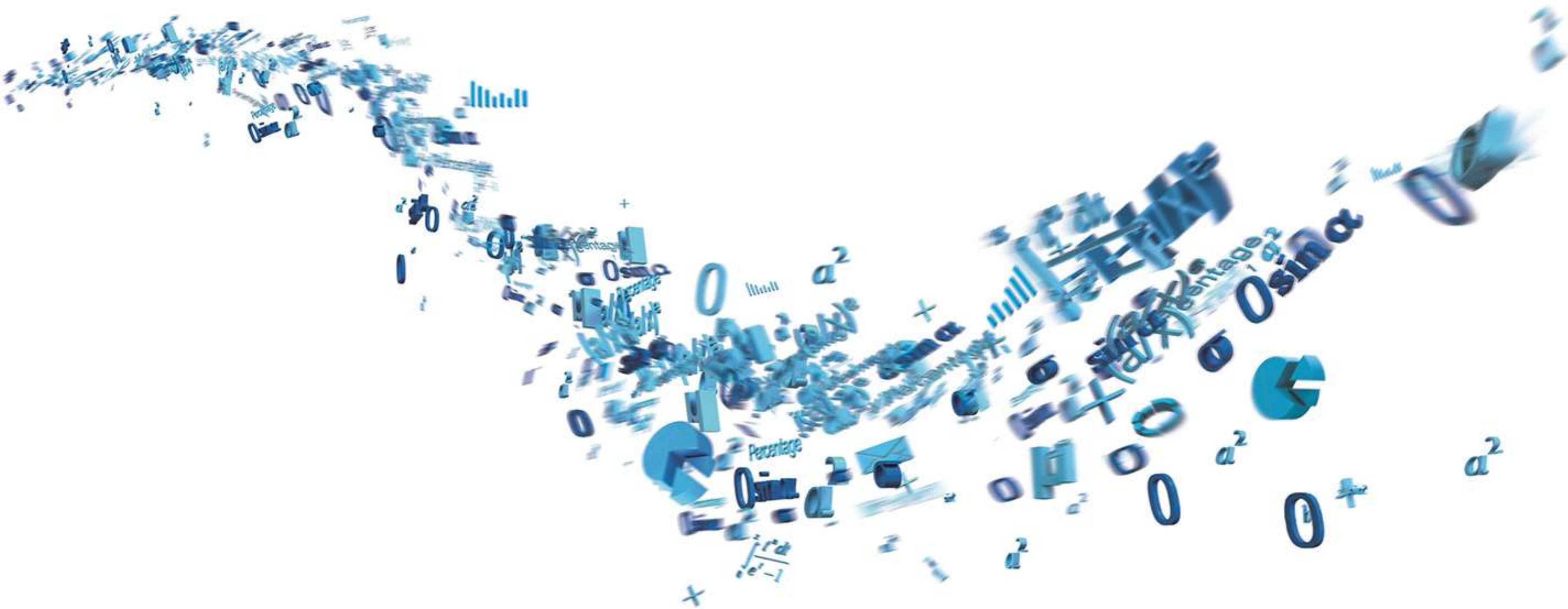
IB7.3 - Attachment 2A



City of Toronto (Toronto Investment Board) Period Ending 31 December 2019

Performance Review and Investment

Visit the Aon Hewitt Retirement and Investment Website *(https://retirement-investment-insights.aon.com/canada); sharing our best thinking.*

