

# ONE Investment

Joint Investment Board Meeting – February 25, 2025

**Presented by:**

Martin Leclair, CFA, Vice President & Portfolio Manager  
Paul Purcell, CFA, Managing Director & Portfolio Manager  
Dylan Rae, CFA, Portfolio Manager

**Guest speaker:**

Anthony Di Ginosa, CFA, Portfolio Manager – Commercial Mortgage Specialist

# 2025 | PH&N Investment Perspectives

For Institutional Investors



## We look forward to (re)connecting in a city near you

Please join us in one of 12 cities across Canada for our 23rd annual PH&N Investment Perspectives seminar, share your views and experiences, and stay for a lively discussion over lunch.

Mar 4	Regina	Mar 12	Calgary	<b>Mar 27</b>	<b>Ottawa</b>
Mar 5	Winnipeg	Mar 13	Vancouver	<b>Apr 1</b>	<b>London</b>
Mar 6	Saskatoon	Mar 25	Halifax	<b>Apr 3</b>	<b>Toronto</b>
Mar 11	Edmonton	Mar 26	Montreal	Apr 3	Victoria

## Seminar topics

- **Canadian productivity:** Problems and prescriptions
- **The role for alternative investments:** Where to from here?
- **Giving credit where credit is due**
- **What to make of market concentration?** Lessons from the past, a guidebook for the future

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# Agenda

- Portfolio Status: Overview / Implementation (5 min)
- Economic Outlook and Capital Markets Update (4 min)
- Portfolio Modelling (1 min)
- Performance: Funds (3 min)
- Fund Oversight (5 min)
- Transition of 11 municipalities: 9 + 2 (1 min)
- Strategy Overviews (14 min)
  - Proposed approach
  - Mortgages

# Portfolio Status: Overview / Implementation

# Performance (Jan. 31, 2025)

Total Portfolio Return	1 Month	3 Month	Since Inception <sup>1</sup>	Market Value
<b>Durham Consolidated</b>	1.77	3.23	6.32	\$ 1,514,501,041.47
<i>Durham Short</i>	1.07	2.24	4.73	\$ 99,674,069.02
<i>Durham Medium</i>	1.77	3.26	6.36	\$ 67,884,011.52
<i>Durham Long</i>	1.83	3.34	6.50	\$ 1,331,284,255.93
<i>Durham In-Kind</i>	1.28	2.48	8.19	\$ 15,658,705.00
<b>Clarington</b>	-	-	3.70	\$ 20,740,174.61
<b>Central Frontenac</b>	-	-	3.38	\$ 2,894,741.87
<b>Red Lake</b>	-	-	2.85	\$ 2,267,575.32
<i>Canadian CPI (Non-Seasonally Adjusted)<sup>2</sup></i>	-0.37	0.06		

As of January 31, 2025. Source: RBC GAM

1. Since inception dates are Durham: July 17, 2024. Clarington: January 14, 2025. Central Frontenac: January 14, 2025. Red Lake: January 14, 2025

2. Canadian CPI (Non-Seasonally Adjusted) series is 1-month lagged.

# MNRI Allocations (Jan. 31, 2025)

Total Municipal Holdings by Fund	Durham Region	Clarington (G)	Red Lake (D)	Central Frontenac (F)
<b>Fixed Income Solutions</b>	<b>\$ 1,079,186,374.23</b>	<b>\$ 6,086,988.53</b>	<b>\$ 1,346,369.79</b>	<b>\$ 1,137,096.83</b>
PH&N Short Term Bond & Mortgage Fund – O*	\$ 425,888,138.57	\$ 6,086,988.53	\$ 782,846.59	\$ 852,179.41
PH&N Enhanced Total Return Bond Fund – O	\$ 278,372,942.49	-	\$ 227,004.19	-
BlueBay Total Return Credit Fund (Canada) – O	\$ 224,314,972.63	-	\$ 336,519.01	\$ 284,917.42
PH&N Private Placement Corporate Debt Fund – O*	\$ 100,665,737.45	-	-	-
RBC Commercial Mortgage Fund – O*	\$ 25,059,058.71	-	-	-
PH&N Corporate Bond Trust - O	\$ 19,920,661.90	-	-	-
RBC High Yield Bond Fund – O*	\$ 4,964,862.48	-	-	-
PH&N High Yield Bond Fund – O*	-	-	-	-
<b>Equity Solutions</b>	<b>\$ 419,655,962.24</b>	<b>\$ 14,653,186.08</b>	<b>\$ 921,205.53</b>	<b>\$ 1,757,645.04</b>
RBC QUBE Low Volatility Canadian Equity Fund - O	\$ 104,519,688.65	-	\$ 228,074.28	\$ 144,826.13
RBC QUBE Canadian Equity Fund - O	\$ 34,785,448.35	\$ 2,417,452.39	\$ 76,140.76	\$ 241,745.24
PH&N Canadian Equity Value Fund - O	\$ 34,867,032.27	\$ 2,424,377.74	\$ 76,358.90	\$ 242,437.79
PH&N Canadian Equity Fund - O	\$ 34,890,510.60	\$ 2,436,342.11	\$ 76,735.76	\$ 243,634.24
RBC QUBE Low Volatility U.S. Equity Fund (CAD) - O	\$ 70,166,258.47	\$ 1,460,662.63	\$ 115,013.61	\$ 175,279.53
RBC QUBE U.S. Equity Fund - O	\$ 35,009,305.56	\$ 731,512.98	\$ 57,599.87	\$ 87,781.57
PH&N U.S. Equity Fund - O	\$ 35,012,135.70	\$ 732,105.67	\$ 57,646.46	\$ 87,852.65
PH&N Overseas Equity Fund - O	\$ 35,141,431.38	\$ 2,211,371.50	\$ 116,083.31	\$ 265,364.58
RBC International Equity Fund (CAD) – O	\$ 35,264,151.26	\$ 2,239,361.06	\$ 117,552.58	\$ 268,723.31

As of January 31, 2024. Source: RBC GAM

\* Includes AUM held while portfolios await deployment into queued funds (shaded cells)

( ) indicates the Portfolio Model code

# Fund substitutions

Fund Name	Substitution Fund	Comments
RBC Commercial Mortgage Fund	PH&N Short Term Bond and Mortgage Fund	<ul style="list-style-type: none"> <li>• In queue</li> <li>• We are working to have the allocations funded as quickly as possible</li> </ul>
PH&N Private Placement Corporate Debt Fund	PH&N Enhanced Total Return Bond Fund	<ul style="list-style-type: none"> <li>• Timing is TBD and dependent on a variety of factors, including investment deal flow and the account's position in the respective queues.</li> </ul>
PH&N High Yield Bond Fund	RBC High Yield Bond Fund	<ul style="list-style-type: none"> <li>• PH&amp;N High Yield Bond Fund is currently soft closed</li> <li>• Allocation will be funded at its next re-opening, which is TBD</li> </ul>

As of December 31, 2024. Source: RBC GAM

# Performance commentary

## Strong performance across asset classes

### Fixed Income

- All funds contributed positive returns in the quarter and since inception.
- Allocations benefited from declining short and mid-term bond yields through the year.
- Corporate credit continues to hold up well, as spread remain tight and defaults low.

### Canadian Equities

- The Canadian equity market has performed well, with the TSX reaching its all time high in Q4.
- All three core Canadian equity strategies posted positive returns, led by the quantitative strategy.
- Low volatility is underperforming, but this is to be expected given the strong up trending market.

### Foreign Equities

- Global equity market performance remains mixed: U.S. and Japan are leading, while Europe lags.
- U.S. equities continue to perform well; international equities remain volatile.
- Similar with Canada, low volatility is lagging as U.S. market remains near all time high.



# Economic Outlook and Capital Markets Update

# Capital markets update

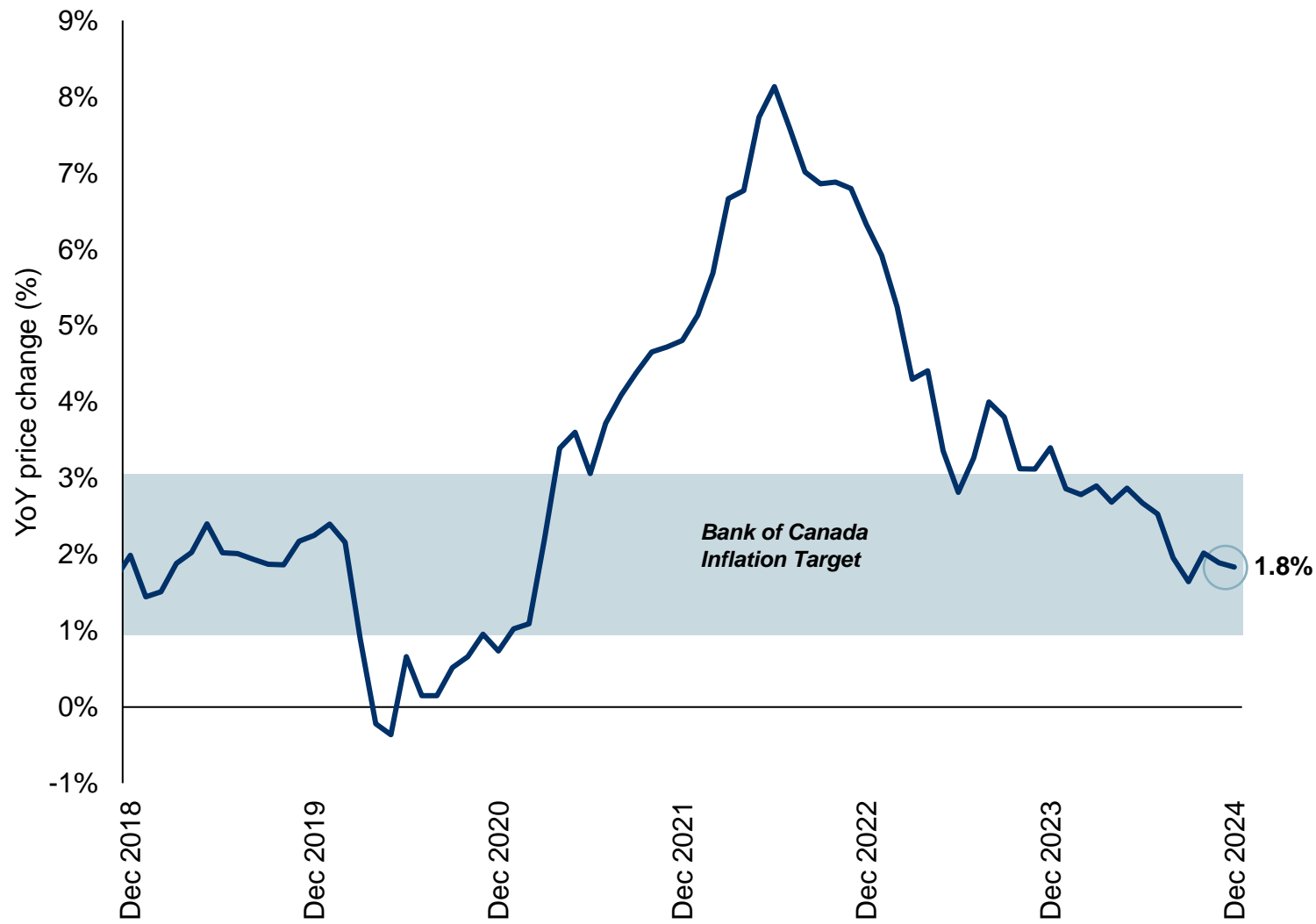
Index returns as of December 31, 2024

Total Return (%)	3M	YTD	1Y	2Y	3Y	4Y	5Y	1 Month, as of Jan 31, 2025
S&P/TSX Capped Composite Index	3.76	21.65	21.65	16.60	8.58	12.49	11.08	3.48
S&P 500 Index (CAD)	8.85	35.62	35.62	29.47	13.70	17.08	16.88	2.70
MSCI World Net Index (CAD)	6.29	29.43	29.43	24.87	11.04	13.40	13.49	3.40
MSCI EAFE Net Index (CAD)	-0.28	13.15	13.15	15.88	8.33	10.93	8.76	4.93
FTSE Canada Short Term Overall Bond Index	0.65	5.70	5.70	5.36	2.13	1.35	2.13	0.88
FTSE Canada Universe Bond Index	-0.04	4.23	4.23	5.45	-0.60	-1.09	0.79	1.20
FTSE Canada All Corporate Bond Index	1.03	6.97	6.97	7.67	1.47	0.76	2.31	1.06
Canadian CPI (Non-Seasonally Adjusted) <sup>1</sup>	0.06	1.83	1.83	2.61	3.83	4.07	3.40	0.37

Canadian CPI (Non-Seasonally Adjusted) series is 1-month lagged. January 31, 2025 values reflect December 31, 2024 values.

