

## **Attachment 3**

INVESTMENT PLAN FOR

# **Town of Whitby**

DATE: May 29, 2025



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## DEFINITIONS

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

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## PURPOSE

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 the Town of Whitby's Money Not Required Immediately (MNRI) as defined in section 5.2 of Whitby's Investment Policy Statement (IPS).

This Plan applies to all investments controlled and managed by ONE JIB on behalf of the Town of Whitby.

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## 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 the Town of Whitby's IPS.

ONE Investment has engaged PH&N Institutional to provide OCIO services. PH&N Institutional is the business division of RBC Global Asset Management responsible for managing assets for Canadian institutional clients. PH&N Institutional will be involved in implementing the Investment Plan, monitoring and reporting investments, and providing ancillary services to support the OCIO Offering.

RBC GAM's investment professionals are committed to providing each client with investment solutions that are appropriately tailored to address the client's investment situation. This means understanding macroeconomic trends and strategies and the diverse and evolving investment needs of clients.

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## INVESTMENT GOALS AND OBJECTIVES

The Town of Whitby's investment needs, as 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 Whitby's current goals, objectives, circumstances, and risk tolerance and helps direct how investment allocations will be determined. The allocation of Whitby's MNRI in this Plan is consistent with the details as disclosed in Whitby's IPS and MCQ. Section 5.2.1 of Whitby's IPS provides specific information that characterizes the objectives for MNRI, as detailed in Table 1 below:

Table 1: The investment objectives for MNRI.

Category	Objective & Risk Tolerance
Objectives for overall MNRI	<ul style="list-style-type: none"> <li>• Preservation of capital</li> <li>• Adequate liquidity of investments;</li> <li>• Diversification by asset class, market sector, issuer, credit quality, and term to maturity</li> <li>• Achieve capital appreciation and income while managing risk to an appropriate level.</li> <li>• Able to assume a moderate risk profile to emphasize longer-term capital growth</li> <li>• Sufficient liquidity of investments will be required to address planned and unplanned liquidity needs.</li> </ul>

The MNRI invested with ONE JIB will be broadly diversified by asset class, market, sector, issuer, credit quality, and term to maturity to help reduce the volatility of investment returns. Returns impact revenues and have a longer-term impact on future years' budgets and should, at a minimum, keep pace with inflation. The MNRI shall be invested to obtain a progressively higher rate of return for longer-term investment horizons, commensurate with stated risk tolerances.

The MNRI balances will be invested primarily to achieve capital growth over time. Achieving returns above inflation is a key investment objective, but near-term liquidity from investments likely will not be required.

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## INVESTMENT PORTFOLIO

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

### 5.1 Account Structure

MNRI Investment Horizon	Risk Tolerance / Model Assigned	Allocation
Consolidated MNRI Holdings	Model D (40% Equity) assigned.	\$197,500,000

#### Other considerations:

- Whitby will neither contribute to nor withdraw MNRI as part of the Investment Plan update. The Town projects drawdowns of \$78 million of MNRI over the next five years. The remaining MNRI is primarily comprised of long-term reserves that will not be needed within the next 10 years.
- Whitby has several projects that could potentially alter liquidity needs within the next five years, including the Whitby Sports Complex, a new fire station, and several road projects.
  - Financial planning for these projects has the potential to impact MNRI balances and may result in unforeseen drawdowns.
- The Town has not considered contributions to MNRI at this time in order to maintain liquidity for investment opportunities related to Restricted Special Assets.
  - The Town could potentially increase its holdings in certain LDC assets under specific circumstances. If other municipal investors choose to sell their stake in Elexicon Energy Inc., Whitby has the right of first refusal, and council could decide to increase its holdings.
  - This is a potential event that is unplanned, and there is no certainty that the transaction will materialize or when it might occur; however, it could lead to a significant, unanticipated decrease in MNRI.
- Council has approved the use of long-term Alternative Investments in allocations
  - As alternative investments offer limited liquidity, they may not be suitable given Whitby's potential liquidity requirements (up to 40% of MNRI may be drawn down within the next five years, and there is the potential for other significant, unexpected drawdowns).

