

### Toronto Investment Board - Investment Plan

**Date:** March 20, 2018

**To:** Toronto Investment Board

**From:** Acting Executive Director, Corporate Finance

**Wards:** Ward(s) affected or All

#### SUMMARY

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This report recommends an Investment Plan for the Toronto Investment Board's ("the Board") consideration that would replace the interim Investment Plan adopted in November 2017. The proposed plan responds to amendments to Ontario Regulation 610/06 made by the Province through Ontario Regulation 360/15 ("the Regulation"), under the City of Toronto Act, 2006 that requires the City to invest its general and sinking funds through an Investment Board commencing January 1, 2018.

The Regulation requires that City Council adopt an Investment Policy and that the Toronto Investment Board adopt an Investment Plan in accordance with the Council-approved Investment Policy.

The Plan will define the methods and means that the Board will use to manage the City's investment portfolios and set out the Board's projections of the proportions of the City's portfolio to be invested in each type of security selected by the Board, all within the parameters of the Policy.

The Board has hired an Investment Consultant (Aon) to work with staff to draft a detailed and comprehensive Investment Plan and the hiring of external managers. In addition, at the Board meeting of February 5, 2018, there was a request to review the asset mix, common terminology to be used, along with a recommended Investment Management Structure.

#### RECOMMENDATIONS

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The Acting Executive Director, Corporate Finance recommends that:

1. The Toronto Investment Board adopt the Investment Plan titled "Toronto Investment Board Investment Plan - Long Term and Sinking Fund Assets". (Attachment 1)

2. The Acting Executive Director, Corporate Finance review the investment management structure in the Investment Plan compared to the asset mix outlined in the Council-approved Investment Policy to ensure compliance and present the results of this review at the next Toronto Investment Board meeting on May 30, 2018.

## **FINANCIAL IMPACT**

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There are no financial implications to City operating or capital budgets as a result of the recommendation contained in this report.

## **DECISION HISTORY**

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Contract Award for an Investment Consultant to the Toronto Investment Board - Update with motion to amend item to request work with staff:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.IB3.4>

Toronto Investment Board adopts Interim Investment Plan at their meeting of November 24, 2017

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.IB2.2>

New City of Toronto Investment Policy - Update with letter from City Council on the adoption of the Investment Policy with policy included

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.IB3.1>

## **COMMENTS**

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The Toronto Investment Board has been operating with an Interim Investment Plan that came into effect on January 1, 2018. This interim plan was put in place as a temporary measure until the Investment Consultant was hired and could draft a more comprehensive plan that includes an investment management structure and a plan for transitioning the current portfolio to the updated asset mix.

The transition plan outlines the next steps the Investment Consultant, in conjunction with City staff, will take in developing a list of investment managers for consideration. In addition, the transition plan outlines the orderly funding schedule that will take the assets of the current portfolio (100% fixed income) and move to the recommended manager structure contained in the Investment Plan.

City staff will also review the benchmarks and management structure used in the Investment Plan to comply with the broader guidelines of the Council-approved Investment Policy. Any required adjustments will be brought to the next meeting of the Board with a recommended course of action.

As requested by the Board at their previous meeting, the Investment Consultant with the assistance of City staff, reviewed the asset mix guidelines provided in the Council-approved Investment Policy as they developed the Investment Plan. They found the work to be credible and sufficient. Further detailed information in this regard, along with common terminology requested by the Board can be found in the presentation materials provided by Aon.

## **CONTACT**

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## **SIGNATURE**

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Robert Hatton  
Acting Executive Director, Corporate Finance

## **ATTACHMENTS**

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Attachment 1 - Toronto Investment Board Investment Plan - Long Term and Sinking  
Fund Assets  
Attachment 2 - Investment Plan Considerations