# Canadian inflation has normalized

## Canadian headline inflation



Source: RBC GAM, Statistics Canada

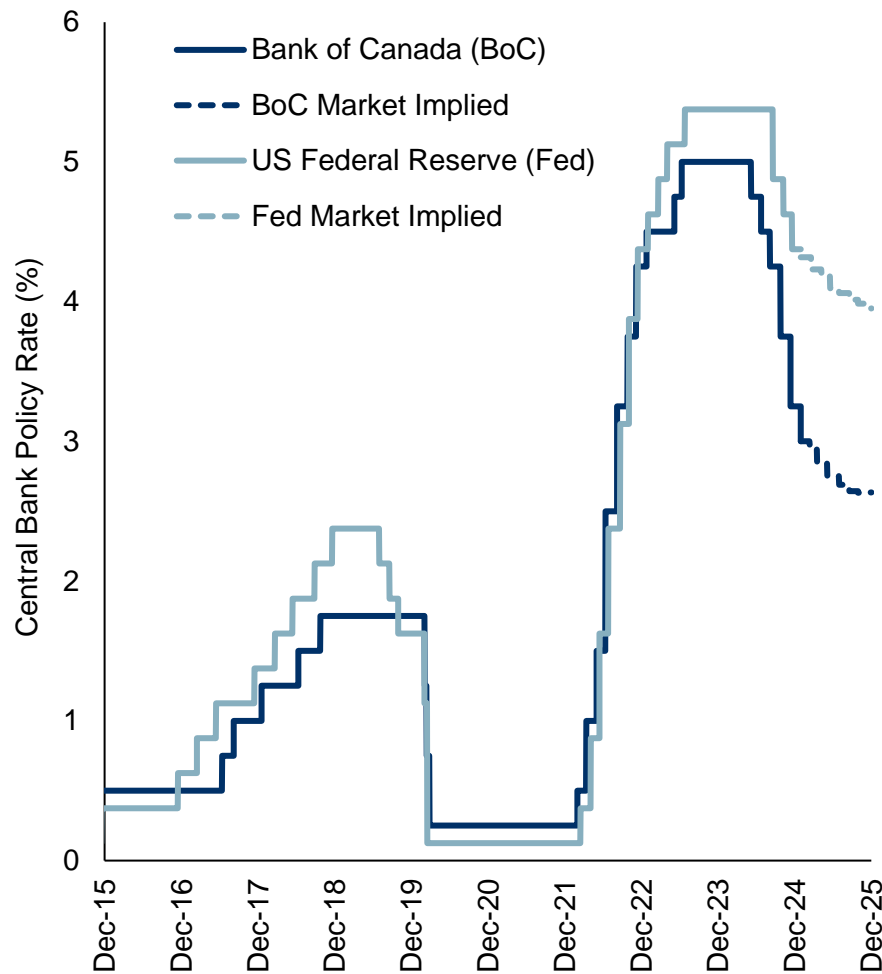
RBC Global Asset Management  
PH&N Institutional



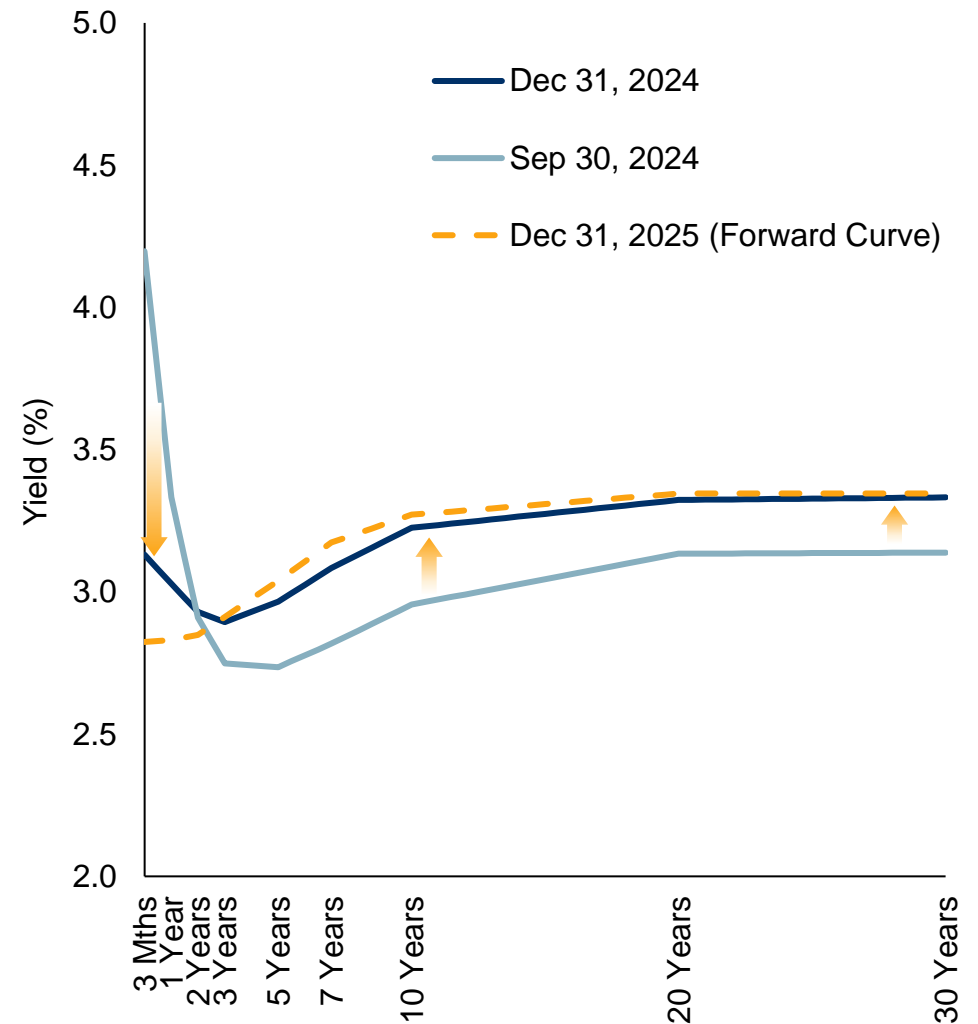
# Bank of Canada continued easing its policy rate

Pace of rate cuts may be more gradual going forward

## Central bank policy rate & market expectations



## Government of Canada yield curve

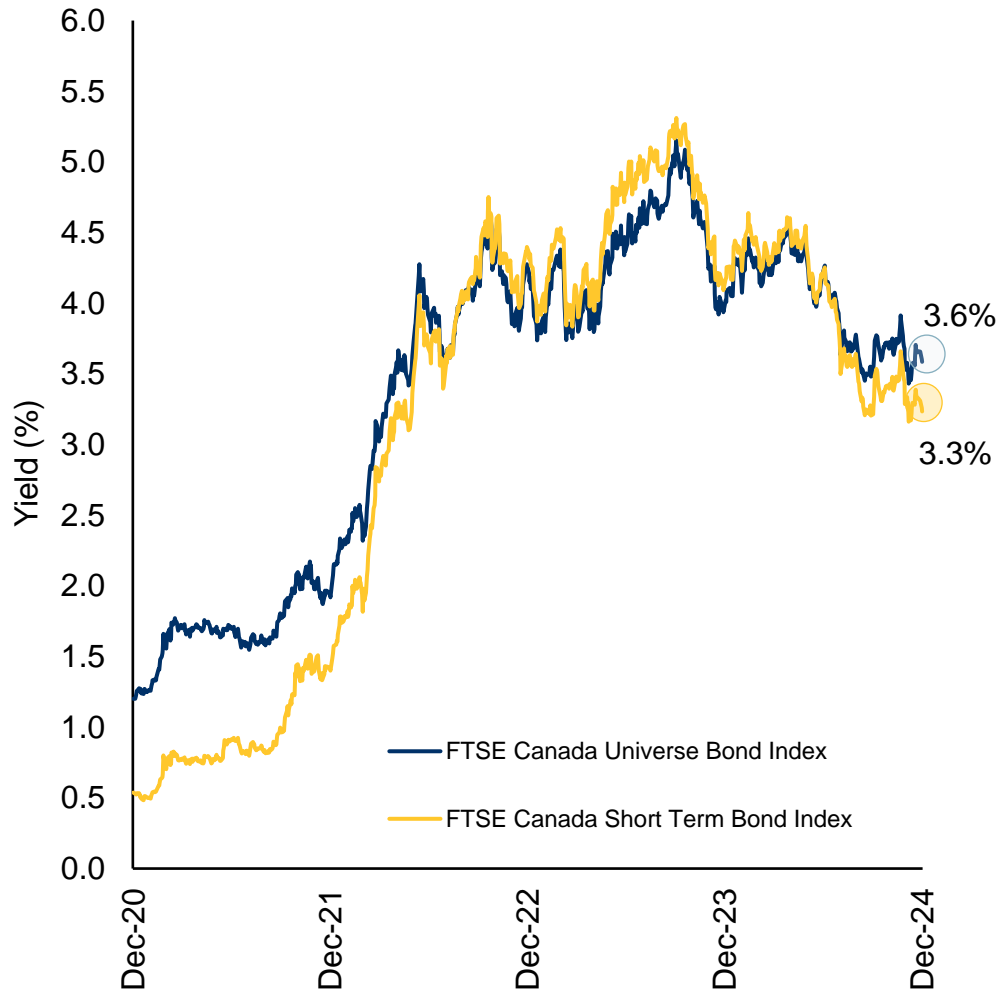


\*Any forecast, projection or target where provided is indicative only and is not guaranteed in any way. PH&N Institutional accepts no liability for any failure to meet such forecast or target. Source: RBC GAM, Bloomberg. As of January 31, 2025

