THE One INVESTMENT PROGRAM

2ND QUARTER REPORT

2017

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About the ONE Investment Program

The One Investment Program is a co-mingled investment program designed specifically for the municipal and broader Ontario public sector that provides competitive rates of return over both the short and longer term.

Established in 1993, One is operated jointly by Local Authority Services (LAS), an affiliate of the Association of Municipalities of Ontario (AMO), and The CHUMS Financing Corporation, a wholly owned subsidiary the Municipal Finance Officers' Association of Ontario (MFOA).

Program Oversight

Program and portfolio review and oversight is provided by two committees. The Program Advisory Committee is comprised of Ontario municipal financial professionals and provides a municipal perspective on program design and policy changes. Members of the Investment Advisory Committee include holders of the Chartered Financial Analyst designation with institutional investing experience and a lawyer with experience in municipal investing. This new committee is responsible for reviews of the portfolio managers and legal & regulatory requirements.

Investment Advisory Committee

- Dan Cowin, MFOA
- Judy Dezell, LAS
- Jennifer Dowty, CFA
- Heather Douglas, Lawyer
- Jim Clark, CPA, CA, CFA
- James Giles, CPA, CFA
- Christine Tessier, CFA
- Geri James, CFA

Program Advisory Committee

- Michael Coffey, Tbaytel
(a municipal Service board of the City of Thunder Bay)
- Dan Cowin, CHUMS/MFOA
(One Program staff)
- Judy Dezell, LAS/AMO
(One Program staff)
- Vince Grillo, City of Windsor
- Ed Hankins, Region of York
- Mark Martin, City of Ottawa
- Ken Nix, Town of Whitby
- Steve Rettie, Town of Bracebridge
- Ed Stankiewicz, City of Greater Sudbury

Additional oversight is provided by both the LAS and MFOA/CHUMS Board of Directors.

Five Investment Options

HISA (High Interest Savings Account) – For investment durations of 1+ months
Offered through CIBC, the HISA preserves capital and maintains liquidity while maximizing short-term income via secure deposits with a Schedule One Canadian Bank under a master LAS/CHUMS savings account.

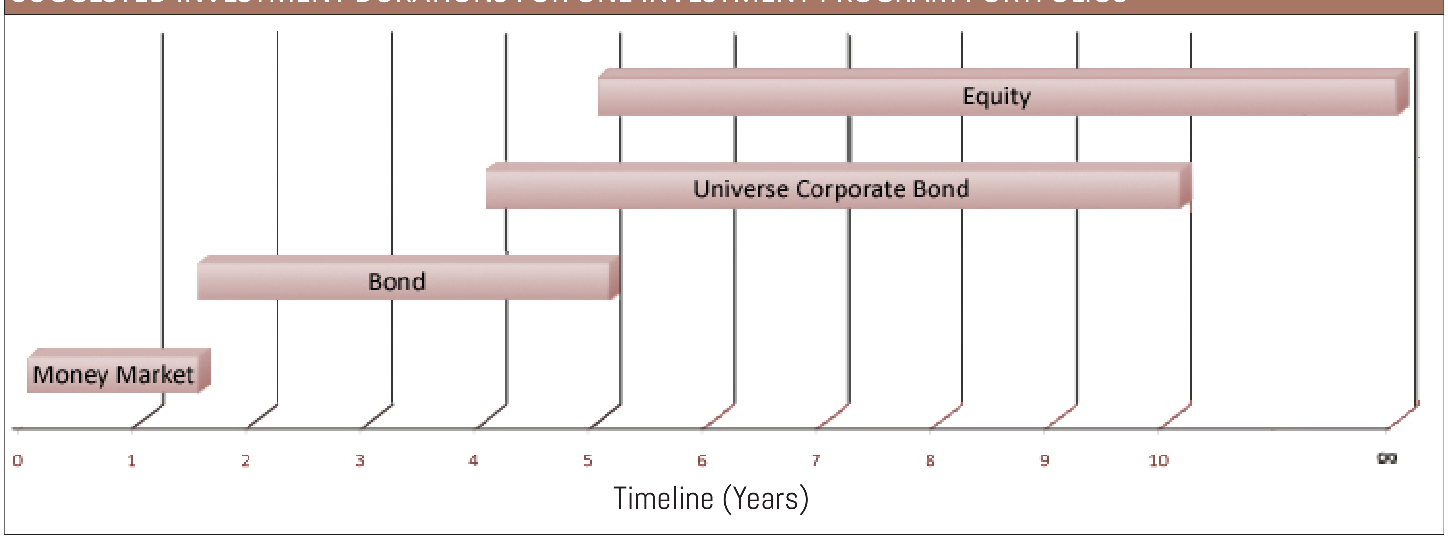
Money Market Portfolio: For investment durations of up to 18 months
Portfolio Manager: MFS Investment Management Canada
The One Money Market Portfolio preserves capital and maintains liquidity while maximizing short-term income through a diversified portfolio of Canadian Treasury Bills and high quality commercial paper.

Bond Portfolio: For investment durations of 18 - 36 months
Portfolio Manager: MFS Investment Management Canada
The One Bond Portfolio is intended to provide a higher return over longer investment horizons than the Money Market Portfolio or HISA option. These higher returns are garnered primarily through investment in a diversified selection of federal, provincial and municipal bonds maturing within five years, as well as high quality bank paper.

