD35	3,600,488.17	816,265.72	816,140.02	117,561.18		149,801.35	3,867,976.40
JIBHNTCASH	2.63		2.73	0.10			
Total	9,256,983.05	934,783.89	931,142.75	276,022.36	0.00	737,714.73	10,274,361.28

Huntsville 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

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB1HNTCONT	229,785.69							229,785.69
JIB2HNTTD35	402,835.33	747,000.00						1,149,835.33
JIB3HNTTD10P	41,551.83	5,000.00						46,551.83
JIB4HNTTD510	75,100.97							75,100.97
Total	749,273.82	752,000.00	0.00	0.00	0.00	0.00	0.00	1,501,273.82

Market Value Summary by Account for CAN Bond Fund

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB1HNTCONT	217,710.30					6,949.17	224,659.47
JIB2HNTTD35	382,395.91	747,000.00				31,917.42	1,161,313.33
JIB3HNTTD10P	39,334.80	5,000.00				1,355.28	45,690.08
JIB4HNTTD510	71,560.66					2,284.17	73,844.83
Total	711,001.67	752,000.00	0.00	0.00	0.00	42,506.04	1,505,507.71

Huntsville 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

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB1HNTCONT	578,806.50			27,840.32				606,646.82
JIB2HNTTD35	102,577.64			4,622.65				107,200.29
JIB3HNTTD10P	232,352.58		5,000.00	11,141.48		898.07		239,392.13
JIB4HNTTD510	160,533.70		5,000.00	5,892.61		(275.53)		161,150.78
Total	1,074,270.42	0.00	10,000.00	49,497.06	0.00	622.54	0.00	1,114,390.02

Market Value Summary by Account for CAN Equity Fund

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB1HNTCONT	663,556.47			27,840.32		88,659.56	780,056.35
JIB2HNTTD35	110,177.91			4,622.65		14,721.05	129,521.61
JIB3HNTTD10P	270,322.32		5,000.00	11,141.48		35,708.92	312,172.72
JIB4HNTTD510	145,218.79		5,000.00	5,892.61		18,992.99	165,104.39
Total	1,189,275.49	0.00	10,000.00	49,497.06	0.00	158,082.52	1,386,855.07

Huntsville 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

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB1HNTCONT	234,191.09			3,655.56				237,846.65
JIB2HNTTD35	409,753.92			6,427.36				416,181.28
JIB3HNTTD10P	43,111.37	5,901.41		774.58				49,787.36
JIB4HNTTD510	75,647.93			1,199.58				76,847.51
Total	762,704.31	5,901.41	0.00	12,057.08	0.00	0.00	0.00	780,662.80

Market Value Summary by Account for Corp Bond Fund

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB1HNTCONT	208,116.84			3,655.56		9,381.66	221,154.06
JIB2HNTTD35	365,919.68			6,427.36		16,495.85	388,842.89
JIB3HNTTD10P	38,227.82	5,901.41		774.58		1,956.75	46,860.56
JIB4HNTTD510	68,293.95			1,199.58		3,078.88	72,572.41
Total	680,558.29	5,901.41	0.00	12,057.08	0.00	30,913.14	729,429.92

Huntsville 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

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB1HNTCONT	1,144,097.25	65,000.00		39,888.36				1,248,985.61
JIB2HNTTD35	2,010,069.06	69,265.72		68,176.44				2,147,511.22
JIB3HNTTD10P	219,719.00	22,616.76		8,067.10				250,402.86
JIB4HNTTD510	377,624.12	20,000.00		13,029.36				410,653.48
Total	3,751,509.43	176,882.48	0.00	129,161.26	0.00	0.00	0.00	4,057,553.17

Market Value Summary by Account for GLB Bond Fund

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB1HNTCONT	973,331.65	65,000.00		39,888.36		28,049.83	1,106,269.84
JIB2HNTTD35	1,706,147.23	69,265.72		68,176.44		47,226.45	1,890,815.84
JIB3HNTTD10P	187,430.02	22,616.76		8,067.10		5,619.83	223,733.71
JIB4HNTTD510	319,171.49	20,000.00		13,029.36		9,156.92	361,357.77
Total	3,186,080.39	176,882.48	0.00	129,161.26	0.00	90,053.03	3,582,177.16

Huntsville 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

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB1HNTCONT	1,451,124.51		65,000.00	29,019.60		8,180.05		1,423,324.16
JIB2HNTTD35	255,830.27			5,039.25				260,869.52
JIB3HNTTD10P	578,972.75		25,000.00	11,673.84		3,287.70		568,934.29
JIB4HNTTD510	368,139.07		15,000.00	6,278.69		(334.77)		359,082.99
Total	2,654,066.60	0.00	105,000.00	52,011.38	0.00	11,132.98	0.00	2,612,210.96

Market Value Summary by Account for GLB Equity Fund

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB1HNTCONT	1,516,345.99		65,000.00	29,019.60		232,750.60	1,713,116.19
JIB2HNTTD35	253,002.90			5,039.25		39,440.58	297,482.73
JIB3HNTTD10P	608,938.49		25,000.00	11,673.84		93,530.26	689,142.59
JIB4HNTTD510	328,932.66		15,000.00	6,278.69		50,438.56	370,649.91
Total	2,707,220.04	0.00	105,000.00	52,011.38	0.00	416,160.00	3,070,391.42

Huntsville Prudent Investor Portfolio
For the Period December 31, 2023
Summary By Account for PI-HISA

Book Value Summary by Account for PI-HISA

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Realized Gains/(Loss)	Cost Basis Adjustment	Closing Balance
JIB2HNTTD35	782,844.54		816,140.02	33,295.48				
JIBHNTCASH	2.63		2.73	0.10				
Total	782,847.17	0.00	816,142.75	33,295.58	0.00	0.00	0.00	0.00

Market Value Summary by Account for PI-HISA

Account	Opening Balance	Contribution	Withdrawals	Reinvested Income	Reinvested Capital Gains	Change in Market Value	Closing Balance
JIB2HNTTD35	782,844.54		816,140.02	33,295.48			
JIBHNTCASH	2.63		2.73	0.10			
Total	782,847.17	0.00	816,142.75	33,295.58	0.00	0.00	0.00

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.