Empower Results®

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Empower Results®

Executive Summary

Trailing Period Performance

As of 31 December 2019

	Allocation		Performance (%)							
	Market Value ($000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Total Sinking Fund	1,112,347	100.0	-0.9	-	-	-	-	-	0.9	1/07/2019
Fixed Income	988,169	88.8	-1.2	-	-	-	-	-	-	1/07/2019
Combined LDI Benchmark			-2.1	-	-	-	-	-	-0.3	
Value Added			0.9	-	-	-	-	-	-	
Addenda LDI*	489,423	44.0	-1.0	-	-	-	-	-	0.4	1/07/2019
Addenda LDI Benchmark			-2.1	-	-	-	-	-	-0.8	
Value Added			1.1	-	-	-	-	-	1.2	
Fiera LDI*	498,746	44.8	-1.5	-	-	-	-	-	0.5	1/07/2019
Fiera LDI Benchmark			-2.0	-	-	-	-	-	0.1	
Value Added			0.5	-	-	-	-	-	0.4	
Global Equity	124,177	11.2	-	-	-	-	-	-	2.1	1/11/2019
Pier 21 Global Equity (C.Worldwide)	62,018	5.6	-	-	-	-	-	-	2.3 (94)	1/11/2019
MSCI ACWI			-	-	-	-	-	-	4.6 (54)	
Value Added			-	-	-	-	-	-	-2.3	
Oakmark Global Equity	62,160	5.6	-	-	-	-	-	-	1.9 (97)	1/11/2019
MSCI ACWI			-	-	-	-	-	-	4.6 (54)	
Value Added			-	-	-	-	-	-	-2.7	

*Addenda and Fiera started the mandate using different methodology for managing their LDI mandate. Addenda matched the interest rate exposure of the sinking funds at the sub fund levels and Fiera matched it at an overall level by aggregating the sinking fund liabilities. Effective December 2019, Addenda reverted their methodology to match interest rate exposure of the sinking fund liabilities at an aggregate level.

Empower Results®

Trailing Period Performance

As of 31 December 2019

	Allocation		Performance (%)							
	Market Value ($000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Total Long Term Fund (Active)	2,279,935	100.0	-0.4	-	-	-	-	-	0.8	1/07/2019
Fixed Income	2,034,905	89.3	-0.7	-	-	-	-	-	-	1/07/2019
CC&L Long Term Fund (Active)	1,015,163	44.5	-0.7 (47)	-	-	-	-	-	0.4 (62)	1/07/2019
FTSE Canada Universe Bond			-0.9 (78)	-	-	-	-	-	0.3 (86)	
Value Added			0.2	-	-	-	-	-	0.1	
Leith Wheeler Long Term Fund (Active)	1,019,742	44.7	-0.6 (46)	-	-	-	-	-	0.5 (45)	1/07/2019
FTSE Canada Universe Bond			-0.9 (78)	-	-	-	-	-	0.3 (86)	
Value Added			0.3	-	-	-	-	-	0.2	
Global Equity	245,030	10.7	-	-	-	-	-	-	2.1	1/11/2019
Pier 21 Global Equity (C. Worldwide)	122,780	5.4	-	-	-	-	-	-	2.3 (94)	1/11/2019
MSCI ACWI			-	-	-	-	-	-	4.6 (54)	
Value Added			-	-	-	-	-	-	-2.3	
Oakmark Global Equity	122,251	5.4	-	-	-	-	-	-	1.9 (97)	1/11/2019
MSCI ACWI			-	-	-	-	-	-	4.6 (54)	
Value Added			-	-	-	-	-	-	-2.7	
Total Long Term Fund (Inactive)	456,120	20.0								
CC&L Long Term Fund (Inactive)	227,557	10.0								
Leith Wheeler Long Term Fund (Inactive)	228,563	10.0								

Parentheses contain percentile rankings.