Universe Corporate Bond Portfolio: For investment durations of 4+ years
Portfolio Manager: MFS Investment Management Canada
Launched in 2008, the One UCB Portfolio allows municipalities to invest in highly rated corporate bonds, maturing in the five to ten year range, which historically have produced greater investment returns with only incremental additional risk. This investment type is available to most municipalities only through the One Program, as per current municipal regulation.

Canadian Equity Portfolio: For investment durations of 5+ years
Portfolio Manager: Guardian Capital LP
Launched in 2007, the One Equity Portfolio is the only opportunity for Ontario municipalities to invest their long-term investment dollars in the equity market, as per current municipal regulation. The portfolio has outperformed the major Canadian stock indices since inception as well as other investment vehicles available to the sector.

SUGGESTED INVESTMENT DURATIONS FOR ONE INVESTMENT PROGRAM PORTFOLIOS



Q2 2017 Annualized Portfolio Returns

Annualized Returns - One Investment Program Portfolio Returns and Comparators (as at June 30, 2017)

	6 month	1 year	2 year	3 year	5 year
High Interest Savings Account (HISA) *(1+ month investment)*	1.15%	1.15%	-	-	-
Money Market Portfolio * *(1+ month investment)*	0.40%	0.43%	0.43%	-	-
Bond Portfolio * *(18 - 36 month investment)*	-	-0.16%	0.62%	1.34%	1.53%
Universe Corporate Bond Portoflio * *(4+ year investment)*	-	-0.28%	2.25%	3.47%	3.13%
Canadian Equity Portfolio * † *(5+ year Investment)*	-	13.87%	7.60%	8.64%	13.06%
Comparator Investment Returns					
Bank Prime less 1.75% *(Source: Bank of Canada)*	0.95%	0.95%	-	-	-
Guaranteed Investment Certificate (GIC) *(Source: Bank of Canada)*	-	0.73%	-	1.03%	1.13%
Canada Bond *(Source: Bank of Canada)*	-	-	1.04%	1.12%	1.28%
TSX Composite Index *(unmanaged without fees)*	-	12.13%	5.27%	3.08%	8.74%

* All One Investment Program returns shown are net of fees.
† Annualized return since January 2007 inception is 7.07%

One Program Balances - June 30, 2017 ($ Millions)					
	MM	HISA	Bond	UCB	Equity
Participants	55	49	88	55	49
Avg. Balance	$0.6	$8.6	$3.6	$3.7	$4.5
Balance	**$37.9**	**$641.2**	**$277.7**	**$243.7**	**$224.1**

The number of investors participating in each of the five available One Program offerings, as well as the average and total deposit in each portfolio/account as at June 30, 2017 are noted above. Year-over-year the number of active investors has increased by 24 participants.

Q2 2017 One Investment Program Highlights

- Legislative changes related to Prudent Investor status are awaiting final approval.

- One Investment Program total balance of $1.42 billion at June 30, 2017 was 81% higher on a year-over-year basis compared to the same point in 2016.

- A $14.6 million year-over-year decrease in the Money Market Portfolio has been offset by a significant increase of $589.5 million invested in the High Interest Savings Account (HISA).

- The High Interest Savings Account (HISA) provides a 1.15% return for all investor deposits with full liquidity. This rate is equivalent to Bank Prime less 1.55%.

- On a year-over-year basis at the end of Q2 2017, the One Investment Universe Corporate Bond portfolio balance increased 29.7%, whereas the Equity Portfolio balance decreased 4.6%.

- The One Equity Portfolio posted a 2.84% nominal return for Q2 2017, outperforming both the TSX Composite and TSX 60 indices, which is consistent with the longer term performance as well.

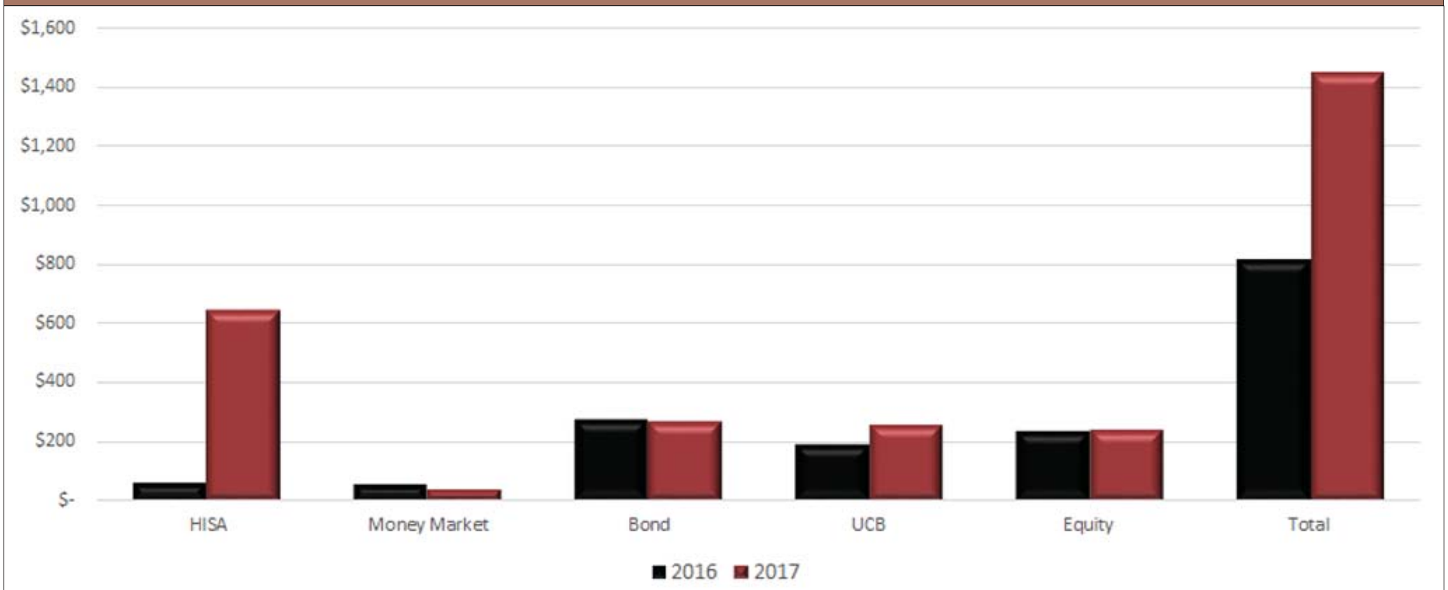
- The One Universe Corporate Bond Portfolio continues to perform well, with a return of greater than 4.75% (annualized – since inception) for all month ends in Q2.

