

ONE Investment

Transition Plan for 11 P.I. Municipalities

Presented by

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Overview

Objective: to determine the adequate Outcome Framework's allocation to RBC GAM funds and to recommend a Q1 2025 transition plan for the 11 investors.

The analysis is based on the premise that ONE Investment and ONE JIB may wish to review and amend the investment allocations for the ONE Investment's Outcomes from time to time, and that those changes – weights or holdings – will supersede the details provided in the Investment Plan of municipalities.

Methodology: The recommended RBC GAM's fund allocation should seek to replicate the market and risk factor exposures of the ONE Investment funds.

- Keep the asset mix for the Outcome Framework unchanged (this is not a portfolio modeling exercise)
- Fixed Income: Seek to maintain risk metrics constant (duration, credit rating)
- Equities: Keep same benchmarks, but improve diversification of style

Inputs:

- Outcome Framework
- Performance benchmarks for ONE Investment funds
- RBC GAM Fund positioning and risk exposures
- Asset classes and funds corresponding to the approved list of 34 pooled funds

ONE Canadian Government Bond Fund

| | Performance Benchmark | | | | | |
|-----------------------|--|---|---------------------------------|--|---|------------|
| | 100% | 60% | 40% | 40% | 60% | 100% |
| | ONE Canadian Government Bond Fund | FTSE Canada All Government Short Bond Index | FTSE Canada 91 Day T-Bill Index | PH&N Canadian Money Market Fund | PH&N Short Term Bond & Mortgage Fund | PH&N Blend |
| Duration (yrs) | 1.57 | 2.62 | 0 | 0 | 2.65 | 1.59 |
| Yield (%) | 4.20 | 3.90 | 4.66 | 4.96 | 4.39 | 4.62 |
| Credit Rating | AAA | AAA | AAA | AAA | AA | AA+ |
| Asset Mix | | | | | | |
| Cash | 40% | 0% | 100% | 100% | 3% | 42% |
| Government | 60% | 100% | 0% | 0% | 46% | 28% |
| Provincial | 0% | 0% | 0% | 0% | 0% | 0% |
| Corporate | 0% | 0% | 0% | 0% | 45% | 27% |
| Other | 0% | 0% | 0% | 0% | 7% | 4% |

Data as of June 30, 2024 unless otherwise indicated



ONE Canadian Corporate Bond Fund

| | 100% | Performance Benchmark | | | | 50% | 50% | 100% |
|-----------------------|---|---------------------------------------|--|---|---------------------------------|------------------------------------|---|-----------------------|
| | ONE Canadian Corporate Bond Fund | FTSE Canada All Government Bond Index | FTSE Canada Short Term Corporate A Index | FTSE Canada Universe Corporate AAA/AA Index | FTSE Canada 91 Day T-Bill Index | PH&N Canadian Bond Fund | PH&N Short Term Bond & Mortgage Fund | PH&N Blend |
| Duration (yrs) | 5.02 | 7.68 | 2.65 | 2.74 | 0 | 7.06 | 2.65 | 4.86 |
| Yield (%) | 4.31 | 3.94 | 4.69 | 4.47 | 4.66 | 4.43 | 4.39 | 4.41 |
| Credit Rating | AA | AAA | A | AA+ | AAA | AA | AA | AA |
| Asset Mix | | | | | | | | |
| Cash | 2% | 0% | 0% | 0% | 100% | 3% | 3% | 3% |
| Government | 48% | 100% | 0% | 0% | 0% | 24% | 46% | 35% |
| Provincial | 0% | 0% | 0% | 0% | 0% | 33% | 0% | 16% |
| Corporate | 50% | 0% | 100% | 100% | 0% | 37% | 45% | 41% |
| Other | 0% | 0% | 0% | 0% | 0% | 0% | 7% | 5% |