# Bond market review

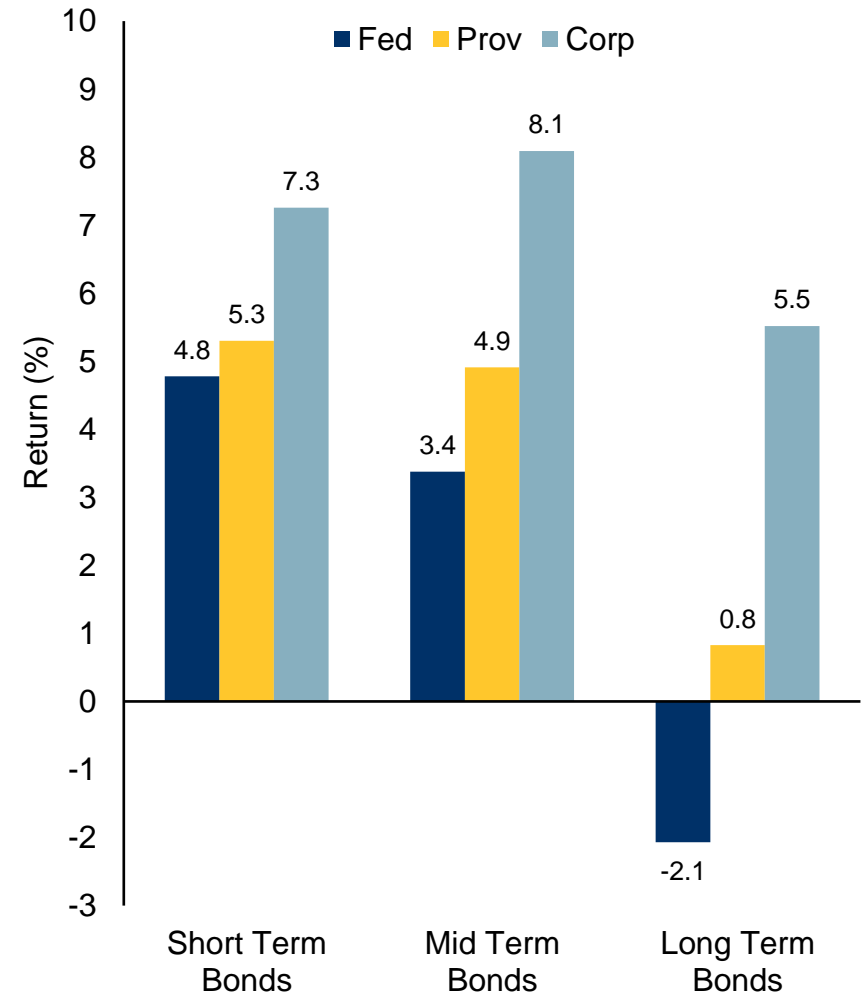
GoC yield curve steepened, credit spreads tighter

### FTSE Canada Short & Universe Bond Index yields



Source: FTSE Global Debt Capital Markets Inc.  
 \* Representative components of the FTSE Canada bond indices

### 1 Yr FTSE Canada Bond Index Sector Returns\*



# Quite a range of possible tariff impacts

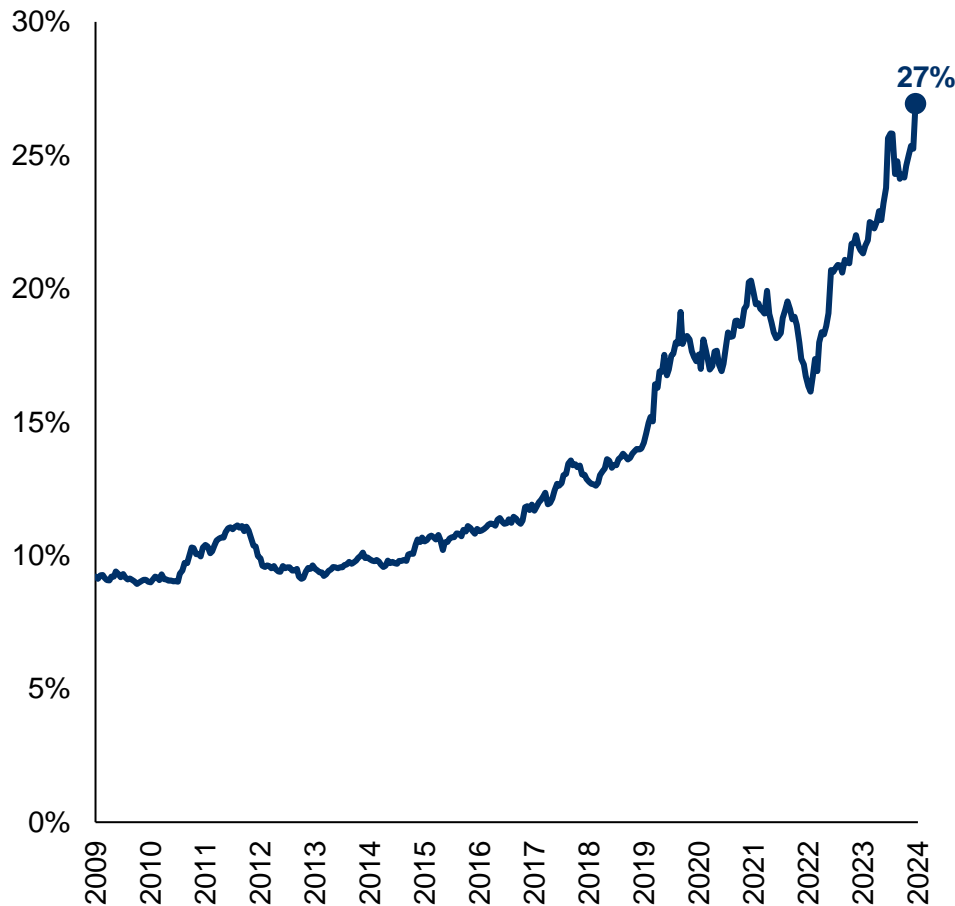
Scenario	Likelihood	Detail	GDP effect		Inflation effect	
<b>Original tariff plan</b>	<b>10%</b>	60% China 10% Rest of world	US: -1.2% CN: -1.4% CA: -1.9% MX: -1.5%	Global: -1.0% EZ: -0.9% UK: -0.6% JP: -0.6%	US: 0.5% CN: 0.6% CA: 0.8% MX: 0.6%	Global: 0.4% EZ: 0.4% UK: 0.2% JP: 0.2%
<b>North America-focused tariffs</b>	<b>10%</b>	25% Canada 25% Mexico 10% China	US: -1.5% CN: -0.6% CA: -4.5% MX: -4.0%	Global: -0.8% EZ: -0.4% UK: -0.2% JP: -0.2%	US: 0.6% CN: 0.2% CA: 1.8% MX: 1.6%	Global: 0.3% EZ: 0.2% UK: 0.1% JP: 0.1%
<b>Substantial but temporary tariffs</b>	<b>25%</b>	One of the above scenarios, but tariffs withdrawn after several months	US: -0.4% CN: -0.3% CA: -1.0% MX: -0.9%	Global: -0.3% EZ: -0.2% UK: -0.1% JP: -0.1%	US: 0.2% CN: 0.1% CA: 0.4% MX: 0.4%	Global: 0.1% EZ: 0.1% UK: 0.0% JP: 0.0%
<b>Partial tariffs</b>	<b>45%</b>	Smaller tariffs on targeted sectors and countries	US: -0.2% CN: -0.3% CA: -0.3% MX: -0.2%	Global: -0.2% EZ: -0.2% UK: -0.1% JP: -0.1%	US: 0.1% CN: 0.1% CA: 0.1% MX: 0.1%	Global: 0.1% EZ: 0.1% UK: 0.0% JP: 0.0%
<b>No tariffs</b>	<b>10%</b>	No significant new tariffs	0.0% for all		0.0% for all	

Note: As at 01/29/2025. Maximum cumulative effect on output and inflation. Presumes reciprocation. Source: Oxford Economics, RBC GAM calculations

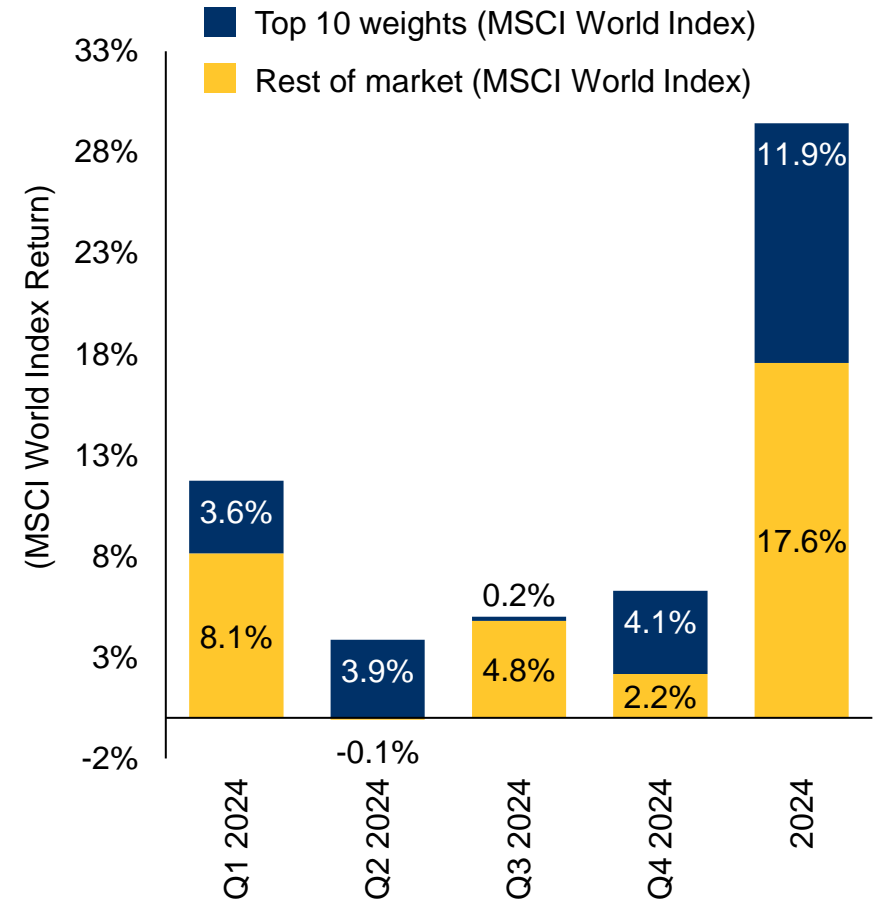
# Market concentration continues to intensify

## Narrow market leadership from largest stocks persisted

### Top 10 MSCI World Index weights



### Return contribution through 2024



Source: RBC GAM, Bloomberg.

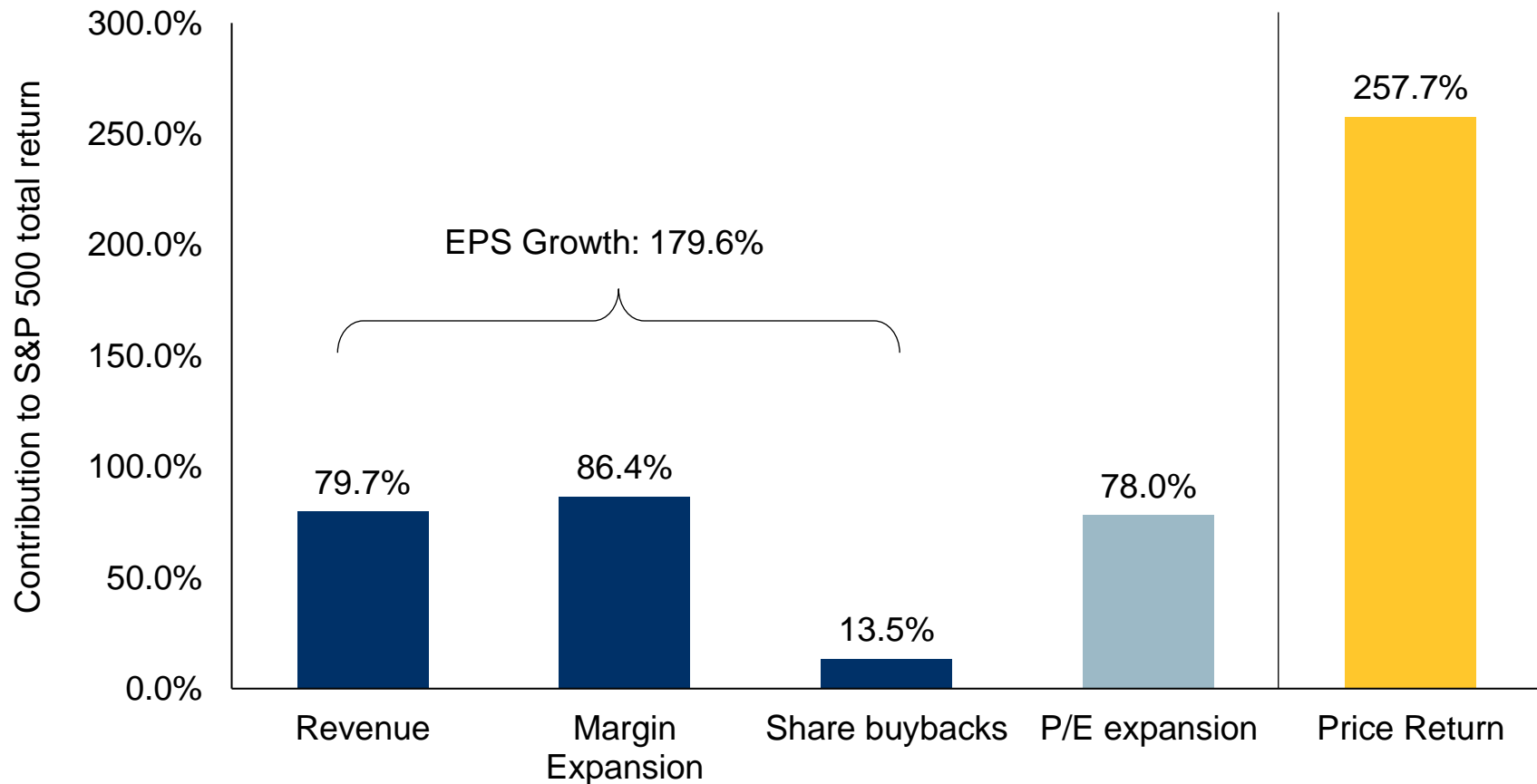
MSCI World Index Top 10 Weights as at December 31, 2024: Apple, Nvidia, Microsoft, Amazon, Alphabet, Meta, Tesla, Broadcom, JPMorgan Chase, Eli Lilly  
Number of MSCI World Index holdings as at December 31, 2024: 1,395

