



## Attachment 3

Status: DRAFT

ONE Joint Investment Board Policy Statement			
Policy:	Fund Deviation Policy	Date Approved: TBD  Date of Next Review: TBD	Person Most Responsible: Chief Compliance Officer

### Purpose Statement

The purpose of this policy is to recognize the unique nature of illiquid investment options and ONE JIB's expectations in deploying them within approved Investment Plans for Participating Municipalities.

### Scope

This policy applies to ONE JIB and the Chief Compliance Officer of ONE Investment, whose duties include **verifying** the investment of MNRI of Participating Municipalities in accordance with the related Investment Policy Statement, and Investment Plan. This policy is intended to provide guidance pertaining to ONE Investment staff and the Sub-Investment Manager when dealing with illiquid securities.

### Definitions

- **Asset Allocation (Asset Mix)** means the proportion of each asset class in a portfolio or allocation.
- **Allocation Weight** means the percentage of a particular Investment Fund or Asset Class in relation to total holdings. The term should be associated with a qualifying term such as Asset Class or Investment Fund.



- **Asset Class** means the type of asset category in an investment portfolio. The primary Asset Classes are cash, cash-equivalent instruments, fixed income, equities and equity-equivalent securities. These primary Asset Classes can be further subdivided into government and corporate bonds, large and small cap equities and other widely recognized asset categories.
- **Investment Plan** refers to a document that defines how the ONE JIB will invest the MNRI of a Participating Municipality, as outlined in Ontario Regulation 438/97.
- **Money Not Required Immediately (MNRI)** means long-term money held by the Participating Municipality that is delegated to the ONE JIB to control and manage. There is no universal definition of MNRI, and it is the discretion of each Participating Municipality to define MNRI in a way that is appropriate for their circumstances.
- **Participating Municipalities** refers to municipal investors having entered into a ONE JIB Agreement for the investment of MNRI.
- **Sub-Investment Manager** means the portfolio manager retained by ONE JIB, to provide discretionary investment management services for those assets of the Participating Municipalities that ONE JIB places with the Sub-Investment Manager from time to time, and such earnings, profits, increments and accruals thereon as may occur from time to time.

### Policy

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ONE JIB is responsible for making investment decisions related to the MNRI of Participating Municipalities. The Chief Investment Officer and the Sub-Investment Manager of ONE Investment are authorized to execute trades, as appropriate, to implement ONE JIB decisions and maintain compliance with the Investment Plans. The Chief Compliance Officer will monitor the compliance of the investments as outlined in the Investment Plan.

Notwithstanding the Asset Mix guidelines and rebalancing rules outlined in the Investment Plan, it is understood that the allocations to private investments are less liquid and may require up to 24 months to gain full investment allocations. During this investment period, the actual Asset Mix may be outside the tolerance limits of the Investment Plan which may be unavoidable. For the purposes of investment compliance, these deviations will not be considered compliance breaches as they would have been anticipated by ONE JIB when Investment Plans are approved. While every effort will be made to maintain the allocation of private investments within the tolerance ranges, ongoing rebalancing of private investments will be limited due to the illiquid nature of the asset class. Any necessary adjustments to the Asset Class weighting will be made as the opportunity arises.



The Chief Investment Officer and Sub-Investment Manager will develop an agreed transition plan that should identify securities where fund liquidity is limited, and implementation may take one or more quarters to attain full allocations. That will be reviewed by the Chief Compliance Officer prior to execution and reported to ONE JIB every quarter until the transition is completed.

As appropriate, substitute funds may need to be held in client allocations while the desired investment allocations are being built. ONE JIB delegates authority to the CIO and CCO to provide oversight to the Sub-Investment Manager when selection of substitute funds may be required. ONE JIB will be kept informed through the quarterly Investment Plan Implementation Report.

#### Review

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This policy shall be reviewed at least once every three years.