Data as of June 30, 2024 unless otherwise indicated



ONE Global Bond Fund

| | 100% | Performance Benchmark 100% | 80% | 20% | 100% |
|----------------------------|-----------------------------|-------------------------------|-----------------------------|---|-----------------------|
| | ONE Global Bond Fund | Bloomberg Multiverse Index | RBC Global Bond Fund | BlueBay Total Return Credit Fund | PH&N Blend |
| Duration (yrs) | 6.44 | 6.44 | 6.88 | 2.73 | 6.05 |
| Yield (%) | 4.12 | 4.12 | 4.39 | 6.4 | 4.79 |
| Credit Rating | AA+ | AA+ | AA | BB+ | A+ |
| Asset Mix* | | | | | |
| Global Sovereigns** | 62% | 62% | 77% | 0% | 61% |
| Global IG Credit | 17% | 17% | 11% | 1% | 9% |
| Global HY Credit | 3% | 3% | 0% | 35% | 7% |
| Securitized Credit | 3% | 3% | 0% | 16% | 3% |
| Emerging Markets | 16% | 16% | 10% | 30% | 14% |
| Others | 0% | 0% | 2% | 18% | 5% |

*Benchmark Asset Mix as of March 31, 2023

**Includes Agency MBS

Data as of June 30, 2024 unless otherwise indicated



Outcome Framework Fulfillment (ONE v. RBC GAM)

| ONE Fund Allocations | Stable Return Outcome | | | Contingency Outcome | | | Asset Management Outcome | | |
|-----------------------------------|-----------------------|------------|-----------|---------------------|------------|-----------|--------------------------|------------|-----------|
| | Min | Target | Max | Min | Target | Max | Min | Target | Max |
| Equity | 26 | 30 | 34 | 55 | 60 | 65 | 88 | 90 | 92 |
| ONE Canadian Equity Fund | | 9 | | | 18 | | | 27 | |
| ONE Global Equity Fund | | 21 | | | 42 | | | 63 | |
| Fixed Income | 66 | 70 | 74 | 35 | 40 | 45 | 8 | 10 | 12 |
| ONE Canadian Government Bond Fund | | 19 | | | 6 | | | 1.5 | |
| ONE Canadian Corporate Bond Fund | | 9 | | | 6 | | | 1.5 | |
| ONE Global Bond Fund | | 42 | | | 28 | | | 7 | |
| Total | | 100 | | | 100 | | | 100 | |

| RBC GAM Fund Allocations | Stable Return Outcome | | | Contingency Outcome | | | Asset Management Outcome | | |
|--------------------------------------|-----------------------|------------|-----------|---------------------|------------|-----------|--------------------------|------------|-----------|
| | Min | Target | Max | Min | Target | Max | Min | Target | Max |
| Equity | 26 | 30 | 34 | 55 | 60 | 65 | 88 | 90 | 92 |
| PH&N Canadian Equity Value Fund | | 3 | | | 6 | | | 9 | |
| PH&N Canadian Equity Fund | | 3 | | | 6 | | | 9 | |
| RBC QUBE Canadian Equity Fund | | 3 | | | 6 | | | 9 | |
| RBC Global Equity Focus Fund | | 10.5 | | | 21 | | | 31.5 | |
| RBC QUBE Global Equity Fund | | 10.5 | | | 21 | | | 31.5 | |
| Fixed Income | 66 | 70 | 74 | 35 | 40 | 45 | 8 | 10 | 12 |
| PH&N Canadian Money Market Fund | | 7.6 | | | 2.4 | | | 0.6 | |
| PH&N Short Term Bond & Mortgage Fund | | 11.4 | | | 3.6 | | | 0.9 | |
| PH&N Short Term Bond & Mortgage Fund | | 4.5 | | | 3 | | | 0.75 | |
| PH&N Canadian Bond Fund | | 4.5 | | | 3 | | | 0.75 | |
| RBC Global Bond Fund | | 34 | | | 22.4 | | | 5.6 | |
| BlueBay Total Return Credit Fund | | 8.4 | | | 5.6 | | | 1.4 | |
| Total | | 100 | | | 100 | | | 100 | |

Outcome Framework Fulfillment (ONE v. RBC GAM)