Portfolio Balances and Participation

As illustrated in Figure 1, total One Portfolio balances at month-end June 2017 have increased by more than 80% or $800 million, to $1.42 billion, from the same point in 2016. The total program balance increase is primarily a result of new deposits in the High Interest Savings Account (HISA), and investment income earned.

The $14.6 million year-over-year decrease in the Money Market Portfolio was easily offset by a $589.5 million investment in the HISA product. Also, the total program balance increase was driven by growth in the Bond, Universe Corporate Bond, and Equity Portfolios. On a year-over-year basis at June 30, 2017, the Universe Corporate Bond (UCB) and Bond portfolios increased by $55.7 million and $3.9 million, respectively, while the Equity portfolio decreased by $10.7 million.

Figure 1: One Program Q2 Closing Balances ($ Millions): 2016 vs. 2017



Equity Review

While global equity markets continued to advance during the second quarter of 2017, the S&P/TSX Composite Index second quarter return was negative. This weakness, in turn due to lower prices for oil and natural gas, resulted in the dominant Energy and Materials sectors dragging the Canadian market into negative territory for the first half of 2017.

Portfolio strategy, as always, emphasizes high quality stocks. The quarter was somewhat active on the trading front. Cenovus was sold immediately after the announcement of its acquisition of the Conoco Phillips assets with the proceeds redeployed into Vermillion Energy and Husky Energy. Bank holdings were trimmed. The portfolio is underweight in the largest sectors – Energy, Materials and Financials. The holdings are large cap oriented and characterized by strong financials. The portfolio is well positioned for the current macro environment.

-Guardian Capital
2017 Q2 Equity Portfolio Report

Portfolio Balances and Participation

The following charts illustrate the total number of investors in each of the five investment portfolios and total balances across the municipal investment ranges within the One Investment Program at Q2 2017. Both large and small Ontario municipalities leverage the One Investment Program and these charts make it evident that there is a wide range of deposit sizes within the program, and that no municipality is too small to invest with the One Investment Program.

High Interest Savings Account (HISA) by Municipal Deposit at June 30, 2017

Investment	Municipal Participants	Total Deposit in Range	Avg. Deposit in Range	% of Total Deposit
Less than $100K	8	$227,901	$28,487	0.04%
$100K to $500K	5	$1,298270	$259,654	0.20%
$500K to $1M	6	$3,994,956	$665,826	0.62%
$1M to $5M	15	$37,377,159	$2,491,810	5.83%
Greater than $5M	15	$598,314,233	$39,887,615	93.31%
Totals	**49**	**$641,212,521**		**100.00%**

Money Market Portfolio Investment by Municipal Deposit at June 30, 2017

Investment	Municipal Participants	Total Deposit in Range	Avg. Deposit in Range	% of Total Deposit
Less than $100K	22	$562,130	$25,551	1.48%
$100K to $500K	14	$3,587,809	$256,272	9.45%
$500K to $1M	6	$3,794,657	$632,442	9.99%
$1M to $5M	13	$30,041,349	$2,231,873	79.09%
Greater than $5M	0			0.00%
Totals	**55**	**$37,985,946**		**100.00%**

Bond Portfolio Investment by Municipal Deposit at June 30, 2017

Investment	Municipal Participants	Total Deposit in Range	Avg. Deposit in Range	% of Total Deposit
Less than $100K	9	$258,734	$28,748	0.09%
$100K to $500K	25	$7,854,270	$314,170	2.83%
$500K to $1M	12	$9,606,665	$825,555	3.57%
$1M to $5M	29	$68,297,506	$2,355,086	24.59%
Greater than $5M	13	$191,448,834	$14,726,833	68.92%
Totals	**88**	**$277,766,012**		**100.00%**

THE One

Portfolio balances and participation

Corporate Bond Portfolio Investment by Municipal Deposit at June 30, 2017				
Investment	**Municipal Participants**	**Total Deposit in Range**	**Avg. Deposit in Range**	**% of Total Deposit**
Less than $100K	6	$128,827	$21,471	0.05%
$100K to $500K	12	$3,398,410	$283,200	1.39%
$500K to $1M	7	$5,312,539	$758,934	2.18%
$1M to $5M	17	$41,381,576	$2,434,210	16.98%
Greater than $5M	13	$193,508,925	$14,885,302	79.39%
Totals	**55**	**$243,730,279**		**100.00%**

