



Attachment 3

The City of Thunder Bay Investment Plan

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Contents

Page

1. DEFINITIONS	3
2. PURPOSE OF INVESTMENT PLAN.....	3
3. RESPONSIBILITY FOR PLAN.....	3
4. INVESTMENT GOALS AND OBJECTIVES.....	3
5. INVESTMENT PORTFOLIO	4
5.1 Asset Allocations	4
5.2 Account Structure.....	4
5.3 In-Kind Securities (in transition)	7
5.4 Other Accounts.....	7
6. APPLICABLE ONE JIB POLICIES	7
6.1 Environmental, Social and Governance (ESG) Investing	8
6.2 Securities Lending	8
6.3 Derivatives.....	8
6.4 Rebalancing.....	8
7. IMPLEMENTATION.....	9
7.1 Custodian	9
7.2 Transition Plan (including transitional investments).....	9
7.3 Accommodating Cashflow Needs.....	9

1. Definitions

Definitions applicable to this Investment Plan, can be found on the ONE Investment webpage under Education & Training / Glossary.

2. Purpose of Investment Plan

As required under the prudent investor regime authorized by the *Municipal Act, 2001* (Act), and Ontario Regulation 438/97 (Regulation), this Investment Plan (*Plan*) establishes how ONE JIB will invest Thunder Bay's Long-Term Money as defined in section 5.2 of Thunder Bay's Investment Policy Statement (*IPS*).

This Plan applies to all investments that are controlled and managed by ONE JIB on behalf of Thunder Bay.

3. Responsibility for Plan

This Plan is the responsibility of ONE JIB, which has authorized its agent ONE Investment to exercise its administrative investment functions in accordance with the Regulation. ONE JIB oversees ONE Investment staff using procedures, reports and regular reviews to monitor compliance with the Act, the Regulation and Thunder Bay's IPS.

4. Investment Goals and Objectives

Thunder Bay's investment needs described in its IPS provide Council's guidance to ONE JIB in determining investment allocations. Further guidance from the MCQ and dialogue with the Treasurer, informs ONE JIB about Thunder Bay's current goals, objectives, circumstances and risk tolerance, and helps direct how investment allocations will be determined according to the Outcome Framework approved and annually reviewed by ONE JIB in accordance with the *ONE JIB Outcome Framework Policy*. The allocation of Thunder Bay's Long-Term Money in this Plan is consistent with the details as disclosed in Thunder Bay's IPS and MCQ.

The Long-Term Money will be invested to generate returns for any or all of the following results:

- a. Funding contingencies, where returns are reinvested with a view to growing principal over the long-term for large withdrawals in unpredictable situations;
- b. Creating stable returns, where principal is maintained and a reliable stream of returns may be available to spend as/if needed; and,

- c. Funding target date projects, where Thunder Bay has an obligation for a specific project at a specific time.

While individually Thunder Bay’s reserve and reserve funds require liquidity, collectively they provide Thunder Bay with considerable flexibility that should allow some exposure to less liquid investments as/if needed. This is more relevant for reserve and reserve funds with longer investment horizons. However, at present all ONE Prudent Investment Program funds are designed to be highly liquid. Less liquid investments may become available through the program at a later date.

5. Investment Portfolio

5.1 Asset Allocations

Asset allocations for each Outcome are typically expected to be relatively stable until the next annual review. Any contributions or withdrawals of Long-Term Money must be communicated to ONE JIB formally as outlined in the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.

5.2 Account Structure

The amounts of Long-Term Money, as disclosed in Thunder Bay’s updated MCQ have been allocated into investment Outcome categories as shown in *Table 1* below.

*Table 1 - Investment Allocations by Outcomes Categories as of June 30, 2024**

Outcome	Allocation (\$)	Allocation Weight (%)
Cash	\$ 3,915,865	3.2
Stable Return	-	-
Contingency	27,500,000	22.2
Asset Management Reserves	-	-
Target Date 3-5 Years	33,300,000	26.9
Target Date 5-10 Years	40,100,000	32.4
Target Date 10+ Years	19,100,000	15.4
Total	\$ 123,915,865	100.0

* The amounts in this table are representative of the information contained in the MCQ. The values are based on the market value of Long-Term Money on June 30, 2024. The Investment Plan will be implemented based on the allocation weights in Table 1.

Mixes of ONE Prudent Investment Program funds appropriate for Thunder Bay's circumstances will be used for each Outcome. Descriptions of these Outcomes, ONE Prudent Investment Program funds and the asset allocations for each Outcome are described in the *ONE JIB Outcome Framework Policy*.

The target weight for each Outcome Investment Allocation are shown in *Tables 2 to 8*, and the Total Long-Term Money by Investment Allocation (as of June 30, 2024) is shown in Table 9 below.