Empower Results®

Commentary and Recommendations

As of 31 December 2019

Mandate	Comments	Recommendations
Sinking Fund	▪ The market value of total sinking fund assets as of 31 December 2019 was approximately $1.1 billion. ▪ The total sinking fund returned -0.9% over the quarter and 0.9% since inception. ▪ Global Equity (ACWI) mandate was partially funded in the fourth quarter of 2019. Pier 21/C.WorldWide and Harris/Oakmark were funded with an inception date of 31 October 2019. – Fiera Global Equity mandate was funded on February 19th, 2020.	▪ Continue to monitor.
Fixed Income		
Addenda	▪ The market value of total Addenda sinking fund assets as of 31 December 2019 was approximately $489 million. ▪ The fund returned -1.0% over the quarter, outperforming the Liability benchmark by 1.1%. – Returns were driven primarily by overweight exposure to provincial and corporate bonds as the spreads decreased over the quarter. In addition, the overweight exposure in provincial and corporate bonds also provided an additional carry in comparison to the benchmark over the quarter.	▪ No action required.
Fiera	▪ The market value of total Fiera sinking fund assets as of 31 December 2019 was approximately $498 million. ▪ The fund returned -1.5% over the quarter, outperforming the Liability benchmark by 0.5%. – Portfolios' yield curve positioning (shorter overall duration) to the benchmark added approximately 0.25% as yields increased during Q4 2019. Portfolio's higher exposure to provincials, municipal and corporate securities also added value as the spreads decreased for these sectors.	▪ No action required.

Empower Results®

Commentary and Recommendations

As of 31 December 2019

Mandate	Comments	Recommendations
Global Equity		
Pier 21 (C.WorldWide)	▪ The market value of Pier 21 sinking fund assets as of 31 December 2019 was approximately $62 million. ▪ The fund has returned approximately 2.3% since inception, underperforming the benchmark return by 2.3%.	▪ No action required.
Oakmark/Harris	▪ The market value of Oakmark sinking fund assets as of 31 December 2019 was approximately $62 million. ▪ The fund returned 1.9% over the quarter, underperforming the benchmark return by 2.7%.	▪ No action required.

Commentary and Recommendations

As of 31 December 2019

Mandate	Comments	Recommendations
Long Term Fund	▪ The market value of total long-term fund assets as of 31 December 2019 was approximately $2.3 billion. ▪ The total long-term fund returned -0.4% over the quarter and 0.8% since inception. ▪ Global Equity (ACWI) mandate was partially funded in the fourth quarter of 2019. Pier 21/C.WorldWide and Harris/Oakmark were funded with an inception date of 31 October 2019. – Fiera Global Equity mandate was funded on February 19th, 2020.	▪ Continue to monitor.
Fixed Income		
CC&L	▪ The market value of CC&L long term fund (active account) assets as of 31 December 2019 was approximately $1.0 billion. ▪ The fund returned -0.7% over the quarter, outperforming the FTSE Canada Universe Bond Index by 0.2%. – Outperformance was mainly due to yield curve positioning. Yields rose across maturities during the quarter. CC&L's underweight position in mid-term maturities added most value as these maturities saw the largest spike in yields. In addition, an overweight exposure to corporate bonds coupled with tightening spreads, added value as well. ▪ The market value of CC&L long term fund (inactive account) assets as of 31 December 2019 was approximately $228 million. ▪ In September 2019, Chris Kalbfleisch, previous co-head and chair of the firm's fixed income team and asset allocation committee, left CC&L. In January 2020, David George, previously head of fixed income credit team, was promoted to co-head of the fixed income team taking over Kalbfleisch's responsibilities as leading fixed income team and managing the CC&L Universe Bond fund with Brian Eby. Aon has retained a "Buy" rating for the CC&L Universe Bond mandate and does not recommend any changes to the portfolio at this time.	▪ No action required.