Equity PortfolioInvestment by Municipal Deposit at June 30, 2017				
Investment	**Municipal Participants**	**Total Deposit in Range**	**Avg. Deposit in Range**	**% of Total Deposit**
Less than $100K	3	$153,108	$51,036	0.07%
$100K to $500K	9	$2,477,662	$275,295	1.11%
$500K to $1M	13	$9,519,640	$732,280	4.25%
$1M to $5M	15	$41,850,227	$2,790,015	18.67%
Greater than $5M	9	$170,144,926	$18,904,991	75.91%
Totals	**49**	**$224,145,565**		**100.00%**

Total One Program Investment by Municipal Deposit at June 30, 2017				
Investment	**Municipal Participants***	**Total Deposit in Range**	**Avg. Deposit in Range**	**% of Total Deposit**
Less than $100K	9	$316,783	$35,198	0.02%
$100K to $500K	20	$5,159,722	$257,986	0.36%
$500K to $1M	14	$9,919,854	$708,561	0.70%
$1M to $5M	59	$149,951,492	$2,541,550	10.52%
Greater than $5M	39	$1,159,492,472	$32,294,678	88.40%
Totals	**141**	**$1,424,840,323**		**100.00%**

*Municipalities may participate in multiple One Investment Portfolios, so the number of municipal participants will not add to the summary table.

Portfolio Performance: High Interest Savings Account

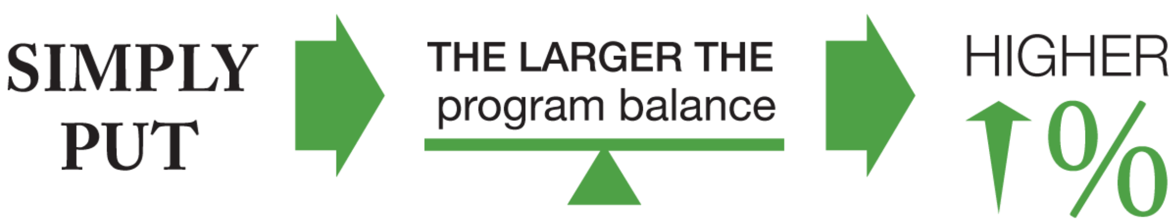
Participation in the HISA product continued to grow in Q2 2017, with 49 municipalities and broader public sector organizations having active accounts. Since Q2 2016 the HISA has grown $589.5 million to a total of $641.2 at the end of Q2 2017.

The aggregate balance of all HISA participants has grown to well over the $250 million required to obtain the highest interest tier of Bank Prime less 1.55%, which currently returns an effective rate of 1.15%.

The HISA is offered through CIBC and provides better interest rates than are typically offered to municipalities. HISA is fully liquid and provides investors a guaranteed variable rate of return that is based on the aggregate balance of all sub-accounts. Simply put, the larger the HISA balance, the higher the rate of return.

If Total Aggregate Balance is:	Tiered Interest Rate for All Deposits	Effective Interest Rate
< $100M	Bank Prime Less 1.7%	1.0%
> $100M < $150M	Bank Prime Less 1.65%	1.05%
> $150M < $250M	Bank Prime Less 1.6%	1.10%
NEW > $250M	Bank Prime Less 1.55%	1.15%
*Based on February 3, 2017 Bank Prime Rate of 2.7%		

