Re: IB3.1

FIERA CAPITAL

The City of Toronto – Sinking Funds

LDI Portfolio

June 12, 2019

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Senior Vice President, Institutional Markets

STEPHANE JEAN, FCIA, FSA, FRM, CAIA
Head of Liability Driven Investments

PETER OSBORNE, MA, CFA
Vice President and Portfolio Manager, Integrated Fixed Income

MARTIN DIONNE, FCIA, FSA
Assistant Vice President, Liability Driven Investments

Firm Overview

OWNERSHIP

ASSETS UNDER MANAGEMENT

$144.9B

As of March 31st, 2019

ABOUT US

- Publicly-traded, independent Canadian investment management firm
- Controlled and significantly owned by its principals
- 750+ employees including more than 200 investment professionals
- Depth and expertise in traditional and alternative strategies
- Headquartered in Montreal with offices across Canada, the United States, Europe and Asia

Portfolio Management Team

Liability Driven Investments (LDI) Team

$14.9 Billion Under Management*

STÉPHANE JEAN
FCIA, FSA, FRM, CAIA
Head of LDI
28 years in the industry

HUGO SARKISIAN
M.Sc.
Vice President and Portfolio Manager
16 years in the industry

CAROLINE GRANDOIT
FSA, CFA, CERA
Vice President
12 years in the industry

MARTIN DIONNE
FCIA, FSA
Assistant Vice President
14 years in the industry

STEVE GUIGNARD
FSA, ACIA
Lead Analyst
7 years in the industry

VINCENT LABELLE
ASA
Senior Analyst
2 years in the industry

KATHARINE WELLS
Analyst
2 years in the industry

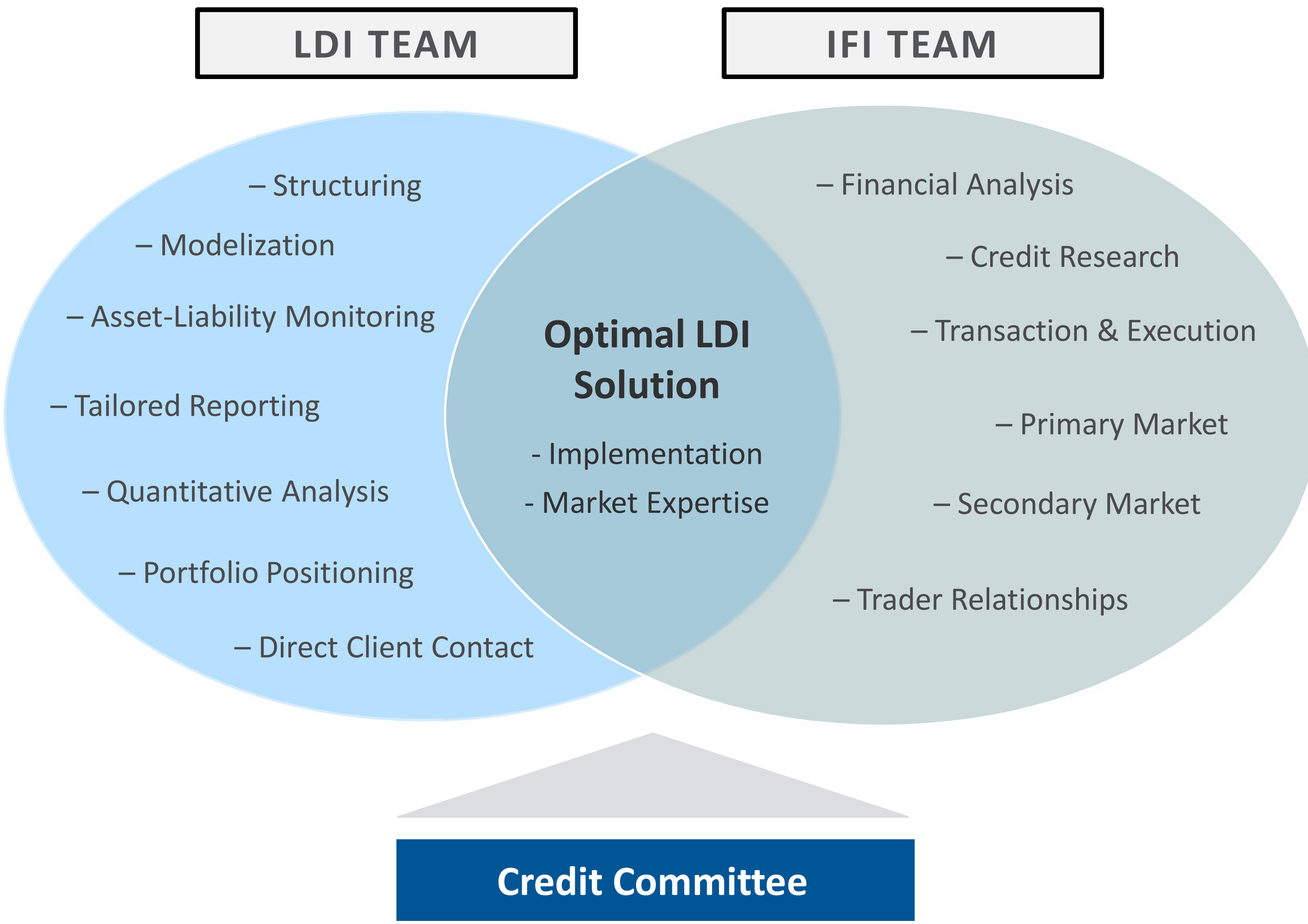
INTEGRATED FIXED INCOME TEAM

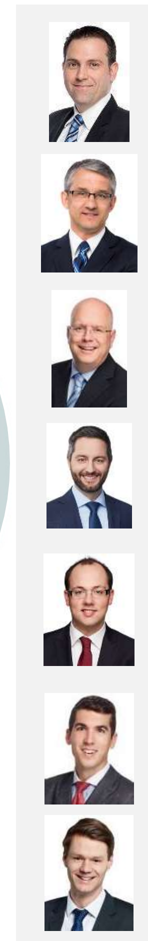
Actuarial Expertise | Quantitative Finance Expertise | Trading & Execution

Note : Years in the industry include years of experience at the firm as well as with previous employers
* As at March 29th, 2019

Portfolio Management Team

Collaboration Between LDI & IFI Teams