Commentary and Recommendations

As of 31 December 2019

Mandate	Comments	Recommendations
Leith Wheeler	▪ The market value of Leith Wheeler long term fund (active account) assets as of 31 December 2019 was approximately $1.0 billion. ▪ The fund returned -0.6% over the quarter, outperforming the FTSE Canada Universe Bond Index by 0.3%. – Leith Wheeler was also positioned with underweight allocation in mid-term securities and benefited from rising yields in these maturities. In addition, combined positioning of overweight in corporate and underweight in provincials added value as spreads tightened significantly in the fourth quarter of 2019. ▪ The market value of Leith Wheeler long tern fund (inactive account) assets as of 31 December 2019 was approximately $229 million.	▪ No action required.
Global Equity		
Pier 21 (C.WorldWide)	▪ The market value of Pier 21 long term fund assets as of 31 December 2019 was approximately $122.8 million. ▪ The fund has returned approximately 2.3% since inception, underperforming the benchmark return by 2.3%.	▪ No action required.
Oakmark/Harris	▪ The market value of Oakmark long term fund assets as of 31 December 2019 was approximately $122.3 million. ▪ The fund returned 1.9% over the quarter, underperforming the benchmark return by 2.7%.	▪ No action required.

Capital Market Performance

Major Capital Markets' Returns

As of 31 December 2019

	1 Quarter	Year To Date	1 Year	2 Years	3 Years	4 Years	5 Years	10 Years
Equity								
S&P/TSX Composite	3.2	22.9	22.9	5.8	6.9	10.3	6.3	6.9
S&P 500	6.9	25.0	25.0	14.1	14.0	12.5	14.3	16.0
S&P 500 (USD)	9.1	31.5	31.5	12.1	15.3	14.4	11.7	13.6
MSCI EAFE (Net)	6.0	16.0	16.0	4.3	8.3	5.5	8.1	7.8
MSCI World (Net)	6.4	21.4	21.4	9.8	11.3	9.4	11.2	11.8
MSCI ACWI (Net)	6.7	20.2	20.2	8.9	11.2	9.4	10.9	11.1
MSCI Emerging Markets (Net)	9.5	12.4	12.4	2.3	10.3	9.6	8.0	5.9
Real Estate								
MSCI/REALPAC Canada Annual Property	1.9	6.7	6.7	7.2	7.1	6.9	7.1	9.2
MSCI/REALPAC Canada Quarterly Property Fund	2.9	9.0	9.0	8.7	8.4	7.9	7.5	9.0
Fixed Income								
FTSE Canada Universe Bond	-0.9	6.9	6.9	4.1	3.6	3.1	3.2	4.3
FTSE Canada Long Term Overall Bond	-1.9	12.7	12.7	6.3	6.6	5.5	5.2	7.1
FTSE Canada 91 Day TBill	0.4	1.6	1.6	1.5	1.2	1.0	0.9	0.9
Consumer Price Index								
Canadian CPI, unadjusted	0.1	2.2	2.2	2.1	2.0	1.9	1.8	1.7

Canadian Equities

The S&P/TSX Composite Index returned +3.2% in the fourth quarter of 2019. Performance was mixed across sectors. Information Technology (+10.8%) was the best performing sector, followed by Materials (+7.8%) and Energy (+7.1%). Negative performing sectors included Health Care (-5.9%), Consumer Staples (-3.9%), and Real Estate (-2.4%). Growth stocks underperformed value stocks over the past quarter (+2.5% vs.+3.3% respectively). In the year, growth stocks outperformed value stocks (+22.3% vs.+21.6% respectively). The S&P/TSX Composite Index returned +22.9% in the year. The best performing sectors in the year were Information Technology (+64.9%), Utilities (+37.5%) and Industrials (+25.5%), while Health Care (-10.9%) was the worst performer.

U.S. Equities

The S&P 500 Index returned +6.9% in the quarter in Canadian dollar terms. Performance was positive across most sectors. Healthcare (+12.0%) and Information Technology (+12.0%) were the best performing sectors while Real Estate (-2.6%) and Utilities (-1.3%) were the worst performing sectors. The S&P 500 Index returned +25.0% in the year in Canadian dollar terms. The best performing sectors in the year were Information Technology (+42.7%) and Communication Services (+26.0%) while Energy (+6.2%) was the worst performer.