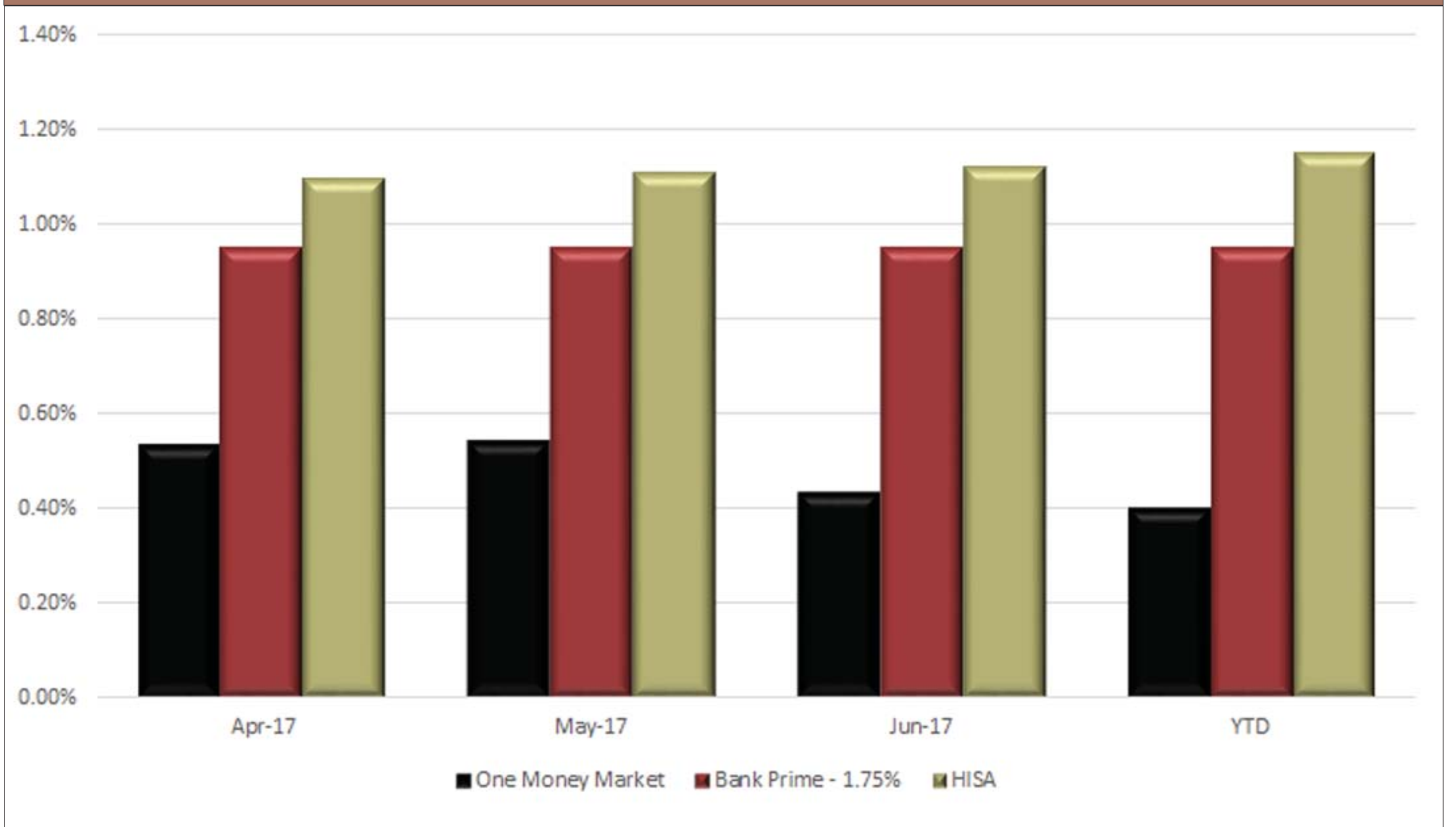
The objective is to attract a guaranteed variable rate of return for municipal investments that is based on the aggregate total HISA balance, and linked to the bank Prime Rate.



Portfolio Performance: Money Market

On a year to date annualized basis, as illustrated in Figure 2, the One Money Market product has underperformed the Bank Prime less 1.75% comparator by 0.43%. The One Investment Program HISA outperformed the same Bank Prime less 1.75% measure by 0.1% YTD. The bank prime rate of 2.7% has remained constant since June 2015.

Figure 2: Q2 2017 One Money Market & HISA vs. Bank Prime less 1.75% at June 30, 2017



While the Money Market portfolio will always have a place in the One Program suite of products, especially as interest rates begin to rise and money market returns move to more historic levels, there is a case to be made that One Program investors should be looking at both the Money Market and HISA offering to determine what is the best fit for their municipality.

Portfolio Outlook and Positioning

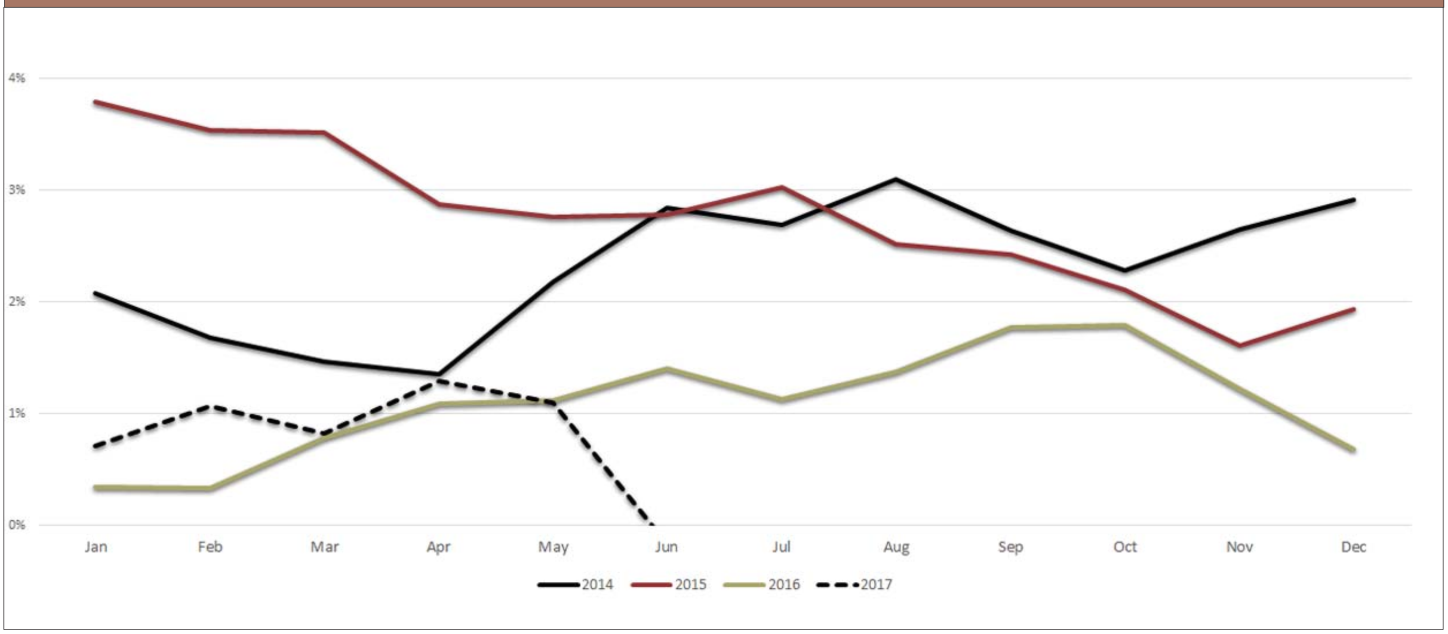
Our core economic views have not changed this quarter. We continue to expect moderate non-recessionary global growth with low inflation and on-going headwinds from excess debt. We do not expect US fiscal stimulus and tax reform to meet current optimistic expectations in terms of timing and impact on growth. We also believe trade rhetoric is a potential headwind, particularly to Canada where US exports are roughly 25% of Canadian GDP.

