2ND QUARTER 2018 HIGHLIGHTS

ONE INVESTMENT

Equity Performance

Canadian equity markets rebounded with the S&P/TSX Composite Index rallying 6.8%, taking the TSX Index into positive territory for the year with a 1.9% year-to-date return. This strength in equity markets was broad-based with only one of the 11 sectors in the S&P/TSX Composite Index reporting a slightly negative return. The Utilities sector edged lower by 0.4%. In addition, the magnitude of the strength was impressive with three of the 11 sectors in the TSX Index, Energy, Health Care and Information Technology, all realizing double-digit gains. Further, six of the 11 sectors in the Index reported returns of over 6%, the Energy sector outperforming them all with a 15.8% return for the quarter driven by a spike in oil prices.

The ONE Equity Portfolio reported a quarterly return of 5.2%, a respectable gain just shy of the 6.8% return reported for the S&P/TSX Composite Index. The portfolio's zero weighting in marijuana stocks was the main reason for this relative underperformance.

From a longer-term perspective, the returns of the ONE Equity Portfolio have consistently outperformed the S&P/TSX Composite Index, reporting superior returns from the two-year period through to the 10-year period. For instance, the ONE Equity Portfolio has delivered a gain of 8.2% over the past 10-years as of June 30, 2018, while the S&P/TSX Composite Index has advanced 4.2% during this same period.

The portfolio's assets under administration increased 10% over the past 3 months, rising to $323.8 M as at June 30, 2018, up from $294.7 M reported at the end of the first quarter.

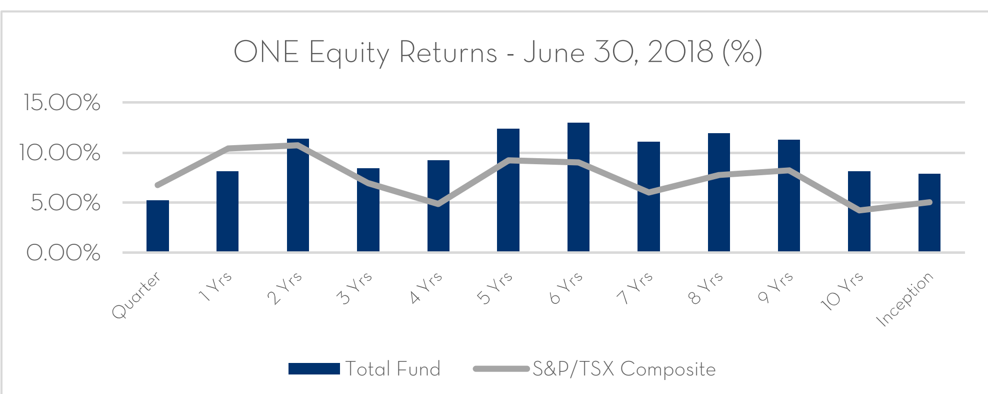
In terms of sector exposure, the largest sector weightings are in the Financials (29%), Industrials (18%), Information Technology (12%) and Energy (10%) sectors. There is no exposure to two sectors: Health Care and Real Estate.

The portfolio's stock holdings are relatively stable. During the second quarter, the portfolio manager reduced the number of stocks held in the portfolio from 39 to 38, eliminating the portfolio's investments in AltaGas and Cineplex, while initiating a position in technology stock, Celestica. The number of securities is within the portfolio manager's targeted range of between 35 and 50 stocks.

The following Top 10 holdings in the ONE Equity Portfolio represented 47.5% of the total portfolio:

- CGI Group
- Open Text
- Canadian National Railway
- Alimentation Couche-Tard
- Gildan Activewear
- Brookfield Asset Management
- Finning International
- TD Bank
- Royal Bank of Canada
- Thomson Reuters

This quarter, there were no changes to the top 10 holdings. The portfolio's largest holding is in CGI Group with a weighting of 6%. At quarter-end, the portfolio was close to being fully invested, with only 1.6% in cash and cash equivalents.

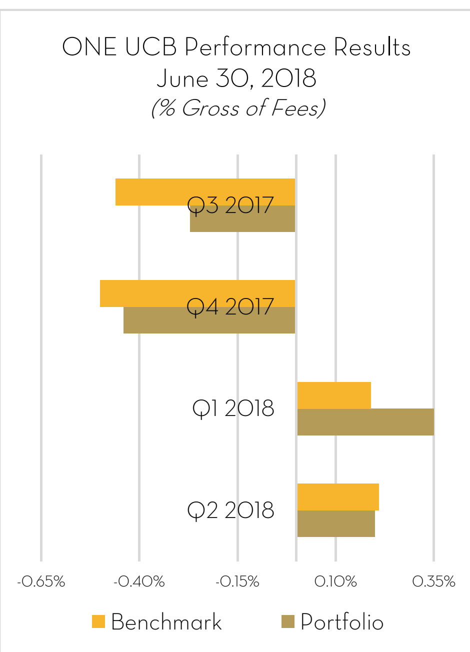


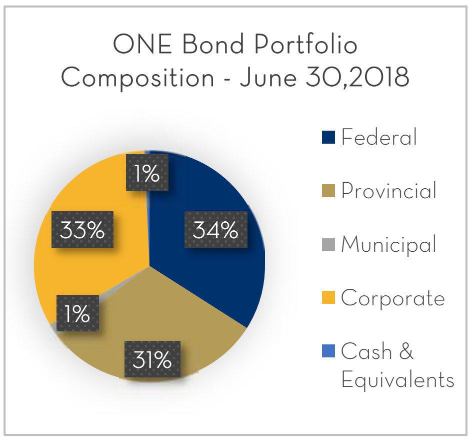
2ND QUARTER 2018 HIGHLIGHTS

ONE INVESTMENT

Fixed Income Performance

Returns on Canadian bonds were only 0.5% due to small interest rate movements, which means very low positive numbers for the ONE Bond Portfolio and the ONE Universe Corporate Bond Portfolio. The market continues to expect the Bank of Canada to increase interest rates in the second half of the year. How much it changes will depend on how the Bank of Canada perceives the modest but steady economic growth where core inflation is at the mid-point of its target range in comparison to the high household debt and escalating global trade tensions.





Investors continued to prefer higher quality bonds in the second quarter due to growing concerns of the impact of increasing tariffs on corporate earnings. The market's preference for higher quality bonds caused corporate yield spreads to widen relative to government bonds. Wider spreads are an indication that corporate bond prices performed worse than government bonds. Both ONE bond portfolios are positioned with a significantly higher weight in corporate bonds than their benchmark, reflecting the manager's moderately positive view of the economic outlook and giving the portfolios higher yields than their benchmarks. The widening of spreads has offset most of the coupon interest earned, resulting in a slight positive overall performance for the quarter.

Both portfolios continue to be positioned with durations slightly longer than their benchmarks, particularly for the mid-term. If rates increase at a slower pace than expected, this will be beneficial because portfolios with longer durations are more sensitive to interest rate changes. The portfolio manager expects economic growth in Canada to be moderate for the rest of 2018. Even with increasing interest rates, it may be possible to generate positive returns if rates rise slower than expected, causing bond prices to fall slower, offset by the positive impact of coupon yields.