



REPORT

To: ONE Joint Investment Board
From: Keith Taylor, Chief Investment Officer, ONE Investment
Date: November 25, 2025
Re: Investment Manager Oversight Q3 2025
Report: ONE JIB 2025-050

1. RECOMMENDATIONS

It is recommended that the Board:

1. Approve the removal of the PH&N Overseas Equity Fund and the addition of the RBC International Equity Index Fund to the approved funds list.

2. SUMMARY

The Investment Manager has submitted a set of reports for the third quarter of 2025, providing detailed investment insights and market commentary on the holdings in the Prudent Investment Offering. These reports present a comprehensive analysis of investment performance, enabling ONE JIB members to clearly understand the investment strategies and portfolio positioning. The set of reports is included as Attachment 1. These reports discuss:

- Macroeconomic and capital markets context.
- Summary of investment performance.
- A review of key investment themes and activities.

Recent investment activities have included removing a fund from the portfolios following a recent review by the Investment Manager. The PH&N Overseas Equity Fund has been replaced in all portfolios with a substitute fund. The Investment Manager's representatives will elaborate on this during their presentation to ONE JIB.

ONE JIB members will have access to additional performance metrics for each of the funds within the Prudent Investment Offering through the resource library. Staff have reviewed these reports and continue to monitor the information provided.

Compliance and performance reporting are evolving in the new business model. Improvements to the reporting package continue to be implemented. Additional operational matters may also require ongoing attention as we assess process improvements, which will be incorporated into the revised Compliance Manual maintained by ONE Investment with oversight by ONE's Risk and Audit Committee.

3. BACKGROUND

ONE JIB and ONE Investment are responsible for the oversight of the activities of the Investment Manager

ONE JIB is responsible for the control and management of the MNRI for Participating Municipalities. This mandate involves continuous oversight of investments, including regular performance evaluations and supervision of agents assisting with fiduciary duties. The CIO and CCO of ONE Investment are responsible for reviewing the Investment Manager's activities and reporting significant issues to ONE JIB. Any concerns will be documented in the upcoming quarterly reports to ensure transparency and accountability.

As part of the oversight role provided by the CIO and CCO the operation and execution of investment management activities are monitored

The monitoring of the external Investment Manager is required to ensure that the implementation of the Investment Plans and all associated administration are being executed smoothly. Operational aspects of the Investment Manager's investment activities are regularly discussed with ONE's Risk and Audit Committee.

Periodically, issues raised may require a decision by ONE JIB

In the future, this quarterly report might identify issues that require direction from ONE JIB. This could include operational challenges, compliance issues, investment implementation problems, security substitutions, and other matters that could improve efficiency and promote the smooth operation of the Prudent Investment Offering. By keeping ONE JIB informed of emerging issues, potential risks, and strategic considerations, the report helps ensure that board members stay fully informed of all relevant developments.

4. ANALYSIS

All investments have been made in accordance with the terms set out in the ONE JIB Agreement.

No significant concerns were identified in the review of all recurring reports from the Investment Manager and the custodian, including monthly statements of account, quarterly client reports, proxy voting details, and other reports.

As ONE JIB's agent, ONE Investment has an obligation to ensure that all Participating Municipalities' MNRI is invested in accordance with ONE JIB's approved Investment Plans. Historically, this confirmation has been included in the quarterly reporting packages to Participating Municipalities. However, the reporting packages no longer provide this confirmation. Instead, ONE Investment staff will now verify this reporting obligation through this report, as shown in Figure 1 below.

Figure 1 - ONE Investment Confirmation

Under the terms of section 8.02 of the ONE JIB Agreement, ONE Investment confirms as follows:

For the quarter ended September 30, 2025, to the best of the knowledge and belief of ONE Investment, all assets of the Participating Municipalities under the management and control of ONE JIB under the ONE JIB Agreement have been invested and are held in accordance with the terms of the ONE JIB Agreement, and in a manner consistent with the Investment Policy Statement and the Investment Plan of each Participating Municipality.