-MFS Investment Management Canada
Q2 2017 Money Market Portfolio Report

Portfolio Performance: Bond

Figure 3 illustrates One Bond Portfolio one-year returns for all month-ends from 2014 through Q2 2017. The average one year performance for the first six month ends of 2017 was 0.83%, which underperformed the average month-end performances for all of 2015 and 2016 by 1.71% and 1.09%, respectively.

Figure 3: One Bond Portfolio One-Year Returns for months ending 2014-2017



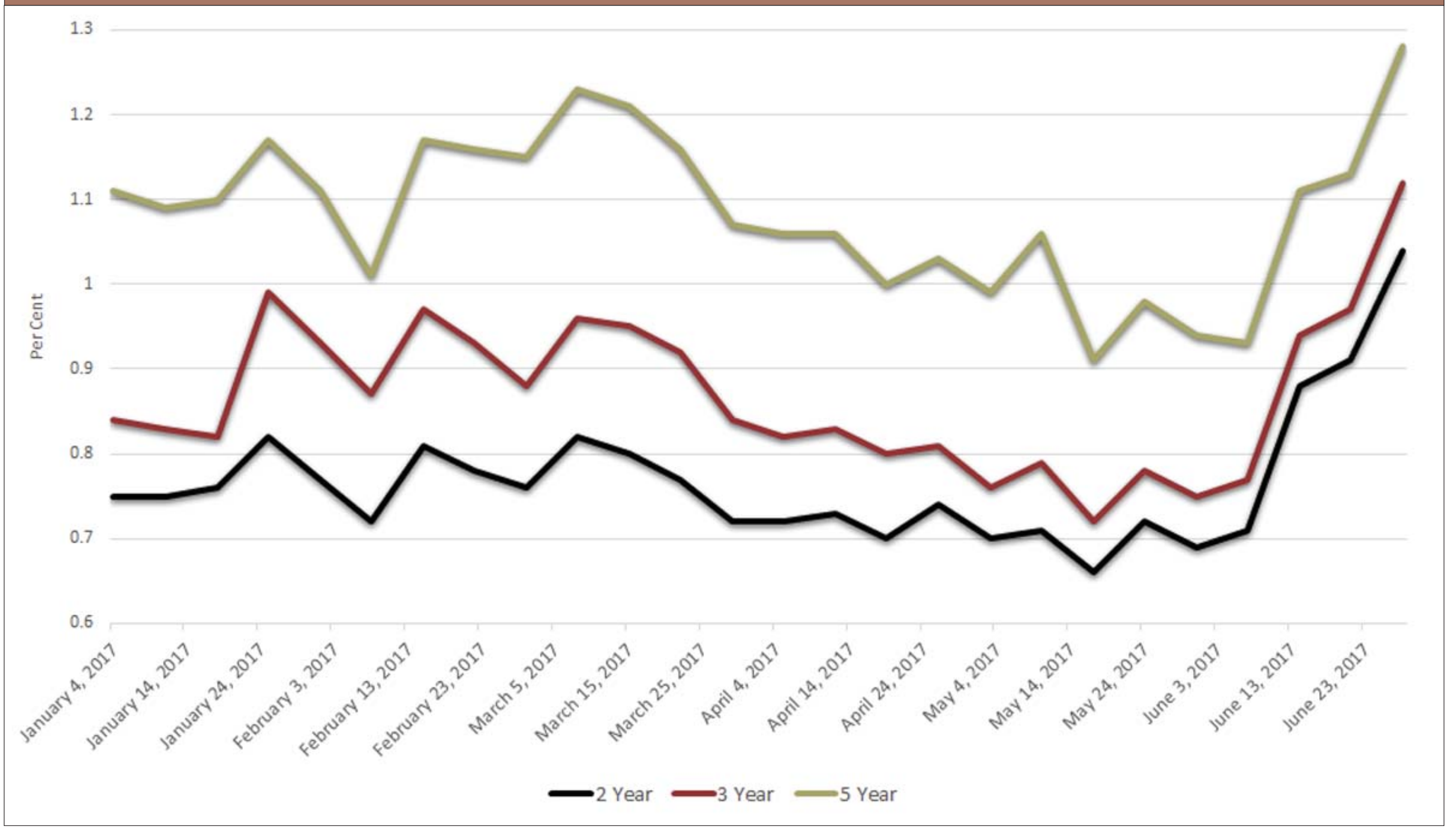
Figures 4 presents two-year returns for the One Bond Portfolio for all month ends in 2014 to 2017. The two-year returns for months ending in Q2 2017 are slow to recover.