Responsible Investing History at Fiera

Timeline

- **2002** – Establishment of the Proxy Voting Policy prior to the creation of Fiera (previous firms)
- **2009** – Signatory of the United Nations Principles for Responsible Investment (UNPRI))
- **2013** – Member of the Canadian Bond Investors Association (CBIA)
- **2014** – Member: Canadian Coalition for Good Governance (CCGG)
- **2016** – Member: Responsible Investments Association (RIA)
- **2016** – Incorporated MSCI ESG Rating Services
- **2017** – Updated Proxy Voting Policy
- **2017** – Established Global RI Policy
- **2018** – Established Global CSR Committee
- **2019** – New ***Global*** Proxy Voting Policy
- **2019** – Introduced Responsible Investment Spectrum

Integration of ESG Factors

Approach - Fixed Income Team

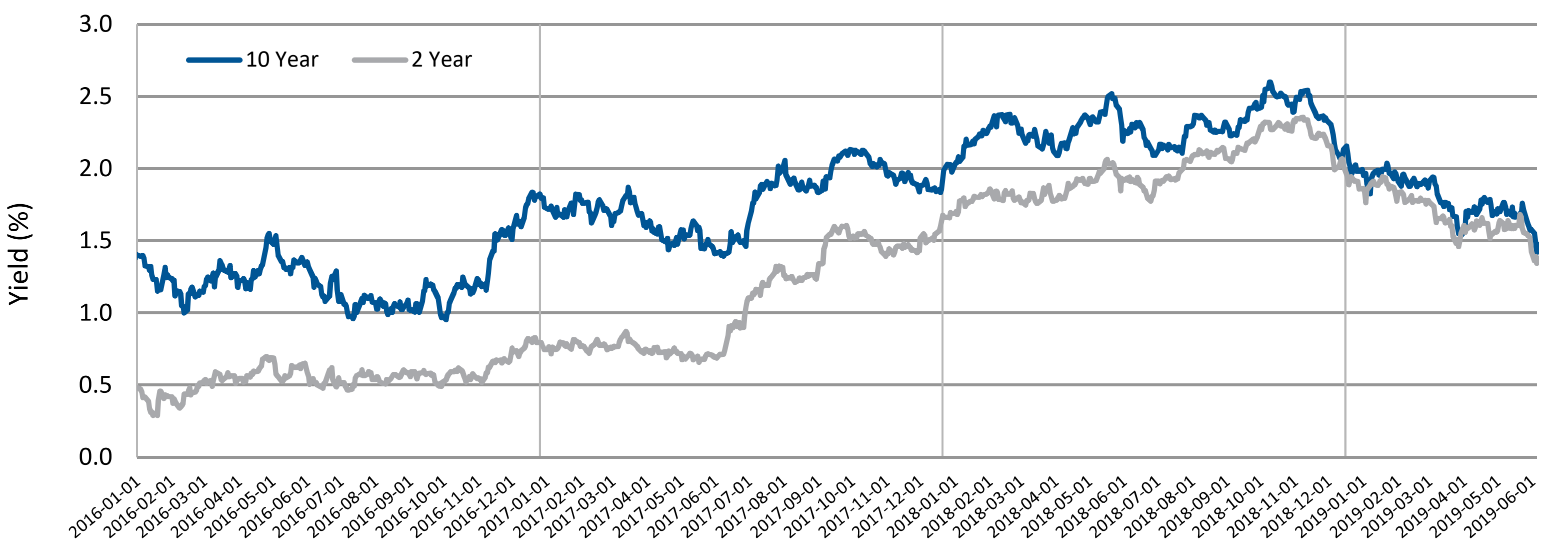
- The IFI team credit review and approval procedures incorporate an assessment of environmental, social and governance (ESG) practices of the issuers in which the team invests
- If an area of concern is identified, the team assesses the potential impact this may have on the financial performance of the issuer
- When the team believes there could be a material impact on the business or financial profile of the issuer it is factored into the assessment of the issuer's securities or the team modifies its judgement on the required returns to compensate for these additional risk factors
- Various sources of information used: company disclosures; discussions with management; news items; and third party information such as MSCI ESG Manager and Bloomberg.
- The IFI Credit Committee review process incorporates a discussion of ESG related concerns for each issuer
  - All credit approvals incorporate these discussions and identified concerns are noted in the formal credit review documentation