Table 2 – Cash Outcome Investment Allocations

Allocation	Target Weight (%)
Fixed Income	100.0
ONE Canadian Government Bond Fund	100%
Total	100.0

Table 3 – Stable Return Outcome Investment Allocations

Allocation	Target Weight (%)
Equity	30.0
ONE Canadian Equity Fund	9.0
ONE Global Equity Fund	21.0
Fixed Income	70.0
ONE Canadian Government Bond Fund	19.0
ONE Canadian Corporate Bond Fund	9.0
ONE Global Bond Fund	42.0
Total	100.0

Table 4 – Contingency Outcome Investment Allocations

Allocation	Target Weight (%)
Equity	60.0
ONE Canadian Equity Fund	18.0
ONE Global Equity Fund	42.0
Fixed Income	40.0
ONE Canadian Government Bond Fund	6.0
ONE Canadian Corporate Bond Fund	6.0
ONE Global Bond Fund	28.0
Total	100.0

Table 5 – Asset Management Outcome Investment Allocations

Allocation	Target Weight (\$)
Equity	90.0
ONE Canadian Equity Fund	27.0
ONE Global Equity Fund	63.0
Fixed Income	10.0
ONE Canadian Government Bond Fund	1.5
ONE Canadian Corporate Bond Fund	1.5
ONE Global Bond Fund	7.0
Total	100.0

Table 6 – Target Date 3-5 Year Outcome Investment Allocations

Allocation	Target Weight (\$)
Equity	10.0
ONE Canadian Equity Fund	3.0
ONE Global Equity Fund	7.0
Fixed Income	90.0
ONE Canadian Government Bond Fund	30.5
ONE Canadian Corporate Bond Fund	10.5
ONE Global Bond Fund	49.0
Total	100.0

Table 7 – Target Date 5-10 Year Outcome Investment Allocations

Allocation	Target Weight (\$)
Equity	50.0
ONE Canadian Equity Fund	15.0
ONE Global Equity Fund	35.0
Fixed Income	50.0
ONE Canadian Government Bond Fund	7.5
ONE Canadian Corporate Bond Fund	7.5
ONE Global Bond Fund	35.0
Total	100.0

Table 8 – Target Date 10+ Year Outcome Investment Allocations

Allocation	Target Weight (\$)
Equity	75.0
ONE Canadian Equity Fund	22.5
ONE Global Equity Fund	52.5
Fixed Income	25.0
ONE Canadian Government Bond Fund	3.75
ONE Canadian Corporate Bond Fund	3.75
ONE Global Bond Fund	17.5
Total	100.0

Table 9 – Total Long-Term Money by Investment Allocations as of June 30, 2024

ONE Investment Funds	Allocation (\$)	Allocation Weight (%)
ONE Canadian Equity Fund	\$ 16,261,500	13.1
ONE Global Equity Fund	37,943,500	30.6
ONE Canadian Government Bond Fund	19,446,115	15.7
ONE Canadian Corporate Bond Fund	8,870,250	7.2
ONE Global Bond Fund	41,394,500	33.4
Total	\$ 123,915,865	100.0

5.3 In-Kind Securities (in transition)

This section does not apply.

5.4 Other Accounts

Thunder Bay has no other accounts ONE JIB must consider.

6. Applicable ONE JIB Policies

The Plan adheres to the following ONE JIB Policies subject to periodic review and updating and are posted to the ONE Investment website.

- ONE JIB Outcome Framework Policy
- ONE Distribution Policy PI
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)

- ONE JIB Rebalancing Policy
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy

6.1 Environmental, Social and Governance (ESG) Investing

ONE JIB supports ESG investing and incorporates those principles into its investment decision-making through its due diligence processes when choosing and evaluating External Portfolio Managers. External Portfolio Managers are assessed for their ESG policies. ONE JIB recognizes the practical difficulties of negative screening, whereby securities are excluded based on the nature of their business. ONE JIB's preference is to integrate social responsibility into the investment process with the intent of influencing companies to change their behaviour where appropriate. ONE JIB's approach will necessarily vary by External Portfolio Manager based on a number of factors, including the degree of control exercised by ONE JIB, contractual restrictions and the nature of the investment. Accommodating all requests for specific ESG considerations may not be possible due to availability, costs or other factors.

6.2 Securities Lending

Investment Funds that are controlled by an External Portfolio Manager may be subject to securities lending if their policies permit such lending.

6.3 Derivatives

ONE JIB does not intend that derivative be used in the investment of Long-Term Money for speculative purposes or to apply leverage to the portfolios for non-hedging purposes. In certain cases, Long-Term Money is invested in underlying funds where the External Portfolio Manager is authorized under the constituting documents of such underlying funds to use derivatives. In such cases, the External Portfolio Manager shall provide written notice of its intended use of derivatives and the contents of such notice shall be satisfactory to ONE JIB. Generally, use of derivatives will be permitted where for so long as the derivative instrument or agreement is outstanding, the investment portfolio has a long position or other offsetting position in the underlying asset. For example, derivative instruments may be used for currency hedging, to change portfolio duration or in covered call strategies.

6.4 Rebalancing

This Plan's asset allocations will be monitored and rebalanced by ONE Investment in accordance with the *ONE JIB Rebalancing Policy*.

7. Implementation

7.1 Custodian

All investments under the control and management of ONE JIB, shall be held for safekeeping by ONE Investment's Custodian.

7.2 Transition Plan (including transitional investments)

This section does not apply.

7.3 Accommodating Cashflow Needs

a. Investment Income and Rebates

Income from investments will be automatically reinvested as per the *ONE Distribution Policy PI* and cashflow needs of Thunder Bay are expected to be financed with the sale of units of the investment pools. Fee discounts currently do not apply for Thunder Bay.

b. Anticipated mid-year cashflow requests

Thunder Bay has not disclosed any known mid year cashflow needs.

c. Unanticipated mid-year cashflow requests

Upon receipt of an updated MCQ from Thunder Bay that involves a withdrawal of Long-Term Money, the Chief Investment Officer will process the request in accordance with the *ONE JIB Withdrawals of Money Not Required Immediately (MNRI) Policy*.