



Municipal Investing

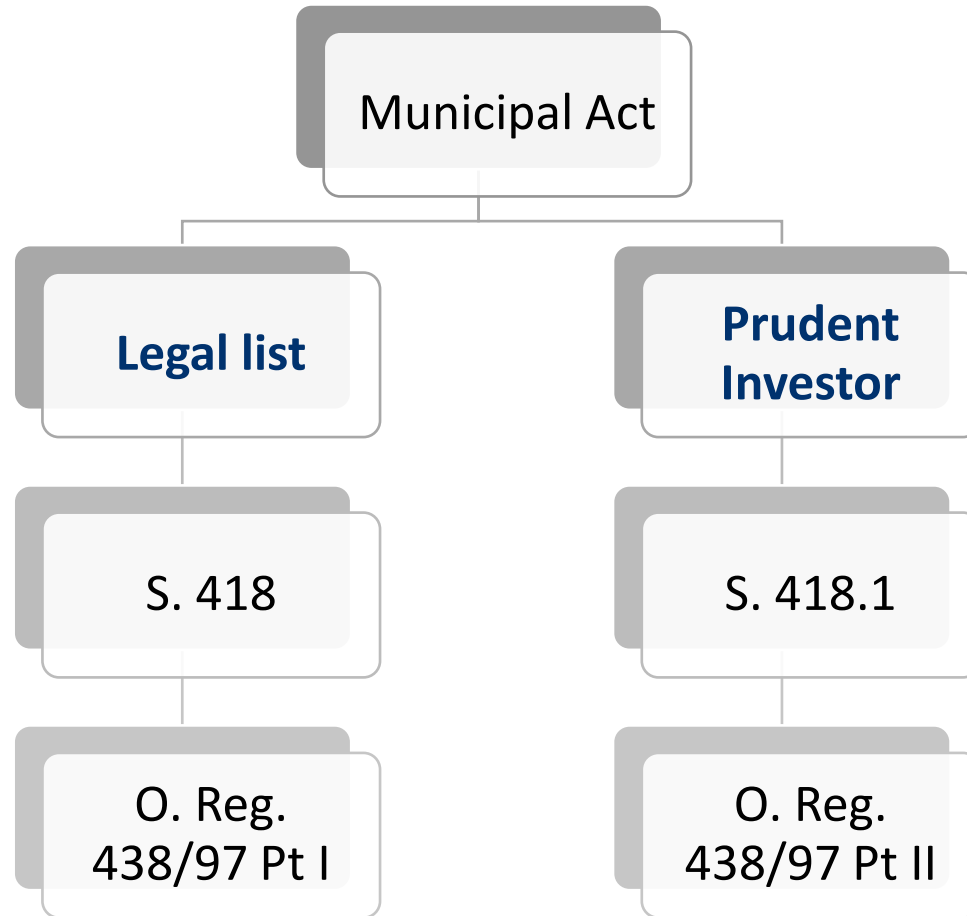
Municipality of Kincardine

March 6, 2024

Agenda

- Municipal Investing under the *Municipal Act*
- Who is ONE Investment and what can we offer?
- Legacy Funds

Investment Legislation and Regulation



Legal List

- Management of investments is under the control of the Treasurer.
- It is up to the Municipality to ensure compliance with the Municipal Act
- Limited investment choices available, 100% Canadian.
 - Bank Accounts, GICs, Government Bonds, Corporate Bonds, Equities etc.
 - Note: Canadian Corporate Bonds (over 5 years) and Canadian Equities are only available through ONE Investment.

Prudent Investor

- Allows municipal access to investment products beyond the 'Legal List'
 - more diversified portfolio
- An Investment Board (IB) or Joint Investment Board (JIB) is given control and management of the municipal investments
- Municipal funds that fall outside of their definition of long-term money remain under Legal List, and under Treasurer's control.
- **Prudent Investor turnkey solution available through ONE Investment**

Legal
List

Prudent
Investor

Who is ONE INVESTMENT?

