



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: November 27, 2024
Re: Town of Bracebridge's Investment Plan
Report: ONE JIB 2024-072

1. RECOMMENDATIONS

It is recommended that the Board:

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

2. SUMMARY

The Town of Bracebridge has updated its Municipal Client Questionnaire (MCQ), which provides information on its MNRI and the investment horizons associated with its reserve balances. The MCQ indicates the Town will not be making contributions or withdrawals of MNRI as part of the annual Investment Plan update this year. The Town has also reviewed its Investment Policy Statement (IPS), which resulted in no changes to the IPS.

There have been only minor changes in Bracebridge's reserve balance forecasts, with no foreseeable contributions or withdrawals of MNRI anticipated over the next five years. Bracebridge's investment horizon remains largely unchanged at the time of the Investment Plan update and the Town continues to have a very long investment horizon. The Town's equity allocations remain at 67.9% in the updated Investment Plan, on a consolidated basis. The proposed investment allocations, which reflect consolidated holdings across ONE Investment Outcomes, are presented below:

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 1.6	20.4
ONE Global Equity Fund	3.7	47.5
ONE Canadian Government Bond Fund	0.4	4.8
ONE Canadian Corporate Bond Fund	0.4	4.8
ONE Global Bond Fund	1.8	22.5
Total	\$ 7.9	100.0

3. BACKGROUND

Bracebridge’s annual IPS review resulted in no changes to the IPS

Bracebridge completed its annual IPS review on November 13, 2024, making no updates to the content of the IPS. There have been no changes to the ONE JIB IPS template since Bracebridge updated the plan in 2023, so the recently approved IPS remains consistent with the ONE JIB approved template.

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

Bracebridge’s investment horizon, risk tolerances, and investment objectives are unchanged from last year’s Investment Plan. The mapping of reserves is also largely unchanged. As a result, no changes to the Town’s Investment Plan are recommended at this time. Table 1 below provides more details on the investment horizon of MNRI, categorized by reserve type.

Table 1: MNRI by reserve and time horizon forecast, adapted from Table 3.1 of the MCQ.

Investment Horizon of MNRI				
Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)	Total MNRI (\$)	Investment Horizon < 5 Years (\$)	Investment Horizon 5-10 Years (\$)	Investment Horizon >10 Years (\$)
Discretionary Reserves	\$7,045,866			\$7,045,866
Obligatory Reserves	\$1,262,343			\$1,262,343
Total MNRI	\$8,308,209	0	0	\$8,308,209

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

Bracebridge will not be contributing to or drawing down MNRI this year, and its forecasts do not project any contributions or withdrawals occurring within the next five years. This means that the Investment Plan does not need to account for near-term drawdowns, and the MNRI can be invested based on the long investment horizon of the Town. Section 3.3 of the Town’s MCQ provides details of the anticipated contributions and withdrawals of MNRI over the next 10 years, which are shown in Table 2 below.

Table 2: Anticipated Cash Flow Projections MNRI by year from table 3.3 of the MCQ.

	Next Year	2 years	3 years	4 years	5+ years
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					
Net change in MNRI	0	0	0	0	0

4. ANALYSIS

Investment allocations in Bracebridge’s updated Investment Plan remain unchanged

A review of Bracebridge’s expected cashflows and expected future reserve balances was conducted as part of the annual review process. While some minor changes were identified versus the analysis conducted in 2023, these changes did not result in a material change in the overall time horizon associated with municipal reserves. The treasurer did note that financial resources were expected to become tighter in the short term as the Town waits for the disbursement of about \$9.7 million in provincial grant money. Any short-term funding requirements are not expected to be addressed with drawdowns of MNRI. The allocation of MNRI across Outcomes remains unchanged with the Investment Plan update and remains appropriate for Bracebridge’s circumstances.

The mapping of MNRI to Outcomes in the Investment Plan and the resulting asset allocation is consistent with Bracebridge’s cashflow forecasts, risk tolerances and objectives

Bracebridge continues to have a long investment horizon, with no drawdowns expected within five years and an investment horizon associated with MNRI of more than 10 years. As there will be no changes in the mapping of MNRI to investment outcomes, the overall risk level is unchanged, and the overall allocation to equities at a consolidated level will be retained at 67.9%. This is an appropriate allocation considering Bracebridge’s long investment horizon.

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

Table 3: Proposed Outcome Mapping and Asset Allocation

Outcome	Total Invested (\$ millions)	Portfolio Weight (%)	Fixed Income (%)	Equities (%)	Total (%)
Cash	-	-	-	-	-
Contingency	\$ 3.7	47.7	40	60	100
Target Date 3-5 Years	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-
Target Date 10+ Years	4.1	52.3	25	75	100
Total	\$ 7.9	100.0			

Table 4: Proposed Pooled Fund-Level Allocation

ONE Investment Funds	Total Invested (\$ millions)	Portfolio Weight (%)
ONE Canadian Equity Fund	\$ 1.6	20.4
ONE Global Equity Fund	3.7	47.5
ONE Canadian Government Bond Fund	0.4	4.8
ONE Canadian Corporate Bond Fund	0.4	4.8
ONE Global Bond Fund	1.8	22.5
Total	\$ 7.9	100.0

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

Outcome	ONE Canadian Equity Fund	ONE Global Equity Fund	ONE Canadian Govt Bond Fund	ONE Canadian Corp Bond Fund	ONE Global Bond Fund	Total
Cash	-	-	-	-	-	-
Contingency	\$ 0.7	\$ 1.6	\$ 0.2	\$ 0.2	\$ 1.0	\$ 3.7
Target Date 3-5 Years	-	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-	-
Target Date 10+ Years	0.9	2.2	0.2	0.2	0.7	\$ 4.1
Total	\$ 1.6	\$ 3.7	\$ 0.4	\$ 0.4	\$ 1.8	\$ 7.9

5. CONCLUSION

The proposed Investment Plan is consistent with Bracebridge's IPS, and the proposed asset mix and fund allocations reflect the investment objectives and risk preferences expressed in its IPS and MCQ. The Town has a long investment horizon and does not anticipate contributions or withdrawals of MNRI within the next five years. The investment allocations can address the future drawdowns of MNRI anticipated by the municipality if circumstances change. As a result, the Investment Plan is appropriate for the Town's time

horizons and circumstances.

ATTACHMENTS

Attachment 1: Town of Bracebridge's Investment Policy Statement

Attachment 2: Town of Bracebridge's Municipal Client Questionnaire

Attachment 3: Town of Bracebridge's proposed Investment Plan

Drafted by: Keith Taylor, Chief Investment Officer; Jennifer Hess, Manager Investment Services

Approved by: Judy Dezell and Donna Herridge, Co-Presidents/CEOs, ONE Investment