# Sharp gains in revenue and margins have powered U.S. Stocks

## A case for continued growth

### Contribution to S&P 500 Index price return

From September 30, 2007 — June 30, 2024



As of June 30, 2024. Source: Bloomberg, Macrobond, RBC GAM



RBC Global Asset Management  
PH&N Institutional

# Portfolio Modelling Review



# Proposed approach

- The ONE JIB adopted the model portfolios as presented in the previous meeting
- The risk-return modelling that developed these portfolios were based on the following key inputs:
  - Capital market assumptions
  - Portfolio constraints
  - Eligible capital market exposures
- These inputs will evolve over time. It is appropriate to review the models periodically to ensure ongoing appropriateness
- This review may or may not lead to changes to the model portfolios
- We propose the following annual calendar:
  - Q2: Analysis to be completed and reviewed with ONE staff
  - Q3: Analysis to be presented to ONE JIB for review and approval of any changes, with changes to be implemented as soon as practicable

# Performance: Funds

# Fixed Income (Dec 31, 2024)

Fixed Income Solutions - Total Return (%)	1 Month	3 Months	1 Year	3 Year	5 Year	10 Year	1 Month, as of Jan 31, 2025	ONE AUM <sup>1</sup>
<b>PH&amp;N Short Term Bond &amp; Mortgage Fund</b>	<b>0.32</b>	<b>0.63</b>	<b>5.66</b>	<b>2.56</b>	<b>2.71</b>	<b>2.39</b>	<b>0.88</b>	<b>\$433,610,153</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	0.38	0.65	5.70	2.13	2.13	1.93	0.88	
<i>Value Add</i>	-0.06	-0.02	-0.04	+0.43	+0.58	+0.46	0.00	
<b>PH&amp;N Enhanced Total Return Bond Fund</b>	<b>-0.74</b>	<b>0.10</b>	<b>4.78</b>	<b>-0.05</b>	<b>1.72</b>	<b>2.66</b>	<b>1.20</b>	<b>\$278,599,947</b>
<i>FTSE Canada Universe Bond Index</i>	-0.69	-0.04	4.23	-0.60	0.79	1.98	1.20	
<i>Value Add</i>	-0.05	+0.14	+0.55	+0.55	+0.93	+0.68	0.00	
<b>PH&amp;N Corporate Bond Trust</b>	<b>0.00</b>	<b>0.82</b>	<b>7.02</b>	<b>1.67</b>	<b>3.26</b>	<b>3.67</b>	<b>1.18</b>	<b>\$19,920,662</b>
<i>FTSE Canada All Corporate Bond Index</i>	-0.14	1.03	6.97	1.47	2.31	3.04	1.06	
<i>Value Add</i>	+0.14	-0.21	+0.05	+0.20	+0.95	+0.63	+0.12	
<b>PH&amp;N Private Placement Corporate Debt Fund</b>	<b>0.06</b>	<b>1.03</b>	<b>7.24</b>	<b>1.32</b>	<b>2.95</b>	<b>-</b>	<b>1.56</b>	<b>\$100,665,737</b>
<i>FTSE Canada All Corporate Bond Index</i>	-0.14	1.03	5.35	-0.25	1.01	-	1.06	
<i>Value Add</i>	+0.20	0.00	+1.89	+1.57	+1.94	-	+0.50	
<b>RBC Commercial Mortgage Fund</b>	<b>0.42</b>	<b>1.00</b>	<b>7.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.92</b>	<b>\$25,059,059</b>
<i>FTSE Canada Short Term Overall Bond Index</i>	0.38	0.65	5.70	-	-	-	0.88	
<i>Value Add</i>	+0.04	+0.35	+1.37	-	-	-	+0.04	
<b>RBC High Yield Bond Fund</b>	<b>-0.02</b>	<b>0.68</b>	<b>7.12</b>	<b>2.21</b>	<b>3.41</b>	<b>4.62</b>	<b>1.02</b>	<b>\$4,964,862</b>
<i>FTSE Canada Short Term Overall Bond Index<sup>2</sup></i>	0.38	0.65	4.05	-0.66	0.76	1.96	0.88	
<i>Value Add</i>	-0.40	+0.03	+3.07	+2.87	+2.65	+2.66	+0.14	
<b>BlueBay Total Return Credit Fund (Canada)</b>	<b>0.23</b>	<b>1.01</b>	<b>8.01</b>	<b>2.73</b>	<b>-</b>	<b>-</b>	<b>1.47</b>	<b>\$224,936,409</b>
<i>FTSE Canada 91 Day T-Bill Index</i>	0.33	1.08	4.92	3.81	-	-	0.34	
<i>Value Add</i>	-0.10	-0.07	+3.09	-1.08	-	-	+1.13	

1. AUM as of January 31, 2025

2. Current benchmark as of March 1, 2024: 100% FTSE Canada Short-Term Overall Bond Index. Prior benchmark: 100% FTSE Canada Universe Bond Index.

# Equities (Dec 31, 2024)

Equity Solutions - Total Return (%)	1 Month	3 Months	1 Year	3 Year	5 Year	10 Year	1 Month, as of Jan 31, 2025	ONE AUM <sup>1</sup>
<b>PH&amp;N Canadian Equity Fund</b>	<b>-3.16</b>	<b>3.02</b>	<b>20.45</b>	<b>8.73</b>	<b>11.58</b>	<b>9.02</b>	<b>3.76</b>	<b>\$37,647,223</b>
<i>S&amp;P/TSX Capped Composite Index</i>	-3.27	3.76	21.65	8.58	11.08	8.65	3.48	
<i>Value Add</i>	+0.11	-0.74	-1.20	+0.15	+0.50	+0.37	+0.28	
<b>PH&amp;N Canadian Equity Value Fund</b>	<b>-3.26</b>	<b>3.56</b>	<b>21.54</b>	<b>10.38</b>	<b>12.04</b>	<b>9.46</b>	<b>3.05</b>	<b>\$37,610,207</b>
<i>S&amp;P/TSX Capped Composite Index</i>	-3.27	3.76	21.65	8.58	11.08	8.65	3.48	
<i>Value Add</i>	+0.01	-0.20	-0.11	+1.80	+0.96	+0.81	-0.43	
<b>RBC QUBE Canadian Equity Fund</b>	<b>-2.85</b>	<b>5.23</b>	<b>24.31</b>	<b>9.88</b>	<b>11.55</b>	<b>8.73</b>	<b>2.83</b>	<b>\$37,520,787</b>
<i>S&amp;P/TSX Capped Composite Index</i>	-3.27	3.76	21.65	8.58	11.08	8.65	3.48	
<i>Value Add</i>	+0.42	+1.47	+2.66	+1.30	+0.47	+0.08	-0.65	
<b>PH&amp;N U.S. Equity Fund</b>	<b>0.26</b>	<b>7.18</b>	<b>35.77</b>	<b>14.51</b>	<b>17.26</b>	<b>14.56</b>	<b>4.22</b>	<b>\$35,889,740</b>
<i>S&amp;P 500 Index C\$</i>	0.22	8.85	35.62	13.70	16.88	15.54	3.92	
<i>Value Add</i>	+0.04	-1.67	+0.15	+0.81	+0.38	-0.98	+0.30	
<b>RBC QUBE U.S. Equity Fund</b>	<b>0.57</b>	<b>9.84</b>	<b>39.37</b>	<b>15.71</b>	<b>18.39</b>	<b>15.58</b>	<b>4.12</b>	<b>\$35,886,200</b>
<i>S&amp;P 500 Index C\$</i>	0.22	8.85	35.62	13.70	16.88	15.54	3.92	
<i>Value Add</i>	+0.35	+0.99	+3.75	+2.01	+1.51	+0.04	+0.20	
<b>RBC International Equity Fund</b>	<b>-1.09</b>	<b>-3.36</b>	<b>13.29</b>	<b>4.26</b>	<b>8.47</b>	<b>8.95</b>	<b>5.44</b>	<b>\$37,889,788</b>
<i>MSCI EAFE Net Index</i>	0.38	-2.18	13.24	6.14	6.92	7.50	5.99	
<i>Value Add</i>	-1.47	-1.18	+0.05	-1.88	+1.55	+1.45	-0.55	
<b>PH&amp;N Overseas Equity Fund</b>	<b>0.08</b>	<b>-0.47</b>	<b>15.00</b>	<b>0.59</b>	<b>5.36</b>	<b>8.18</b>	<b>3.28</b>	<b>\$37,734,251</b>
<i>MSCI EAFE Net Index</i>	0.38	-2.18	13.24	6.14	6.92	7.50	5.99	
<i>Value Add</i>	-0.30	+1.71	+1.76	-5.55	-1.56	+0.68	-2.71	
<b>Low Volatility Equity Solutions - Total Return (%)</b>	<b>1 Month</b>	<b>3 Months</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>	<b>10 Year</b>	<b>1 Month, as of Jan 31, 2025</b>	<b>ONE AUM <sup>1</sup></b>
<b>RBC QUBE Low Volatility Canadian Equity Fund</b>	<b>-2.88</b>	<b>-0.44</b>	<b>20.44</b>	<b>8.70</b>	<b>10.46</b>	<b>9.06</b>	<b>2.09</b>	<b>\$104,892,589</b>
<i>Volatility of returns<sup>2</sup></i>								
<i>RBC QUBE Low Volatility Canadian Equity Fund</i>	-	-	8.50	10.82	13.15	10.56	-	
<i>S&amp;P/TSX Capped Composite Index</i>	-	-	9.88	13.68	15.83	12.82	-	
<b>RBC QUBE Low Volatility U.S. Equity Fund</b>	<b>-3.69</b>	<b>3.38</b>	<b>23.61</b>	<b>9.60</b>	<b>10.52</b>	<b>12.70</b>	<b>3.68</b>	<b>\$71,917,214</b>
<i>Volatility of returns<sup>2</sup></i>								
<i>RBC QUBE Low Volatility U.S. Equity Fund</i>	-	-	8.53	9.76	11.69	11.16	-	
<i>S&amp;P 1500 Index C\$</i>	-	-	8.84	13.50	14.20	12.89	-	

1. AUM as of January 31, 2025

2. Volatility is the annualized deviation of monthly returns. Note that the annualized deviation of monthly returns is not calculated for periods less than 12 months.