Figure 4: One Bond Portfolio Two-Year Returns for months ending 2014-2017

Portfolio Performance: Bond

Figure 5 illustrates two, three, and five-year Government of Canada Bond yields for Q2 2017. For the second quarter of 2017, the two and five-year Government of Canada bond yields dropped slightly between January and June 2017 while three year Government of Canada Bond yields were relatively stable. In this circumstance, the One Bond Portfolio returns increased slightly over the same time period.

Figure 5: 2017 YTD Two, Three and Five-Year Canadian Bond Yields



Portfolio Outlook and Positioning

We continue to expect credit to outperform over the course of the cycle, though many credits are looking fully valued. While we do not anticipate a recession or a major default cycle, which would lead to a blowout in spreads, it is difficult to see a material spread narrowing from current levels. Nevertheless, we remain overweight credit given still-positive carry, and we remain focused on bonds where there is a margin of safety and on issuers with strong cross-cycle fundamentals.

Late in the quarter, the Bank of Canada surprisingly began to communicate a more hawkish stance, and in turn the market has priced in a 50 basis point rate increase in 2017. Given the low level of inflation, high level of consumer debt and recent softening of housing activity, we are concerned about the potential negative impact of rising interest rates on the Canadian economy. The portfolio increased its short duration exposure at the beginning of June, which has benefited from the rise in yields since mid-June.

-MFS Investment Management Canada
Q2 2017 BondPortfolio Report

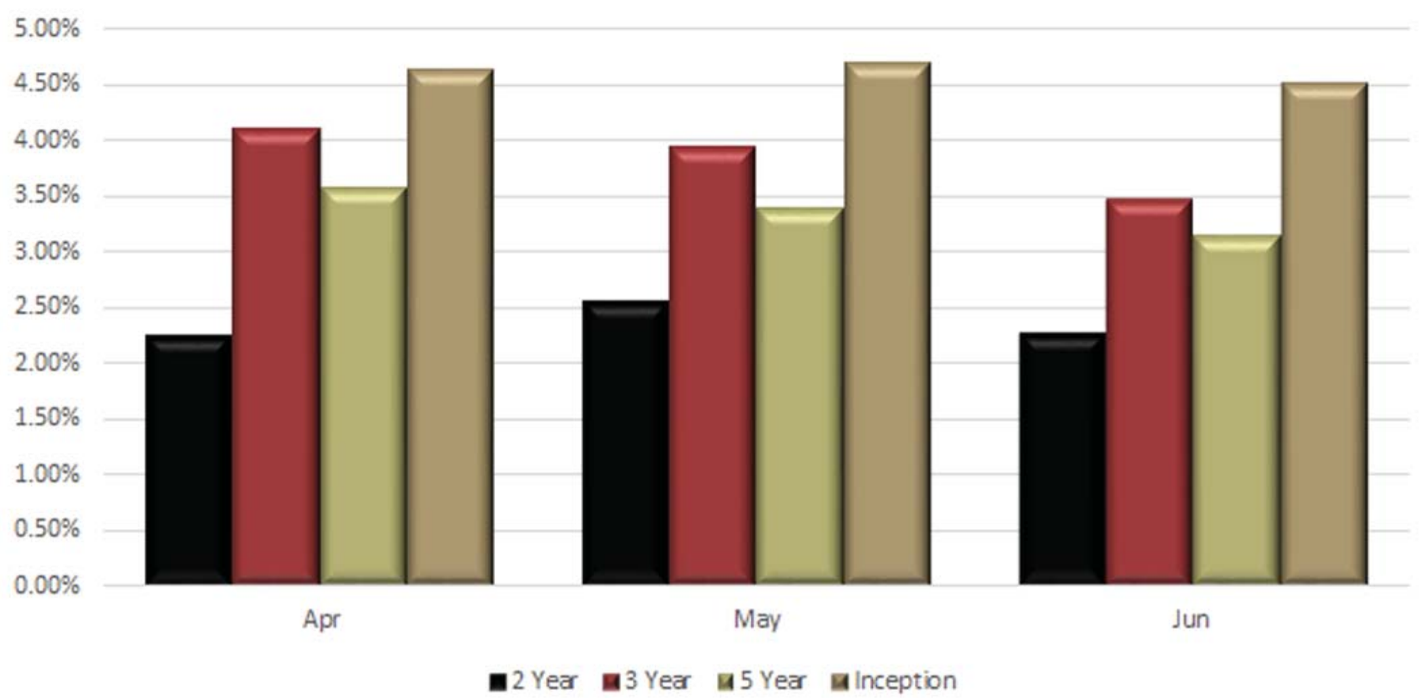
Portfolio Performance: Universe Corporate Bond

The One UCB Portfolio has grown year-over-year with a Q2 2017 ending balance of $243.7M, which is 29.7% higher than the 2016 Q2 balance.

The One Universe Corporate Bond Portfolio continues to perform well, returning in excess of 4.5% annualized (since inception) for all month ends in Q2 2017. Two, three and five-year returns increased in the latter part of Q2 2017.