Work continues with the Investment Manager to enhance compliance reporting

ONE's Risk and Audit Committee has engaged the CCO to work with the Investment Manager to ensure compliance reporting aligns with the intended oversight regime. Not all expected municipal treasurer reporting deliverables have been met yet, but efforts continue to meet expectations. These include detailed reporting on investment gains, losses, and income required for annual reporting. Progress has been made, with the Investment Manager providing additional compliance attestations and supplemental reconciliations from RBC Investor Services (the custodian) to ONE Investment.

Based on the recommendation of the Investment Manager, a substitute security was used to replace the PH&N Overseas Equity Fund

On October 20, 2025, the Investment Manager informed ONE Investment of its recommendation to suspend one of the international equity funds due to underperformance. This fund had been included in most allocations and model portfolios. Based on their recommendation, this fund was removed and replaced with an international equity index fund to maintain economic and geographic exposure. The RBC International Equity Index Fund was approved by the ONE JIB Chair as a temporary substitute security and has been implemented for all Participating Municipalities. This is a temporary measure, expected to be replaced in 2026 with a new fund currently being designed by the Investment Manager. The Investment Manager's representatives will discuss this issue in more detail in their presentation to ONE JIB.

The quarterly reporting continues to evolve

ONE Investment continues to work with the Investment Manager to improve the reporting packages provided to the Participating Municipalities and ONE JIB. This may lead to enhancements to existing reports or the creation of new reports. More recent improvements have included adding benchmark details to aid the evaluation of investment performance and additional attribution reporting. Additional reporting will be required to assist Participating Municipalities with their reporting of gains/losses and income to their councils, which is currently being discussed internally.

Staff maintains a list of items that may merit further discussion

Staff are maintaining a short list of items that require future discussion internally or may involve input from ONE JIB. These items are intended to improve aspects of the investment offering or the reporting. Table 1 below provides some of these potential topics.

Improvements to compliance and investment reporting will require ongoing effort, with incremental changes made over time. Due to the scope and complexity of the ongoing transition of Participating Municipalities, it will take time for staff to develop suitable solutions for the items listed in the table below. Due to extensive changes in client reporting for the new Investment Manager, training on the new format will be necessary to help Participating Municipalities understand them.

Table 1 – Potential Future Discussion Items

Item	Detail	Status
Reconciliation of activity related to the transition to model portfolios.	Complexities related to the transition of some clients from outcomes to models impacted transaction reporting to clients.	Full reconciliation of transaction activity is being conducted.
Investment and reporting solutions for sinking funds	This is a new consideration for the ONE JIB that will need to be designed to address known client needs.	Solution will be required by Q3 2026
Ability to respond to fund recommendation changes on a timely basis.	A recommended change on the PH&N Overseas Equity Fund required a timely reaction. A process for addressing this type of issue was established.	Resolved – Chair consulted, trades implemented, ONE JIB informed of actions taken.
Further enhancements to the reporting solution to refine it.	While client reporting continues to be enhanced, revisions may be necessary to address client needs or to better present the information in a format suitable for municipal clients.	Improvements to reporting gains & losses are currently under evaluation.

5. CONCLUSION

The Investment Manager has prepared a quarterly reporting package detailing the investment activities associated with the Prudent Investment Offering and providing essential context on investment performance. This will facilitate ONE JIB's review of the investment performance outcomes. The Investment Manager's representatives are scheduled to present quarterly to ONE JIB concerning investment performance, developments in capital markets, and other pertinent matters related to the Prudent Investment Offering. Their presentation will also discuss changes to portfolios, as a substitute security was introduced for the PH&N Overseas Equity Fund.

As part of their ongoing oversight responsibilities, the CIO and CCO will continue to collaborate closely with the Investment Manager to review reporting and, as needed, implement oversight measures.

ATTACHMENTS

Attachment 1: Investment Management Report for ONE Investment – Quarterly Commentaries – Q3 2025

Drafted by: Keith Taylor, CIO; Evelyn Foo, CCO

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