Bond Market Outlook

Going into the Second Half of 2019

- We have lowered our expectations for rate hikes from the BOC and the Federal Reserve and expect no further hikes from either in 2019. A resumption of tightening is contingent on improved growth prospects in the second half likely to be lead by business spending, stabilization in the housing sector and improved foreign trade.
- In our view the timely recognition by policy makers of the weaker back drop combined with still moderate inflation pressure has reduced the risk of a policy mistake coming from rate hikes. Other potential shocks are more worrisome, such as an escalation in trade frictions.

CANADA GOVERNMENT BOND YIELDS
Jan. 1, 2016 – June 7, 2019

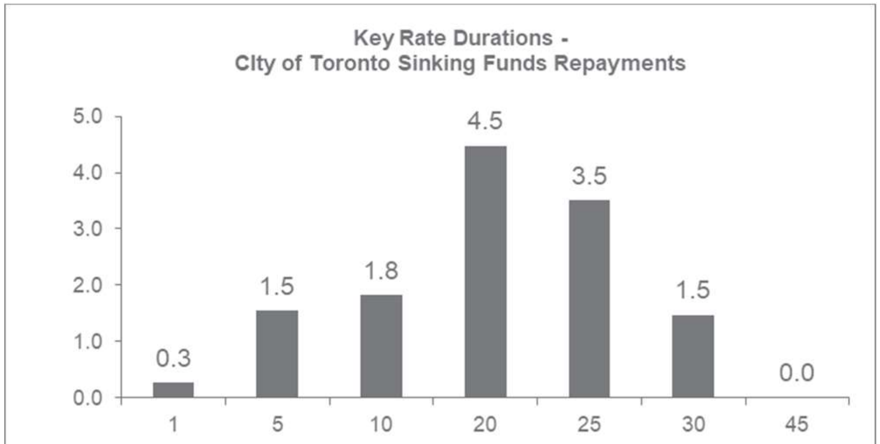


Portfolio Activity and Transition

- Assets of $680M received on May 1, 2019

Initial Portfolio		After Transition
Mostly Provincial and Municipal bonds Duration of 5.2 years	→	Blend of Provincial, Municipal, Federal and Corporate bonds Duration of 13 years

- Transition objectives:
  - Gradual increase in duration
  - Align portfolio with key rate durations of future repayments
  - Invest in new corporate issues on opportunity
  - Build a well diversified portfolio
  - Avoid realized losses
  - Minimize transaction costs



As of June 7 , 2019 (sum of key rate durations = 13.1 years)

- Portfolio activity (as of June 7, 2019)
  - $85M reinvested in Federal bonds ($40M), longer-term Provincial bonds ($23M) and Corporate bonds ($22M)
  - Duration of the portfolio stands at 9.1 years
- Transition will be completed by the end of June 2019

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