The One UCB Portfolio continues to offer municipalities the opportunity for better long term returns on their investments with a time horizon of 4+ years, but with full liquidity if the money is needed by the municipality.

Figure 7: Universe Corporate Bond Portfolio Returns (annualized for month ending in 2017)



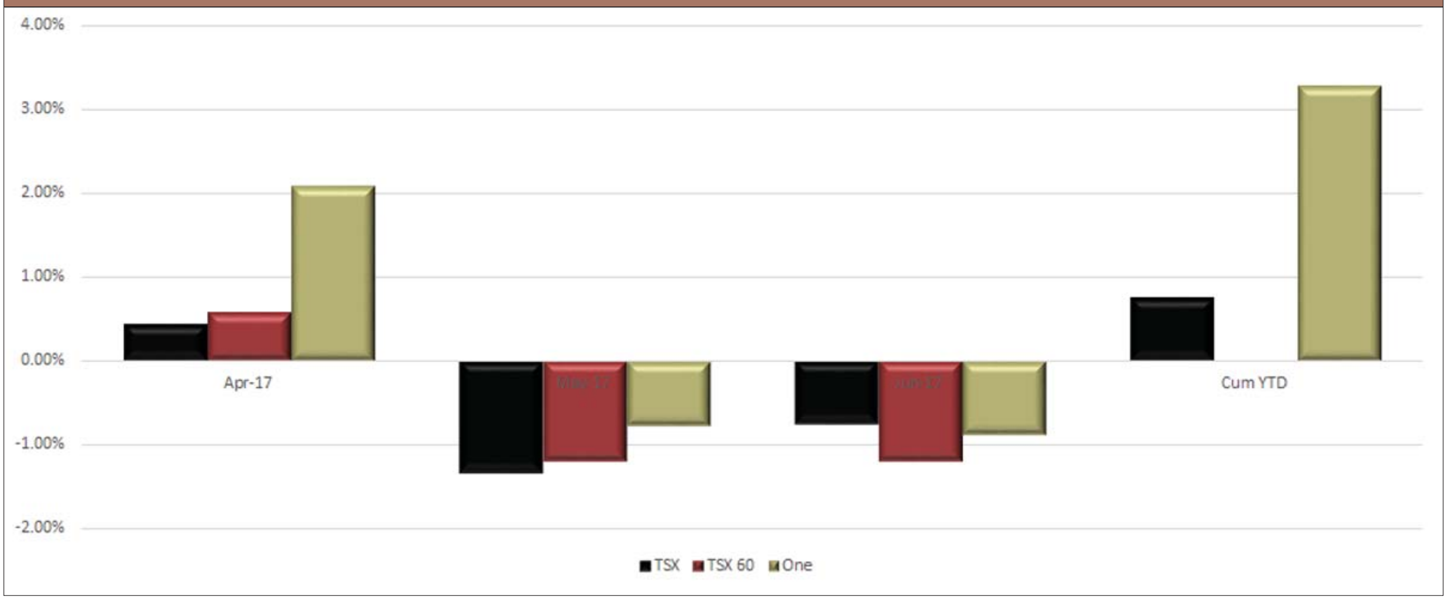
Excerpts from the MFS 2017 Q2 One Program Report:

- The Government of Canada yield curve flattened significantly during the quarter, rising nearly 30 basis points in the short end of the curve and falling over 15 basis points in terms longer than 10 years.
- Canadian corporate spreads ended the quarter slightly tighter – mainly due to communication and infrastructure bonds. We continue to prefer credit given the current backdrop of slow but non-recessionary global growth, but we are increasingly selective as the credit cycle continues to mature and many credit spreads appear fully valued.
- The Bank of Canada again maintained its policy rate at 0.50%. Recent data has given the Bank of Canada enough ammunition to make the case for raising rates and the market is now pricing in two hikes for 2017.

Portfolio Performance: Equity

On a YTD basis at the end of Q2 2017, the One Equity Portfolio was up 2.85% while the TSX Composite added 2.4% and the TSX 60 was up 1.8%.

Figure 8: One Equity Cumulative YTD Performance at June 30, 2017



2017 Equity Outlook

The outlook for global growth remains constructive, however the global geopolitical landscape remains uncertain and policy makers around the world appear to be on a path of tightening. The path for Brexit is no longer well defined following the recent U.K. election. The French election proved to be uneventful providing much relief to Europe. Germany will hold a key election in September. North Korea continues to rattle the cages of NATO and the global investment community.

The Trump administration has encountered numerous headwinds to the implementation of stated initiatives. At the same time President Trump has found himself to be the center of controversy for almost anything he says or does. It is hard to imagine this administration is positioned to achieve any major accomplishments during its four year term. The U.S. economy appears to be quite healthy, notwithstanding a lack of traditional leadership.

Canada has struggled with softer commodity prices and the outlook is clouded by an increasing threat of U.S. protectionism - especially as it pertains to Canada. The Bank of Canada has signaled tighter monetary policy sooner than expected, resulting in a stronger Canadian dollar. Oil prices weakened to the $45 level during the quarter and will serve as a headwind for both Canadian producers and the western Canadian economy. The recent B.C. election outcome will serve to compound economic uncertainty in Western Canada. The construction of pipelines and related energy infrastructure appears to be at greater risk.

-Guardian Capital
2017 Q2Equity Portfolio Report

The ONE financial investment choice for your municipality.
Learn more at www.oneinvestmentprogram.ca