### 5.2 Allocations – based on Model D (40% Equity)

MNRI Horizon			
Asset Classes	Minimum	Target Weight	Maximum
Cash & Equivalent	0	0	10
Canadian Fixed Income	35	45	55
Global Fixed Income and Credit	0	15	25
Canadian Equities	10	20	30
Global Equities	10	20	30
<b>Total</b>		<b>100</b>	

\* further details on holdings and benchmarks for this model are detailed in an attachment to the New Product Committee report ([2024-003](#))



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## 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 Responsible Investing Policy
- ONE Anti-Money Laundering Policy
- ONE Pricing Error Policy (LL & PI)
- ONE Currency Hedging Policy PI
- ONE JIB Withdrawals of MNRI Policy
- ONE JIB In-Kind Securities Policy
- ONE JIB Responsible Investment Policy
- ONE JIB Policy for Reviewing the External Sub-Investment Manager
- ONE JIB OCIO Compliance Monitoring Policy

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## ELIGIBLE FUNDS

The eligible funds are listed under Schedule “A” of the Investment Management Agreement between RBC Global Asset Management Inc. and ONE Investment, which may be reviewed and updated periodically.

In asset classes where more than one fund is eligible for investment, the OCIO will be responsible for determining which fund(s) to include in the client portfolio after due consideration for (1) the individual characteristics of the fund, (2) prevailing market conditions impacting the fund’s liquidity and capacity, and (3) its alignment with the municipality’s investment objectives and philosophy.

The Manager shall manage the RBC GAM Fund(s) according to the pooled fund investment mandate including the investment guidelines contained therein developed by the Manager in respect of each RBC GAM Fund (each, an “Investment Mandate”).

Asset Classes	Sub-Asset Classes	Eligible Fund Names (Schedule “A” of IMA)
	<b>Fixed Income</b>	
Cash & Equivalent	Money Market	PH&N Canadian Money Market Fund
Canadian Fixed Income	Short-Term Bonds	PH&N Short Term Bond & Mortgage Fund RBC Vision Fossil Fuel Free Short Term Bond Fund
	Universe Bonds	PH&N Bond Fund PH&N Enhanced Total Return Bond Fund RBC Vision Bond Fund RBC Vision Fossil Fuel Free Bond Fund
	Corporate Bonds	PH&N Corporate Bond Trust*
	Private Placement Corporate Debt	PH&N Private Placement Corporate Debt Fund*
	Commercial Mortgages	PH&N Mortgage Pension Trust* RBC Commercial Mortgage Fund*
Global Fixed Income and Credit	High Yield Bonds	RBC High Yield Bond Fund PH&N High Yield Bond Fund
	Global Multi-Asset Credit	BlueBay Total Return Credit Fund
	Global Bonds	RBC Global Bond Fund

	Emerging Markets Bonds	RBC Emerging Markets Bond Fund
	<b>Equities</b>	
Canadian Equities	Canadian Equities	PH&N Canadian Equity Value Fund PH&N Canadian Equity Fund RBC Vision Canadian Equity Fund RBC QUBE Canadian Equity Fund
	Canadian Low Volatility Equities	RBC Vision QUBE Fossil Fuel Free Low Volatility Canadian Equity Fund RBC QUBE Low Volatility Canadian Equity Fund
Global Equities	U.S. Equities	PH&N US Equity Fund RBC QUBE US Equity Fund
	U.S. Low Volatility Equities	RBC QUBE Low Volatility U.S. Equity Fund
	International Equities	RBC International Equity Fund PH&N Overseas Equity Fund
	Global Equities	RBC Global Equity Focus Fund RBC Global Equity Leaders Fund RBC Vision Global Equity Fund RBC Vision Fossil Fuel Free Global Equity Fund RBC QUBE Global Equity Fund
	Global Low Volatility Equities	RBC QUBE Low Volatility Global Equity Fund
Alternatives	Real Estate	RBC Canadian Core Real Estate Fund*
	Infrastructure	RBC Global Infrastructure Fund*

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## REBALANCING

The OCIO is authorized to execute trades, as appropriate, to maintain compliance with the Investment Plan.

Rebalancing shall occur in accordance with the Participating Municipality's Investment Policy Statement and Investment Plan.

Rebalancing plans and exact timing should account for upcoming material changes that may impact the Investment Plans, such as updates to the Investment Policy Statement or the Municipal Client Questionnaire.

As appropriate, the size and frequency of trading activities shall be minimized to help reduce the administration and costs of trading.

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## IMPLEMENTATION

### *9.1 Custodian*

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

### *9.2 Implementation Plan*

Timeline	Expected Transfer to JIB/ONE
June 2025	<ul style="list-style-type: none"><li>- Existing PH&amp;N funds may be sold, or their weightings adjusted to align Whitby's investment allocations to this Investment Plan.</li><li>- This plan includes allocations to Model D, which represents a different strategy from the client's current allocation.</li></ul>

### *9.3 Accommodating Cashflow needs*

Income from investments will be automatically reinvested as per the ONE Distribution Policy PI and cashflow needs of Whitby are expected to be financed with the sale of units of the pooled funds. Payment of OCIO Fees and Governance fees will also be financed with the sale of investment pool units.