# Fund Oversight

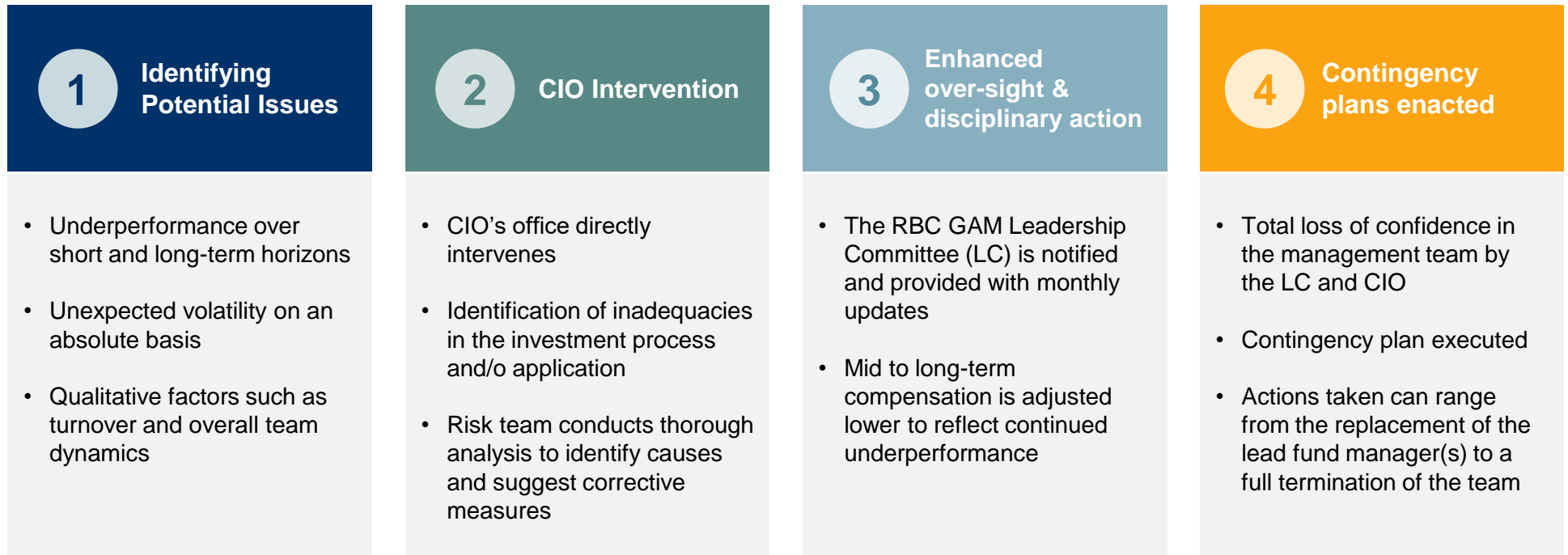
# OCIO platform funds oversight update

Global equity funds remain in focus; remainder of platform meeting expectations

Strategy	Comments
<b>RBC QUBE Low Volatility U.S. Equity Fund</b>	<ul style="list-style-type: none"><li>• Strategies under review due to underperformance relative to benchmarks</li><li>• Low vol approach is expected to underperform during strong up markets.</li><li>• Notably, strategies continue to show resilience during periods of market stress.</li><li>• Peer performance remains mixed but has been improving in recent quarters.</li></ul>
<b>RBC QUBE Low Volatility Global Equity Fund</b>	
<b>PH&amp;N Overseas Equity Fund</b>	<ul style="list-style-type: none"><li>• Strategy under review due to underperformance relative to benchmark.</li><li>• Underperformance mostly contained to 2022 and 2023; 2024 performance was strong.</li><li>• CIO and risk teams have worked with the investment team to enhance risk processes.</li><li>• 1 year peer performance has rebounded strongly.</li></ul>
<b>RBC Global Equity Focus Fund</b>	<ul style="list-style-type: none"><li>• Strategies under review due to underperformance relative to benchmark.</li><li>• Both are managed by the same team and adhere to the same process and philosophy.</li><li>• Underperformance mostly contained to 2022 and 2023; 2024 performance was strong.</li><li>• Both strategies are now ranked in the first quartile against peers over 1 year.</li></ul>
<b>RBC Global Equity Leaders Fund</b>	

# Our approach to investment manager oversight

Proven process that leads to timely action



Prevention

Remediation

Termination



## Transition of 11 Municipalities

*The transition of the existing investors to the OCIO platform follows a comprehensive plan that has been presented to the Joint Investment Board on November 27 2024.  
The plan was approved and it is scheduled to begin on the week of March 3, 2025.*

# Overview (as presented in Q4 2024)

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.

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

# Mapping of existing 11 investors

- Two Municipalities (Neebing and Quinte West) will have new Investment Plans in place.
- Immediate adoption of the model portfolio approach will be possible.
- Both municipalities will move to a **single portfolio**.

Municipality – Outcome Framework	MNRI Allocation	Permanent Deployment
Neebing - Cash Outcome	\$231,186	<b>Model E</b> (Mid Term / 50% Equity)
Neebing - Contingency Outcome	\$427,533	
Neebing - Target Date 10 Year Plus Outcome	\$1,220,508	
Neebing - Target Date 5 to 10 Year Outcome	\$583,191	
Neebing - Target Date 3 to 5 Year Outcome	\$502,967	
Quinte West - Cash Outcome	\$5,207,818	<b>Model D</b> (Mid Term / 40% Equity)
Quinte West - Contingency Outcome	\$4,752,469	
Quinte West - Target Date 10 Year Plus Outcome	\$5,615,934	
Quinte West - Target Date 5 to 10 Year Outcome	\$16,277,069	
Quinte West - Target Date 3 to 5 Year Outcome	\$7,193,285	

Data as at December 31, 2024.

# Mapping of existing 11 investors

9 Municipalities won't have new Investment Plans in place. Therefore, we **maintain the asset mix** of their respective IP and **replicate the capital market exposures** with RBC GAM funds as per approved plan (p. 30-34).

Municipality – Outcome Framework	MNRI Allocation	Temporary Deployment
Bracebridge - Contingency Outcome	\$3,916,624	See mapping, page 30
Bracebridge - Target Date 10 Year Plus Outcome	\$4,316,452	See mapping, page 31
Huntsville - Contingency Outcome	\$4,609,089	See mapping, page 30
Huntsville - Target Date 10 Year Plus Outcome	\$1,526,611	See mapping, page 31
Huntsville - Target Date 5 to 10 Year Outcome	\$1,177,981	See mapping, page 31
Huntsville - Target Date 3 to 5 Year Outcome	\$4,204,545	See mapping, page 31
Innisfil - Contingency Outcome	\$21,353,355	See mapping, page 30
Innisfil - Target Date 5 to 10 Year Outcome	\$31,478,662	See mapping, page 31
Innisfil - Target Date 3 to 5 Year Outcome	\$10,817,491	See mapping, page 31
Muskoka - Cash Outcome	\$89,624	See mapping, page 32
Muskoka - Contingency Outcome	\$22,639,645	See mapping, page 30
Muskoka - Target Date 10 Year Plus Outcome	\$30,409,932	See mapping, page 31
Muskoka - Target Date 5 to 10 Year Outcome	\$93,372,086	See mapping, page 31
Muskoka - Target Date 3 to 5 Year Outcome	\$22,300,609	See mapping, page 31
Aylmer - Target Date 10 Year Plus Outcome	\$1,836,934	See mapping, page 31

Data as at December 31, 2024.



# Mapping of existing 11 investors

Municipality – Outcome Framework	MNRI Allocation	Temporary Deployment
Whitby - Cash Outcome	\$11,631,429	See mapping, page 32
Whitby - Asset Management Reserve Outcome	\$18,215,564	See mapping, page 30
Whitby - Contingency Outcome	\$13,931,734	See mapping, page 30
Whitby - Target Date 10 Year Plus Outcome	\$33,855,783	See mapping, page 31
Whitby - Target Date 5 to 10 Year Outcome	\$50,630,730	See mapping, page 31
Whitby - Target Date 3 to 5 Year Outcome	\$75,539,612	See mapping, page 31
Kenora - Stable Return Outcome	\$45,323,301	See mapping, page 30
Kenora - Contingency Outcome	\$19,079,397	See mapping, page 30
Kenora - Target Date 3 to 5 Year Outcome	\$4,176,762	See mapping, page 31
Thunder Bay - Cash Outcome	\$4,119,888	See mapping, page 32
Thunder Bay - Contingency Outcome	\$30,110,587	See mapping, page 30
Thunder Bay - Target Date 10 Year Plus Outcome	\$20,924,915	See mapping, page 31
Thunder Bay - Target Date 5 to 10 Year Outcome	\$43,706,356	See mapping, page 31
Thunder Bay - Target Date 3 to 5 Year Outcome	\$35,647,294	See mapping, page 31
Aurora - Contingency Outcome	\$16,130,515	See mapping, page 30
Aurora - Target Date 10 Year Plus Outcome	\$4,476,365	See mapping, page 31
Aurora - Target Date 5 to 10 Year Outcome	\$18,115,859	See mapping, page 31
Aurora - Target Date 3 to 5 Year Outcome	\$14,663,498	See mapping, page 31

Data as at December 31, 2024.

RBC Global Asset Management

PH&N Institutional



# 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
<b>Equity</b>	<b>26</b>	<b>30</b>	<b>34</b>	<b>55</b>	<b>60</b>	<b>65</b>	<b>88</b>	<b>90</b>	<b>92</b>
ONE Canadian Equity Fund		9			18			27	
ONE Global Equity Fund		21			42			63	
<b>Fixed Income</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>8</b>	<b>10</b>	<b>12</b>
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	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

RBC GAM Fund Allocations	Stable Return Outcome			Contingency Outcome			Asset Management Outcome		
	Min	Target	Max	Min	Target	Max	Min	Target	Max
<b>Equity</b>	<b>26</b>	<b>30</b>	<b>34</b>	<b>55</b>	<b>60</b>	<b>65</b>	<b>88</b>	<b>90</b>	<b>92</b>
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	
<b>Fixed Income</b>	<b>66</b>	<b>70</b>	<b>74</b>	<b>35</b>	<b>40</b>	<b>45</b>	<b>8</b>	<b>10</b>	<b>12</b>
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	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

# 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
<b>Equity</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>71</b>	<b>75</b>	<b>79</b>
ONE Canadian Equity Fund		3			15			22.5	
ONE Global Equity Fund		7			35			52.5	
<b>Fixed Income</b>	<b>88</b>	<b>90</b>	<b>92</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>21</b>	<b>25</b>	<b>29</b>
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	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

## 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
<b>Equity</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>71</b>	<b>75</b>	<b>79</b>
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	
<b>Fixed Income</b>	<b>88</b>	<b>90</b>	<b>92</b>	<b>45</b>	<b>50</b>	<b>55</b>	<b>21</b>	<b>25</b>	<b>29</b>
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	
<b>Total</b>		<b>100</b>			<b>100</b>			<b>100</b>	

