

To: ONE Joint Investment Board  
 From: Keith Taylor, Chief Investment Officer, ONE Investment  
 Date: November 25, 2025  
 Re: Investment Plan Implementation Update September to November 2025  
 Report: ONE JIB 2025-059

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## 1. RECOMMENDATIONS

It is recommended that the Board:

1. Receive the report.

## 2. SUMMARY

This report summarizes the details of trade implementation related to the Investment Plans approved by ONE JIB in the September 2025 meeting, including those for the Towns of Aurora and Innisfil, Municipality of Clarington, District of Muskoka, and Region of Durham, as summarized below:

Municipality	Details	Trading
Aurora	<ul style="list-style-type: none"> <li>• Investment Plan approved in September</li> </ul>	Transitioned from outcomes to model E (50% equity)
Clarington	<ul style="list-style-type: none"> <li>• Investment Plan approved in September</li> <li>• Model G+ approved</li> <li>• \$250,000 MNRI contribution received</li> </ul>	Alternative Investments added to allocation
Innisfil	<ul style="list-style-type: none"> <li>• Investment Plan approved in September</li> </ul>	Transitioned from outcomes to model C (30% equity)
Muskoka	<ul style="list-style-type: none"> <li>• Investment Plan approved in September</li> </ul>	Transitioned from outcomes to model E (50% equity)
Durham	<ul style="list-style-type: none"> <li>• Investment Plan approved in September</li> <li>• \$410 million cash contribution received</li> <li>• \$410 million in in-kind holdings returned to Durham</li> </ul>	Arriving MNRI deployed to long allocation

Changes to the recommended fund fulfilment resulted in additional trading activity for accounts invested in the model portfolios. Specifically, this included introducing emerging markets equity exposure to model portfolios, as approved September 4, 2025 by ONE JIB. Furthermore, additional fund substitution trades were implemented in response to the external manager's recent review of the portfolios' funds.

## 3. BACKGROUND

## **A summary of trading activity is provided to ONE JIB on a quarterly basis**

To keep ONE JIB members informed about significant trading activity for the Participating Municipalities, a quarterly report is prepared. This report summarizes noteworthy trading, specifically highlighting transactions related to client cash flows and the execution of Investment Plans. It intentionally excludes routine trading activities, such as account rebalancing or the deployment of MNRI into less liquid investment funds over time. The purpose of this report is to communicate only significant trading activity to ONE JIB, ensuring clear and relevant information for oversight.

## **The shift to the approved model portfolios is underway, with completion expected by year-end**

In March 2025, 11 Participating Municipalities invested in ONE Investment's pooled funds transitioned into ONE Investment's new business model and the new Investment Manager's funds. The allocations based on Outcome mapping were maintained with PH&N funds. Participating Municipalities are transitioning into the model portfolios as part of the annual Investment Plan update process. The implementation of the Investment Plans approved in September 2025 resulted in three more municipalities being transitioned into model portfolios. By year-end, the transition to model portfolios for all Participating Municipalities will be complete.

## **4. ANALYSIS**

### **Investment Plan updates for Aurora, Innisfil and Muskoka deployed MNRI into the model portfolios**

Investment Plans for Aurora, Innisfil, and Muskoka were approved at the ONE JIB meetings in September 2025. These three Investment Plans directed that MNRI be invested in the model portfolios approved by ONE JIB on September 4, 2025. Aurora and Muskoka's MNRI was deployed into Model E, which has a 50% allocation to equities, while Innisfil's MNRI was deployed into Model C, which has a 30% allocation to equities. None of these Participating Municipalities will invest in long-term alternative investments at this time. There were no contributions or withdrawals of MNRI approved as part of the Investment Plan updates for these municipalities.

### **Durham's Investment Plan update involved \$410 million of in-kind holdings being transferred back to the Region, with an equivalent cash contribution to MNRI**

Durham's Investment Plan update included a cash contribution of approximately \$410 million, allocated to the long-term portfolio. Due to the substantial size of the transaction, the cash was received in two separate instalments in September to facilitate a smoother implementation process. An equivalent amount of in-kind holdings in bonds and GIC investments was reclassified as Restricted Special Assets and returned to the municipality. While these transactions did not have a significant effect on overall MNRI, they resulted in a notable increase in assets invested in the external manager's pooled funds.

**The addition of emerging markets equity exposure to model portfolios led to trading for several Participating Municipalities.**

At its September 4<sup>th</sup> meeting, ONE JIB approved adding up to 10% exposure to emerging market equity funds to model portfolios with equity allocations equal to or exceeding 50% (E, E+, F, F+, G, G+). This did not affect Durham’s allocations, nor did it affect allocations that continue to be based on the Outcome Framework. As this required changes to the Investment Management Agreement (IMA), trading was deferred until early November, after all fund changes detailed in the IMA were updated. Details of the trading involved are shown in Table 1, “Summary of trading activity related to fund changes” below.

**Additional trading was required in response to a change in the OCIO’s fund recommendations**

On October 20, 2025, the Investment Manager informed ONE Investment of its recommendation to suspend one of the international equity funds due to underperformance. The investment manager recommended replacing the fund with a substitute fund. After consultation with the Investment Manager and the ONE JIB Chair, the fund was replaced in all portfolios with the RBC International Equity Index Fund on an interim basis. This index fund provides comparable asset class exposure. Details of the trading involved are also shown in Table 1, “Summary of trading activity related to fund changes” below.

The Investment Manager expects this to be a temporary substitution as their team completes work on a quantitatively based fund with similar asset class exposure, expected to be launched in 2026. More details of this will be discussed in the Investment Manager’s presentation to ONE JIB.

*Table 1: Summary of trading activity related to fund changes*

<b>Municipality / Account</b>	<b>Overseas Equity Fund</b>	<b>EM Funds</b>	<b>Model/Outcome</b>	<b>Real Estate</b>	<b>Infrastructure</b>
Durham Short	-	-	custom		
Durham Medium	Replaced	-	custom		
Durham Long	Replaced	-	custom		
Aurora	Replaced	Added	E		
Aylmer	-	-	Outcomes		
Bracebridge	-	-	Outcomes		
Central Frontenac	Replaced	Added	F		
Clarington	Replaced	Added	G+	Completed	Pending
Huntsville	Replaced	-	D		
Innisfil	Replaced	-	C		
Kenora - CPTF	-	-	Outcomes		
Kenora General	-	-	Outcomes		
Muskoka	Replaced	Added	E		

<b>Municipality / Account</b>	<b>Overseas Equity Fund</b>	<b>EM Funds</b>	<b>Model/Outcome</b>	<b>Real Estate</b>	<b>Infrastructure</b>
Neebing	Replaced	Added	E		
Quinte West	Replaced	-	D		
Red Lake	Replaced	-	D		
Thunder Bay	-	-	Outcomes		
Whitby	Replaced	-	D		

## 5. CONCLUSION

The Investment Plan updates approved in September resulted in three additional participating municipalities being transitioned from the Outcome allocations to the ONE JIB-approved model portfolios. All remaining participating municipalities are expected to be transitioned by year-end.

Durham's Investment Plan update resulted in in-kind holdings being returned to the municipality, accompanied by a cash contribution of an equivalent amount to MNRI.

Changes in fund fulfillment, including the addition of emerging market exposure and the replacement of the PH&N Overseas Equity Fund in many participating municipalities' accounts, led to additional trading.

Drafted by: Keith Taylor, Chief Investment Officer

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