ONE Investment Overview

- A **not-for-profit** organization dedicated to serving the investment needs of the Ontario municipal sector
- Manages \$3.18 Billion in portfolio holdings as of February 2024
- Established in 1993 and jointly operated by not-for-profits:
 - Local Authority Services 
 - CHUMS (a subsidiary of MFOA) 
- Oversight provided by municipalities and investment industry experts
- 40% of Ontario municipalities and 19 Municipal Boards, Conservation Authorities and other Public Sector Entities invest through ONE
- ONE JIB (Joint Investment Board) was established in 2020 to offer a Prudent Investor option to municipalities.

Who Invests with ONE

Combined Legal List and Prudent Investor Investment by Municipal Population (at Jan 31, 2024)

Population	Participants	% Investors	Investment		% of Total Investment
			Avg. Per Municipality	Total	
N/A	20	10%	\$ 6,662,363.89	\$ 133,247,277.88	4.19%
Less than 5,000	55	28%	\$ 1,856,304.48	\$ 102,096,746.39	3.21%
5,001 to 25,000	67	34%	\$ 5,431,230.95	\$ 363,892,473.68	11.43%
25,001 to 50,000	17	9%	\$ 21,928,100.47	\$ 372,777,707.97	11.71%
50,001 to 100,000	12	6%	\$ 39,319,014.37	\$ 471,828,172.39	14.83%
100,000+	25	13%	\$ 69,537,527.81	\$1,738,438,195.31	54.63%
Totals	196	100%		\$3,182,280,574	100.00%

Note: Kincardine already uses ONE Investment:

- Canadian Bond and Universe Corporate Bond Portfolios (~10 years)
- High Interest Savings Account (~4 years)

ONE Investment - Benefits

- Professional Fund Management
- Diversification
- Investment Flexibility & Liquidity
- Performance Reporting
- Investment Oversight
- **Regulatory Compliance Guarantee**

Governance

- Activities are governed by the **ONE Investment Board**, which oversees policy, financial decisions and general administrative functions
 - 9 municipal representatives and 1 industry expert

- Additional oversight provided by
 - **Investment Advisory Committee (IAC)** - comprised of investment sector experts and legal representatives
 - **Peer Advisory Committee (PAC)** - comprised of municipal representatives

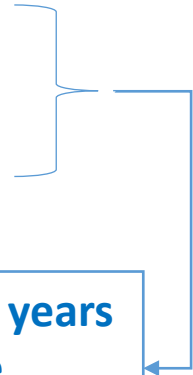
Investment advisory services

- ONE Investment has an exemption from the Ontario Securities Commission (OSC) Investment that allows it to provide investment advice
- ONE Investment staff include:
 - CFA Charter holder who can provide advice on investment policies and asset allocations
 - Municipal finance expert that can assist with investment policy development and other requirements.
- Combined they can help you build investments into a capital financing strategy and portfolio structure.

LEGAL LIST - portfolio options

Four fully-liquid portfolios with no minimum investment term or amount:

- **High Interest Savings Account: 1+ month** investments (Short-Term)
- **Canadian Government Bond: 18 Months to 3 Years** (Short to Medium-Term)
- **Canadian Corporate Bond: 4+ Years** (Medium-Term)
- **Canadian Equity: 5+ Years** (Long-Term)



Canadian equities and corporate bonds with maturities > 5 years are available only through ONE Investment as per the Municipal Act Eligible Investment regulation.

Municipal ‘Legacy’ funds

- Multiple municipalities take advantage of an endowment fund model under the Legal List.
- ONE Investment has experience helping municipalities establishing their policy structure, and ongoing analysis for these types of funds.
- Investment direction is determined by the Treasurer and your local policy, but we are available to support with investment products, analysis and advice.
- We have supported 6 municipalities in establishing their legacy fund models, with the first being in 2014.

LEGACY FUND setup

- Professional investment and Policy advice available to your team from ONE Investment - Policy Development, define targets, strategy implementation, and ongoing analysis/support.
- Your Investment Policy Statement (IPS) provides goals and objectives for the Fund.
- Investment strategy employed to meet the outlined objectives.
- ONE will work with Treasurer to set/monitor target allocations for various asset classes as per the IPS.
- Municipality will rebalance periodically to the original allocations due to differing returns.



Questions?