# ONE Canadian Government Bond Fund

	Performance Benchmark					
	100%	60%	40%	40%	60%	100%
	<b>ONE Canadian Government Bond Fund</b>	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
<b>Duration (yrs)</b>	1.57	2.62	0	0	2.65	1.59
<b>Yield (%)</b>	4.20	3.90	4.66	4.96	4.39	4.62
<b>Credit Rating</b>	AAA	AAA	AAA	AAA	AA	AA+
<b>Asset Mix</b>						
<b>Cash</b>	40%	0%	100%	100%	3%	42%
<b>Government</b>	60%	100%	0%	0%	46%	28%
<b>Provincial</b>	0%	0%	0%	0%	0%	0%
<b>Corporate</b>	0%	0%	0%	0%	45%	27%
<b>Other</b>	0%	0%	0%	0%	7%	4%

Data as of June 30, 2024 unless otherwise indicated





# ONE Canadian Corporate Bond Fund

	100%	48%	40%	10%	2%	50%	50%	100%
	<b>ONE Canadian Corporate Bond Fund</b>	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
<b>Duration (yrs)</b>	5.02	7.68	2.65	2.74	0	7.06	2.65	4.86
<b>Yield (%)</b>	4.31	3.94	4.69	4.47	4.66	4.43	4.39	4.41
<b>Credit Rating</b>	AA	AAA	A	AA+	AAA	AA	AA	AA
<b>Asset Mix</b>								
<b>Cash</b>	2%	0%	0%	0%	100%	3%	3%	3%
<b>Government</b>	48%	100%	0%	0%	0%	24%	46%	35%
<b>Provincial</b>	0%	0%	0%	0%	0%	33%	0%	16%
<b>Corporate</b>	50%	0%	100%	100%	0%	37%	45%	41%
<b>Other</b>	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%
	<b>ONE Global Bond Fund</b>	Bloomberg Multiverse Index	<b>RBC Global Bond Fund</b>	<b>BlueBay Total Return Credit Fund</b>	<b>PH&amp;N Blend</b>
<b>Duration (yrs)</b>	6.44	6.44	6.88	2.73	6.05
<b>Yield (%)</b>	4.12	4.12	4.39	6.4	4.79
<b>Credit Rating</b>	AA+	AA+	AA	BB+	A+
<b>Asset Mix*</b>					
<b>Global Sovereigns**</b>	62%	62%	77%	0%	61%
<b>Global IG Credit</b>	17%	17%	11%	1%	9%
<b>Global HY Credit</b>	3%	3%	0%	35%	7%
<b>Securitized Credit</b>	3%	3%	0%	16%	3%
<b>Emerging Markets</b>	16%	16%	10%	30%	14%
<b>Others</b>	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



RBC Global Asset Management  
PH&N Institutional

# Strategy Overview



# Proposed approach

- In each ONE JIB meeting, we will present on 1-2 funds (or family of funds) on the permitted list, covering:
  - Investment team
  - Investment philosophy
  - Drivers of performance
  - Investment outlook
- We will also indicate which funds we intend to cover in the next meeting, and can make changes based on your input.
- In this meeting, we will cover the following fund:
  - Commercial Mortgage Funds
- In the following meeting, we propose to cover:
  - PH&N Short Term Bond & Mortgage Fund + PH&N Enhanced Total Return Bond Fund + PH&N Bond Fund
  - RBC QUBE Low Volatility funds

# Strategy Overview – Commercial Mortgages

# RBC GAM commercial mortgage platform

A \$7.7 billion platform, structured to benefit borrowers and investors



## 50+ years of managing commercial mortgages

- We have been managing commercial mortgage investments since the 1970's
- 50+ year track record of capital preservation through multiple business cycles



## Exceptional coverage, relationship-focused

- Nation-wide origination network provides valuable private market insight and opportunities
- Deep, established relationships with borrowers generates direct deal flow, avoiding reliance on broker mandates



## Solution orientation toward clients & borrowers

- Platform evolution allows us to offer investment solutions to institutional clients across the risk spectrum
- Flexible approach with borrowers, a competitive advantage in sourcing opportunities and generating returns



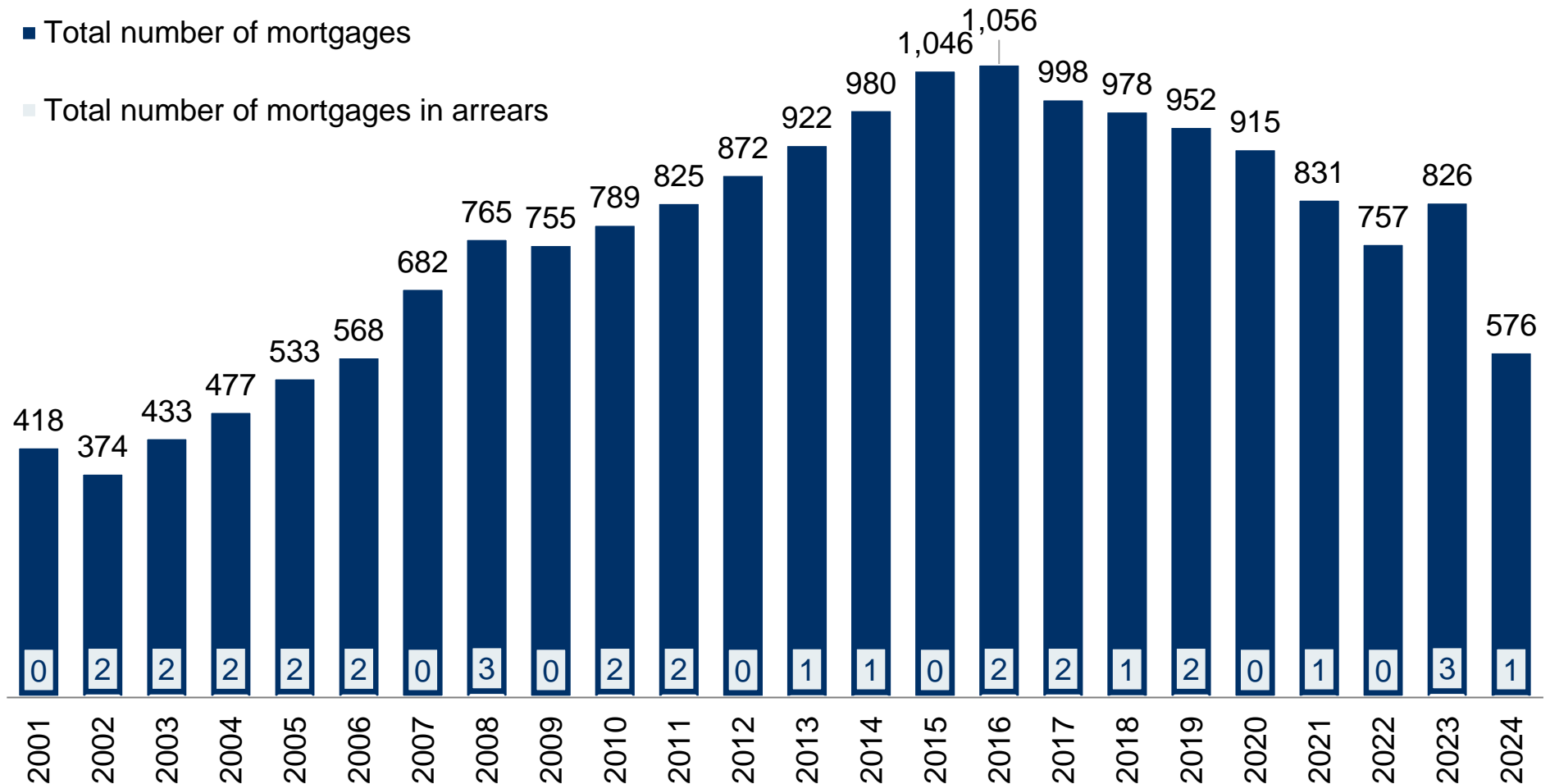
## Robust internal controls & objective valuation

- Comprehensive internal controls, ESG integration, and compliance monitoring
- Independent, third-party mortgage valuations to ensure transparency and objectivity

Source: RBC Global Asset Management (GAM). Data as of December 31, 2024

# Mortgage arrears history exceptionally low

Testament to investment approach and platform structure

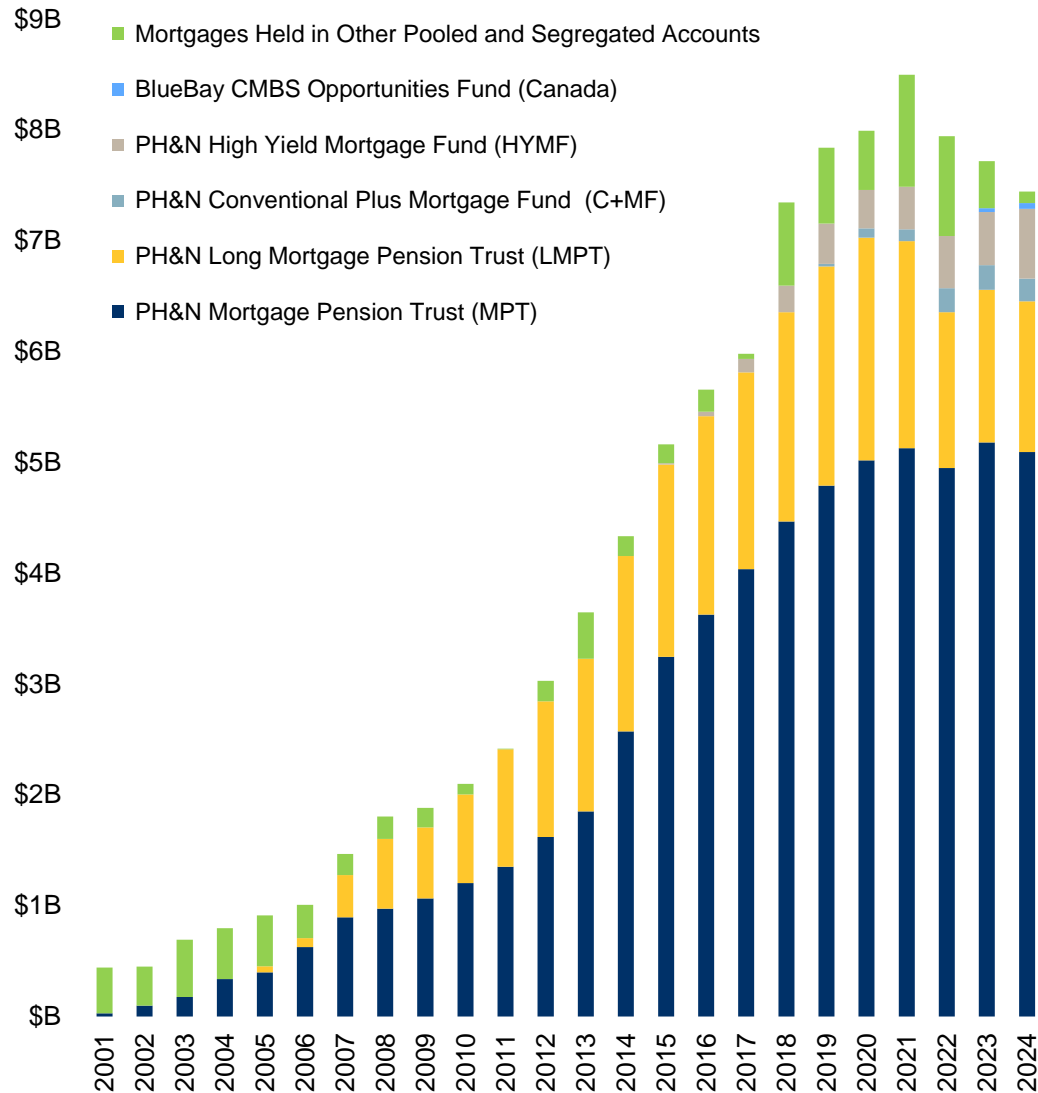


Data as of December 31, 2024. Number data labels represent number of arrears in the mortgage platform.

# RBC GAM commercial mortgage program growth

A toolset that has evolved alongside market and client needs

## Total Mortgage AUM



Source: RBC GAM, As of December 31, 2024.