ONE Fund Allocations

| | Target Date 3-5 Years | | | Target Date 5-10 Years | | | Target Date 10+ Years | | |
|-----------------------------------|-----------------------|------------|-----------|------------------------|------------|-----------|-----------------------|------------|-----------|
| | Min | Target | Max | Min | Target | Max | Min | Target | Max |
| Equity | 8 | 10 | 12 | 45 | 50 | 55 | 71 | 75 | 79 |
| ONE Canadian Equity Fund | | 3 | | | 15 | | | 22.5 | |
| ONE Global Equity Fund | | 7 | | | 35 | | | 52.5 | |
| Fixed Income | 88 | 90 | 92 | 45 | 50 | 55 | 21 | 25 | 29 |
| ONE Canadian Government Bond Fund | | 30.5 | | | 7.5 | | | 3.75 | |
| ONE Canadian Corporate Bond Fund | | 10.5 | | | 7.5 | | | 3.75 | |
| ONE Global Bond Fund | | 49 | | | 35 | | | 17.5 | |
| Total | | 100 | | | 100 | | | 100 | |

RBC GAM Fund Allocations

| | Target Date 3-5 Years | | | Target Date 5-10 Years | | | Target Date 10+ Years | | |
|--------------------------------------|-----------------------|------------|-----------|------------------------|------------|-----------|-----------------------|------------|-----------|
| | Min | Target | Max | Min | Target | Max | Min | Target | Max |
| Equity | 8 | 10 | 12 | 45 | 50 | 55 | 71 | 75 | 79 |
| PH&N Canadian Equity Value Fund | | 1 | | | 5 | | | 7.5 | |
| PH&N Canadian Equity Fund | | 1 | | | 5 | | | 7.5 | |
| RBC QUBE Canadian Equity Fund | | 1 | | | 5 | | | 7.5 | |
| RBC Global Equity Focus Fund | | 3.5 | | | 17.5 | | | 26.25 | |
| RBC QUBE Global Equity Fund | | 3.5 | | | 17.5 | | | 26.25 | |
| Fixed Income | 88 | 90 | 92 | 45 | 50 | 55 | 21 | 25 | 29 |
| PH&N Canadian Money Market Fund | | 12.5 | | | 3 | | | 1.5 | |
| PH&N Short Term Bond & Mortgage Fund | | 18.3 | | | 4.5 | | | 2.25 | |
| PH&N Short Term Bond & Mortgage Fund | | 5.25 | | | 3.75 | | | 1.875 | |
| PH&N Canadian Bond Fund | | 5.25 | | | 3.75 | | | 1.875 | |
| RBC Global Bond Fund | | 39.2 | | | 28 | | | 14 | |
| BlueBay Total Return Credit Fund | | 9.8 | | | 7 | | | 3.5 | |
| Total | | 100 | | | 100 | | | 100 | |

AUM Mapping

ONE Fund Allocations

| | AUM |
|-----------------------------------|-----------------------|
| Equity | |
| ONE Canadian Equity Fund | \$ 97,106,394 |
| ONE Global Equity Fund | \$ 218,326,525 |
| Fixed Income | |
| ONE Canadian Government Bond Fund | \$ 103,827,220 |
| ONE Canadian Corporate Bond Fund | \$ 48,310,685 |
| ONE Global Bond Fund | \$ 229,047,438 |
| Total | \$ 696,618,261 |

RBC GAM Fund Allocations*

| | AUM |
|--------------------------------------|-----------------------|
| Equity | |
| PH&N Canadian Equity Value Fund | \$ 32,045,110 |
| PH&N Canadian Equity Fund | \$ 32,045,110 |
| RBC QUBE Canadian Equity Fund | \$ 32,045,110 |
| RBC Global Equity Focus Fund | \$ 109,163,263 |
| RBC QUBE Global Equity Fund | \$ 109,163,263 |
| Fixed Income | |
| PH&N Canadian Money Market Fund | \$ 41,530,888 |
| PH&N Short Term Bond & Mortgage Fund | \$ 62,296,332 |
| PH&N Short Term Bond & Mortgage Fund | \$ 24,155,343 |
| PH&N Canadian Bond Fund | \$ 24,155,343 |
| RBC Global Bond Fund | \$ 183,237,950 |
| BlueBay Total Return Credit Fund | \$ 45,809,488 |
| Total | \$ 696,618,261 |

* The funds recommended here have the capacity and liquidity required to execute an asset transfer of this magnitude.

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