



# REPORT

To: ONE Joint Investment Board  
From: Keith Taylor, Chief Investment Officer, ONE Investment  
Date: November 27, 2024  
Re: **Town of Aylmer's Investment Plan**  
Report: ONE JIB 2024-074

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## 1. RECOMMENDATIONS

It is recommended that the Board:

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

## 2. SUMMARY

The Town of Aylmer 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 reserve balance forecasts, with no foreseeable contributions or withdrawals anticipated over the next five years. Aylmer continues to have a very long investment horizon with all MNRI having an investment horizon that exceeds ten years. The Town's equity allocations remain at 75% in the updated Investment plan based on a single allocation to the Target Date 10 Year Plus Outcome. 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	0.4	22.5
ONE Global Equity Fund	0.9	52.5
ONE Canadian Government Bond Fund	0.1	3.8
ONE Canadian Corporate Bond Fund	0.1	3.8
ONE Global Bond Fund	0.3	17.5
Total	1.7	100.0

### 3. BACKGROUND

#### **Aylmer’s annual IPS review resulted in no changes to the IPS**

Aylmer 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 used for investors under the Outcomes Framework, 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.**

Aylmer’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, there will be no changes to the Town’s Investment Plan 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.*

<b>Investment Horizon of MNRI</b>				
<b>Description (i.e. Funding Objective, Investment Purpose, or Municipal Reserve)</b>	<b>Total MNRI (\$)</b>	<b>Investment Horizon &lt; 5 Years (\$)</b>	<b>Investment Horizon 5-10 Years (\$)</b>	<b>Investment Horizon &gt;10 Years (\$)</b>
MNRI with One JIB			\$1,748,923	
Total MNRI	0	0	\$1,748,923	0

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

Aylmer will not be contributing to or drawing down MNRI this year, and its forecasts do not project any changes 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.*

	<b>Next Year</b>	<b>2 years</b>	<b>3 years</b>	<b>4 years</b>	<b>5+ years</b>
Anticipated MNRI Drawdowns					
Anticipated MNRI Contributions					\$750,000
Net change in MNRI	0	0	0	0	\$750,000

#### **4. ANALYSIS**

##### **Investment allocations in Aylmer’s updated Investment Plan remain unchanged**

A review of Aylmer’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 allocation of MNRI across Outcomes is unchanged with the Investment Plan update and remains appropriate for Aylmer’s circumstances.

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

Aylmer continues to have a long investment horizon. The treasurer noted that there is some possibility of contributions within the next 3-5 years and the probability of drawing down MNRI in the next five to ten years was characterized as extremely remote.

As there will be no changes in the mapping of MNRI to investment outcomes, all MNRI remains allocated to the Target Date 10 Year Plus allocation, with an overall allocation to equities of 75%. This is an appropriate allocation considering Aylmer’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*

<b>Outcome</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>	<b>Fixed Income (%)</b>	<b>Equities (%)</b>	<b>Total (%)</b>
Cash	-	-	-	-	-
Contingency	-	-	-	-	-
Target Date 3-5 Years	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-
Target Date 10+ Years	\$1.7	100.0	25	75	100
<b>Total</b>	<b>\$ 1.7</b>	<b>100.0</b>			

*Table 4: Proposed Pooled Fund-Level Allocation*

<b>ONE Investment Funds</b>	<b>Total Invested (\$ millions)</b>	<b>Portfolio Weight (%)</b>
ONE Canadian Equity Fund	\$ 0.4	22.5
ONE Global Equity Fund	0.9	52.5
ONE Canadian Government Bond Fund	0.1	3.8
ONE Canadian Corporate Bond Fund	0.1	3.8
ONE Global Bond Fund	0.3	17.5
<b>Total</b>	<b>\$ 1.7</b>	<b>100.0</b>

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

<b>Outcome</b>	<b>ONE Canadian Equity Fund</b>	<b>ONE Global Equity Fund</b>	<b>ONE Canadian Govt Bond Fund</b>	<b>ONE Canadian Corp Bond Fund</b>	<b>ONE Global Bond Fund</b>	<b>Total</b>
Cash	-	-	-	-	-	-
Contingency	-	-	-	-	-	-
Target Date 3-5 Years	-	-	-	-	-	-
Target Date 5-10 Years	-	-	-	-	-	-
Target Date 10+ Years	0.4	0.9	0.1	0.1	0.3	1.7
<b>Total</b>	<b>\$ 0.4</b>	<b>\$ 0.9</b>	<b>\$ 0.1</b>	<b>\$ 0.1</b>	<b>\$ 0.3</b>	<b>\$ 1.7</b>

## 5. CONCLUSION

The proposed Investment Plan is consistent with Aylmer’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 with no anticipated

withdrawals of MNRI within the next ten years. The investment allocation 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 Aylmer's Investment Policy Statement

Attachment 2: Town of Aylmer's Municipal Client Questionnaire

Attachment 3: Town of Aylmer'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