RBC Global Asset Management  
PH&N Institutional

As of December 31, 2024

AUM  
(\$ CAD  
Million)

<b>PH&amp;N Mortgage Pension Trust (MPT)</b> <i>Short duration conventional mortgages</i>	5,094
<b>PH&amp;N Long Mortgage Pension Trust (LMPT)</b> <i>Long duration conventional mortgages</i>	1,361
<b>PH&amp;N Conventional Plus Mortgage Fund (C+ MF)</b> <i>Conventional plus and subordinate mortgages</i>	205
<b>PH&amp;N High Yield Mortgage Fund (HYMF)</b> <i>Opportunistic high yield mortgages</i>	630
<b>RBC Commercial Mortgage Fund (CMF)</b> <i>Conventional, conventional plus and high yield mortgages</i>	493
<b>PH&amp;N Short Term Bond &amp; Mortgage Fund<sup>1</sup></b> <i>Max. 20% allocation to multi-family mortgages</i>	270
<b>Other Funds &amp; Segregated Accounts</b> <i>Custom mandates/restrictions</i>	104
<b>Total Mortgage AUM <sup>2</sup></b>	<b>7,735</b>

<sup>1</sup> Mortgage component of portfolio

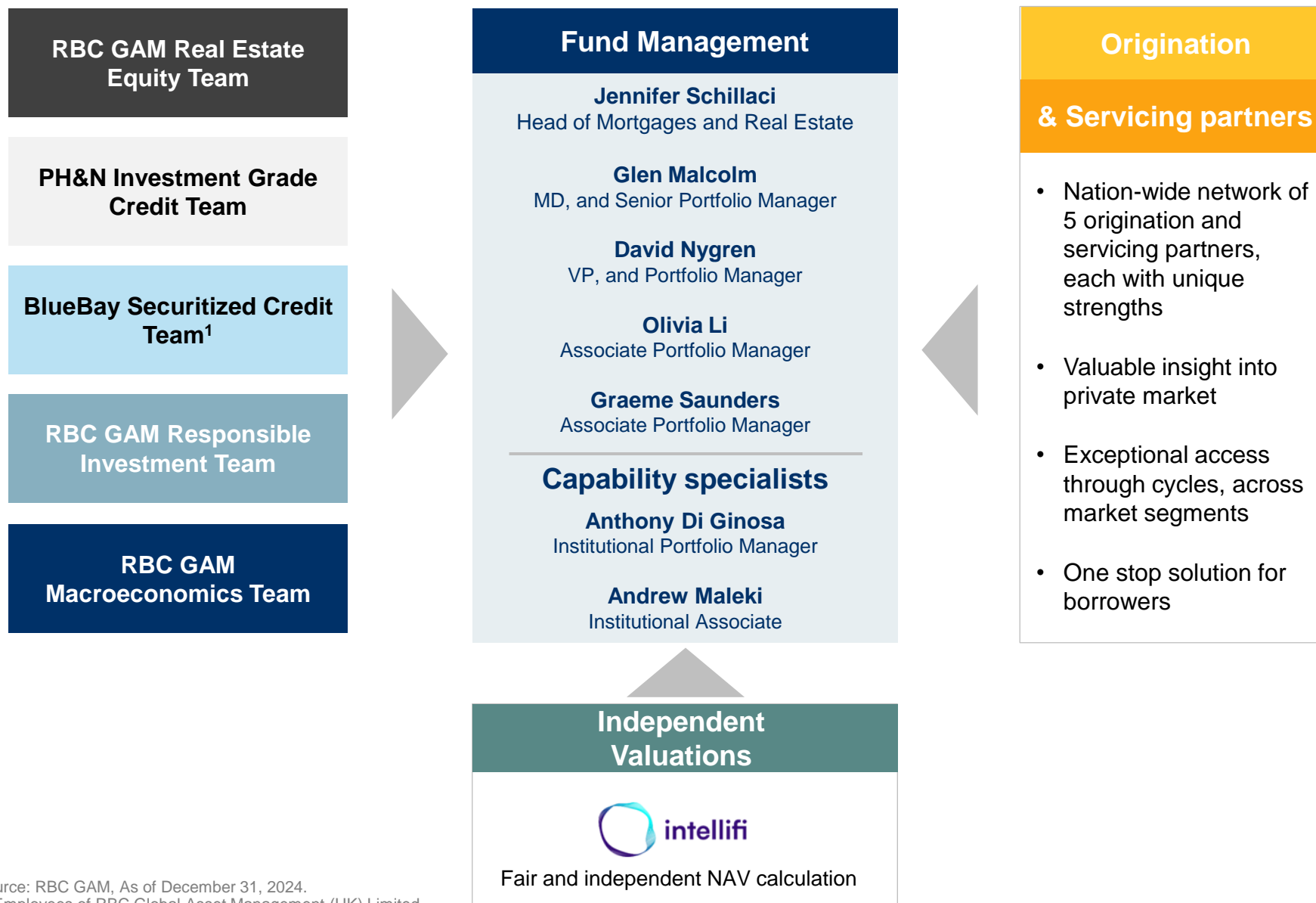
<sup>2</sup> Excludes CMF AUM held in MPT, C+ MF, and HYMF





# RBC GAM Private Markets Mortgage Investment Team

Collaborative structure with experienced fund managers and partners

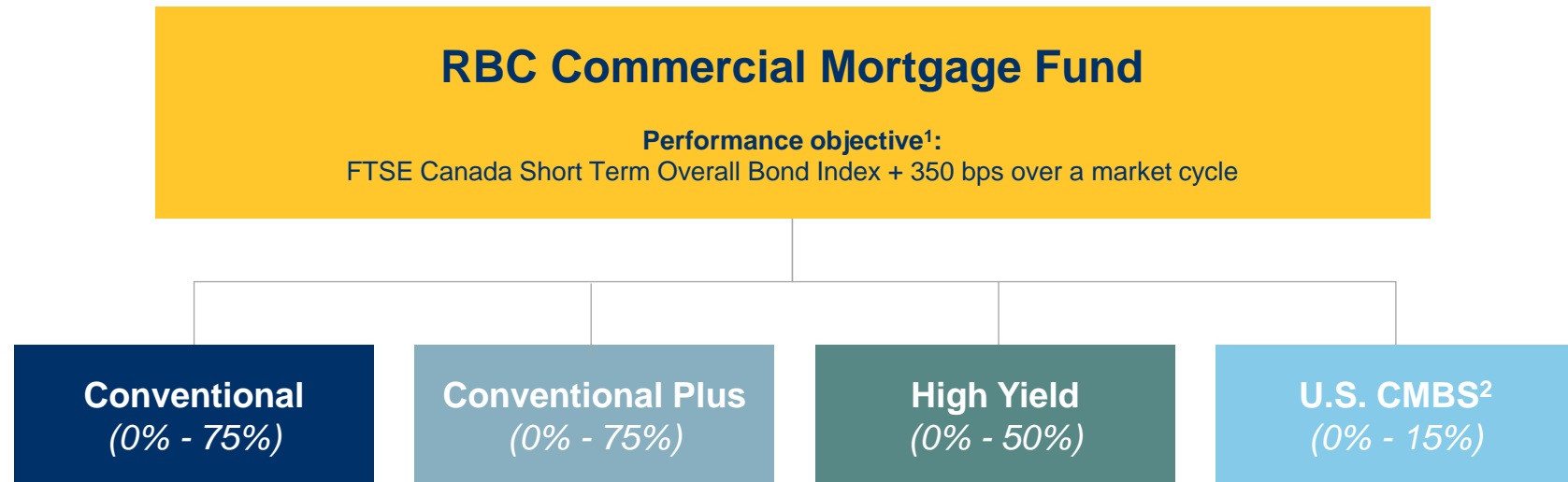


Source: RBC GAM, As of December 31, 2024.

1. Employees of RBC Global Asset Management (UK) Limited.

# RBC Commercial Mortgage Fund

Active management across the spectrum of mortgage lending opportunities



## Benefits of our structure

- Enhanced diversification and liquidity provided by scale of underlying funds
- Improved flexibility to reposition the fund, and provide liquidity to investors if required
- Single layer of competitive investment management fees



## Benefits of our toolset

- Use of multiple strategies allows investment team to more easily respond to changing market dynamics
- U.S. CMBS shares exposure to high quality real estate and borrowers, introduces liquidity, and diversifies risk and opportunity

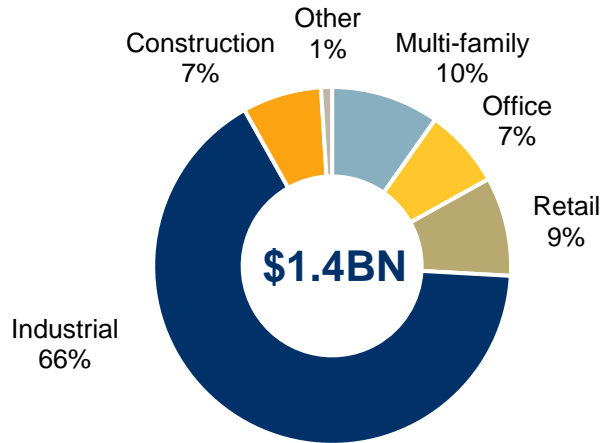
Source: RBC GAM.

1. The performance objective is based on certain facts and assumptions, it does not reflect management fees, carried interest and other expenses borne by investors which will reduce returns and in the aggregate may be material. The above information is for information purposes only. No representation is made that any targets or objectives will be achieved, in whole or in part.
2. CMBS refers to Commercial Mortgage-Backed Securities, U.S. CMBS contributes towards high yield mortgage exposure