Non-North American Equities

The MSCI EAFE Index returned +6.0% in the quarter in Canadian dollar terms. Sector returns were mixed with the best performers being Information Technology (+10.3%) and Health Care (+10.1%) while the worst being Consumer Staples (-0.2%). In the year, the Index returned +16.0% in Canadian dollar terms. The best performing sector in 2019 was Information Technology (+30.7%) while the worst performer was Energy (+2.2%).

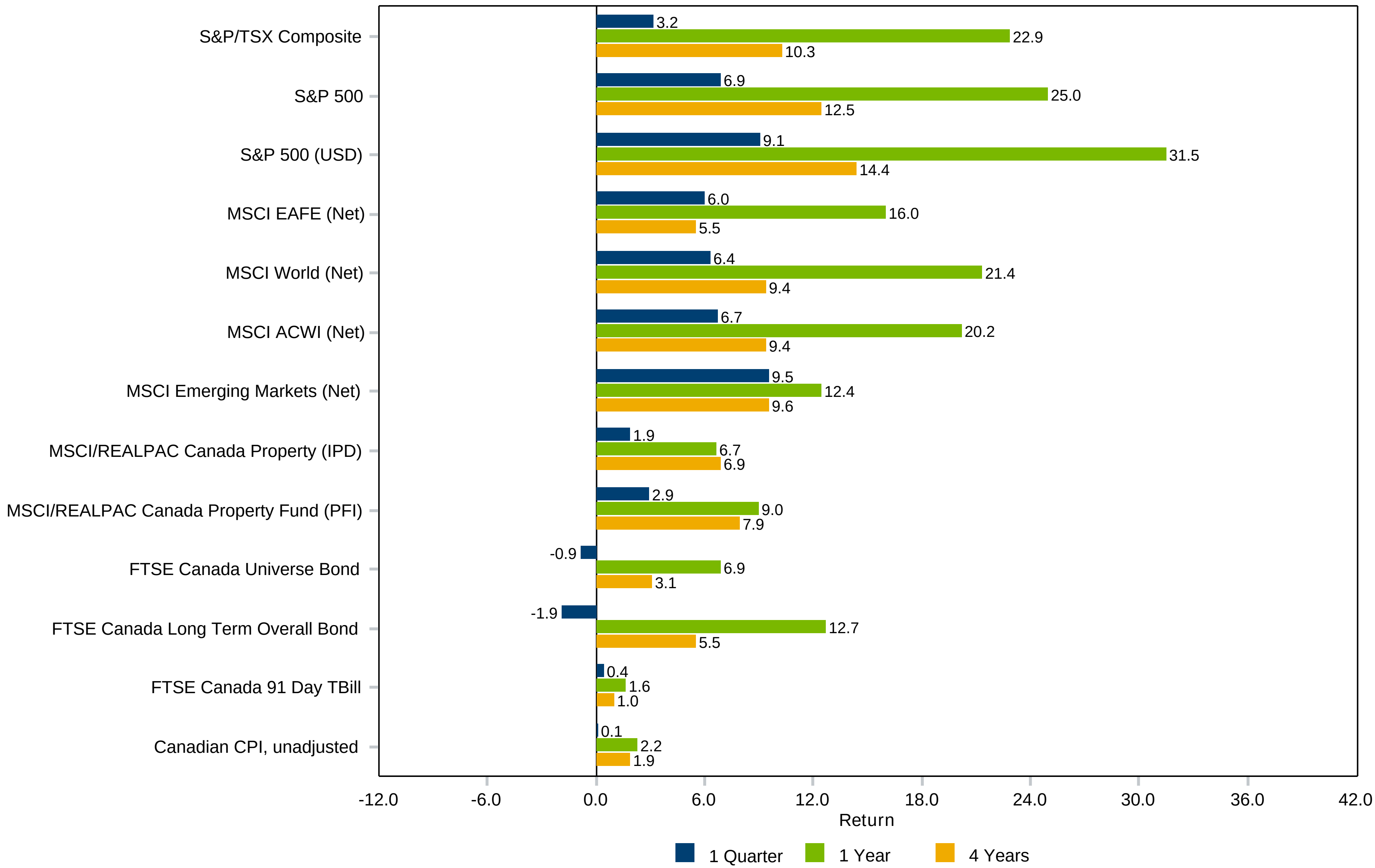
Fixed Income

The Canadian bond market, as measured by the FTSE Canada Universe Bond Index, returned -0.9% over the last quarter. Bond market negative performance was led by Provincial bonds (-1.3%) which underperformed both Corporate bonds (+0.1%) and Federal bonds (-1.1%). From a term perspective, long duration bonds (-1.9%) underperformed both