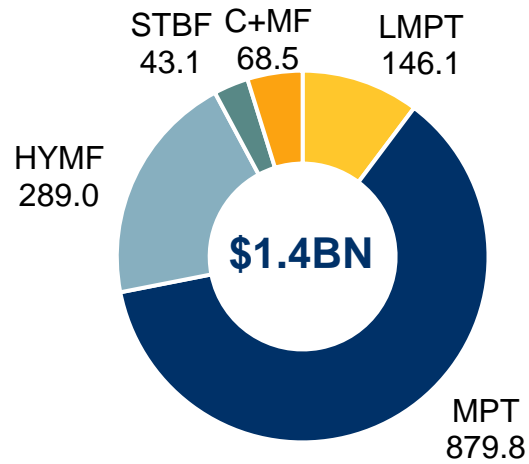
# Origination update

Originated over \$1.4 Billion through 2024

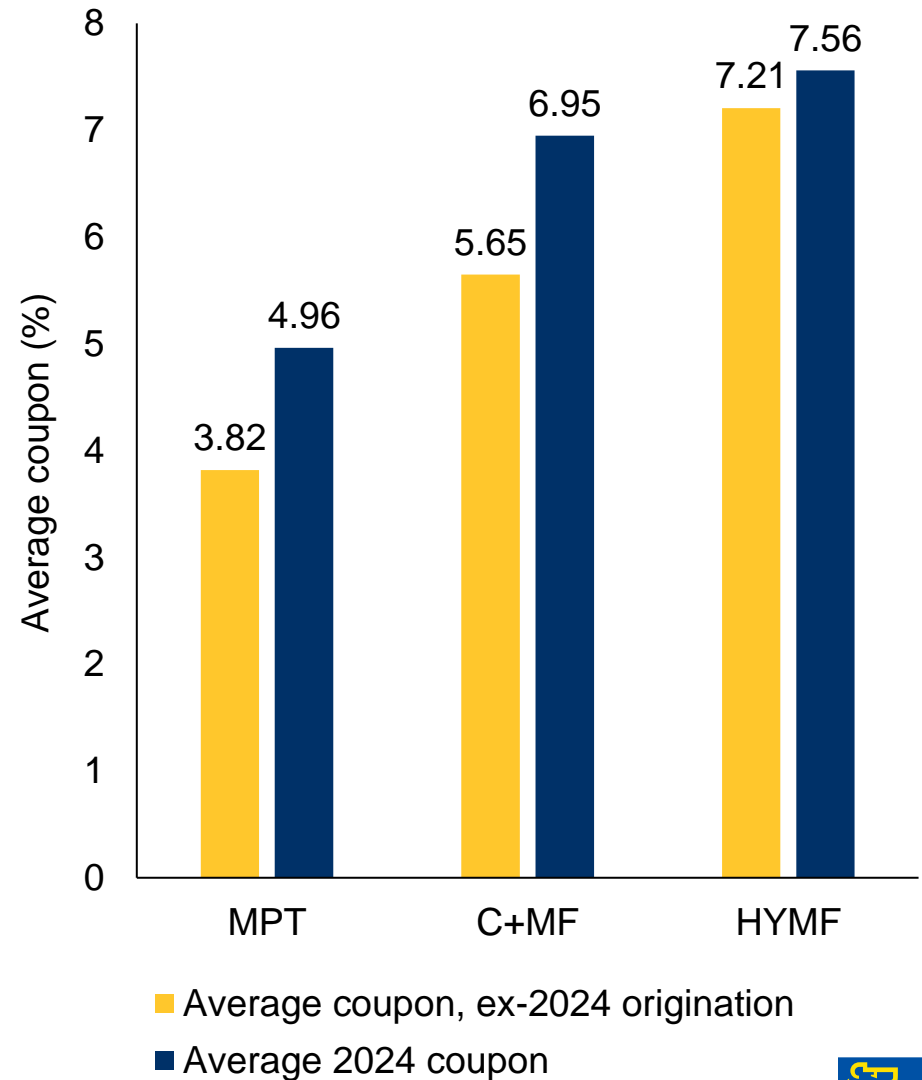
## Origination through 2024



## Origination by Fund (\$MM)



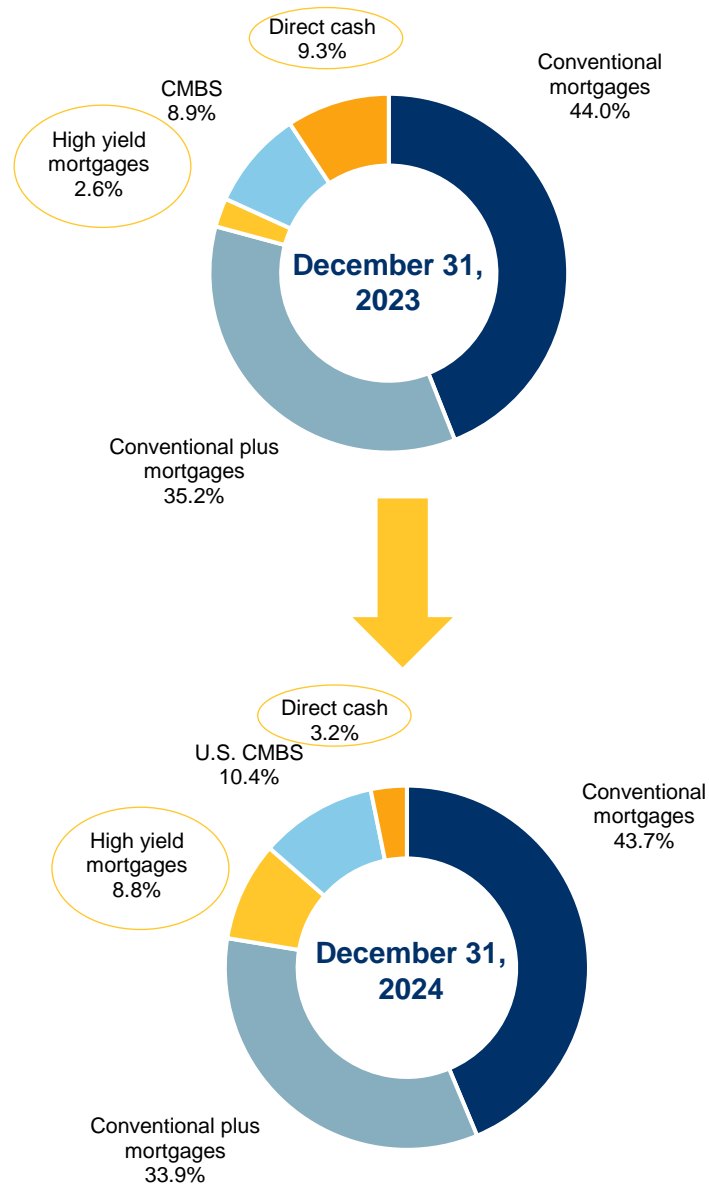
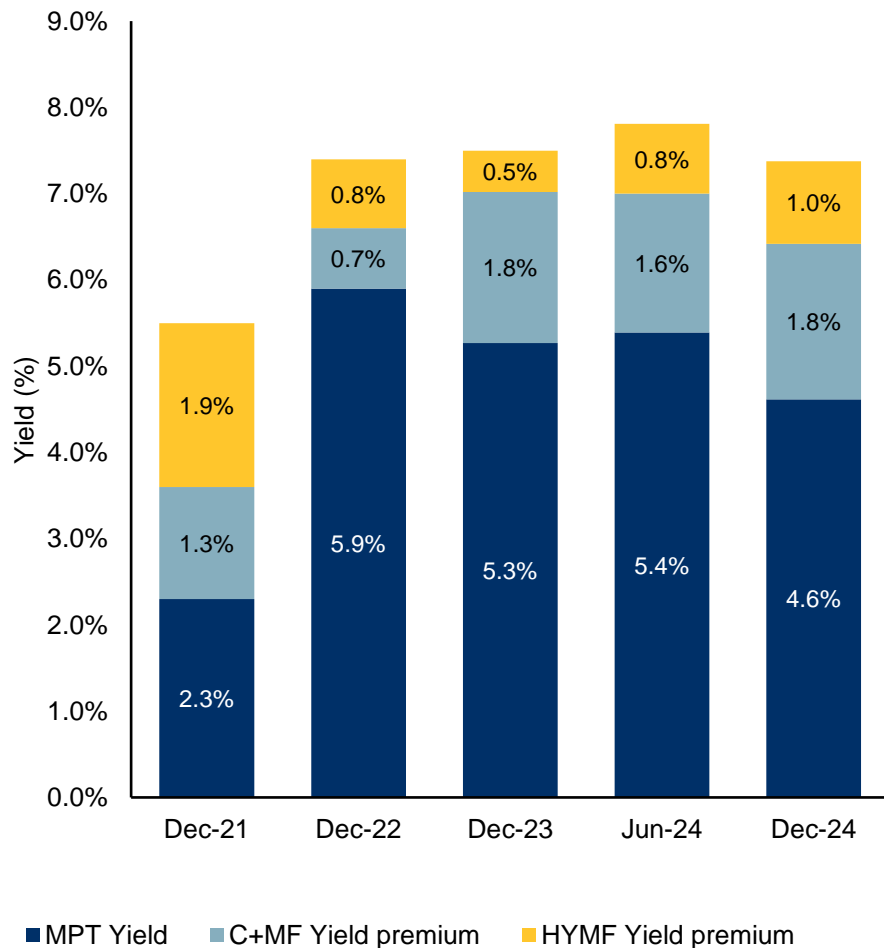
## Average coupons on new origination



# Reward-for-risk in current market environment

Decline in bond yields providing medium-term benefits for C+/HY

Reward for risk in current market environment



As of December 31, 2024. Pie charts reflect the RBC Commercial Mortgage Fund. Source: RBC GAM



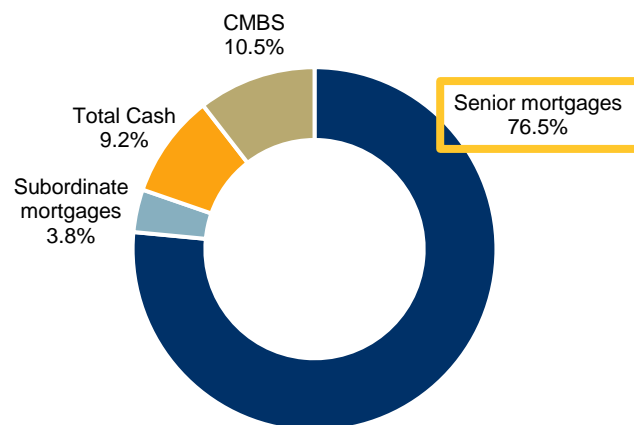
# RBC Commercial Mortgage Fund

Defensively positioned, conservative profile, attractive yield

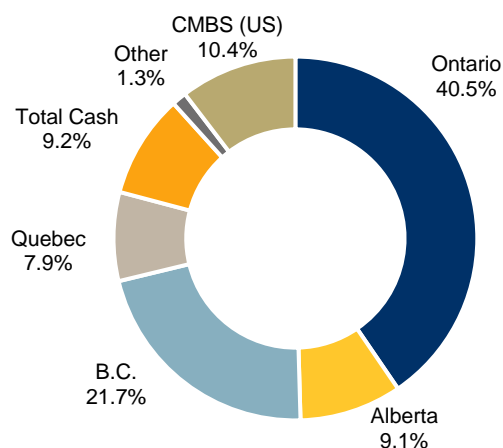
## Portfolio statistics & characteristics as at December 31, 2024

AUM <sup>1</sup> :	\$493.2 million
Number of mortgages:	439
Yield <sup>2</sup> :	5.5%
Cash flow coverage <sup>3</sup> :	1.39x
Loan-to-value <sup>3</sup> :	58.4%
Term to maturity:	2.7 yr
Modified duration:	2.4 yr

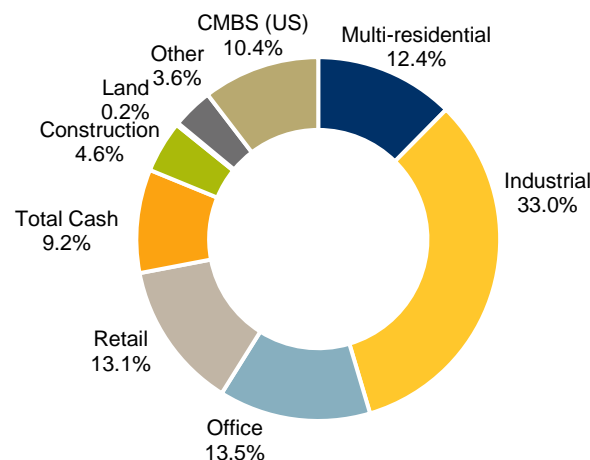
## Security distribution



## Geographic distribution\*



## Property type distribution\*\*



<sup>1</sup> Any discrepancy between the NAV and market value is due to timing differences in reflecting purchases and sales of mortgages and subscriptions and redemptions in the NAV calculation.

<sup>2</sup> Yield is reported on a gross-of-fees basis; Series O. The yield is calculated based on the market price of the fund's securities.

<sup>3</sup> This does not include cash or non-current pay mortgages.

\* Other includes MB, SK, and Atlantic provinces \*\* Other includes hospitality, seniors housing, mixed use and self storage

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## **VANCOUVER**

Waterfront Centre, 20<sup>th</sup> Floor  
200 Burrard Street  
Vancouver, British Columbia  
V6C 3N5 Canada  
T 604-408-6000

## **TORONTO**

22<sup>nd</sup> Floor  
155 Wellington St. West  
Toronto, Ontario  
M5V 3K7 Canada  
T 416-974-2710

## **MONTRÉAL**

9<sup>th</sup> Floor, North Wing  
1 Place Ville Marie  
Montréal, Québec  
H3B 1Z5 Canada  
T 514-876-1256