medium duration (-1.1%) and short duration (+0.1%) bonds in the quarter. In the year, the FTSE Canada Universe Bond Index returned +6.9%. Bond market performance in 2019 was led by Provincial bonds (+9.1%), outperforming both Corporate bonds (+8.1%) and Federal bonds (+3.7%) while from a term perspective, long duration bonds (+12.7%) outperformed both medium duration bonds (+5.8%) and short duration bonds (+3.1%).

Returns for periods greater than one year are annualized. Sector returns are sourced from MSCI.

Comparative Performance

As of 31 December 2019



Sinking Fund

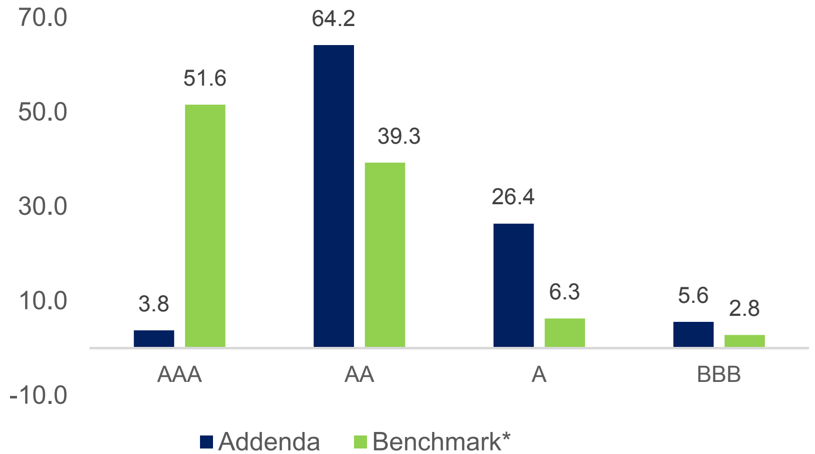
Fixed Income - Liability Driven Investment

Characteristics and Performance Attribution

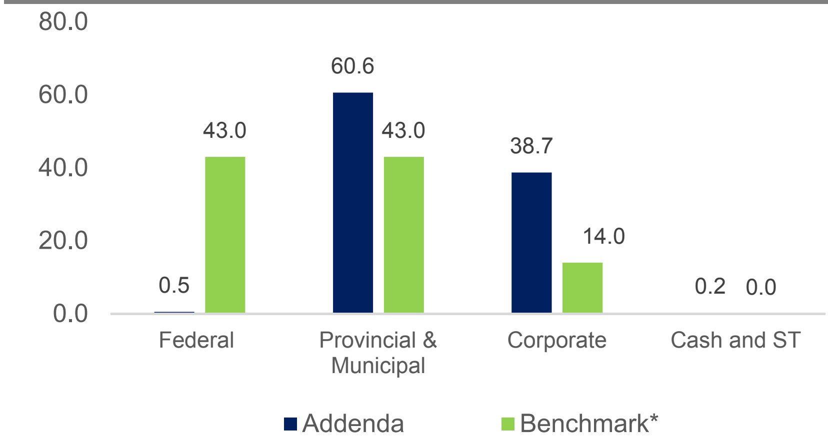
Addenda Sinking Fund Characteristics and Performance Attribution

As of 31 December 2019

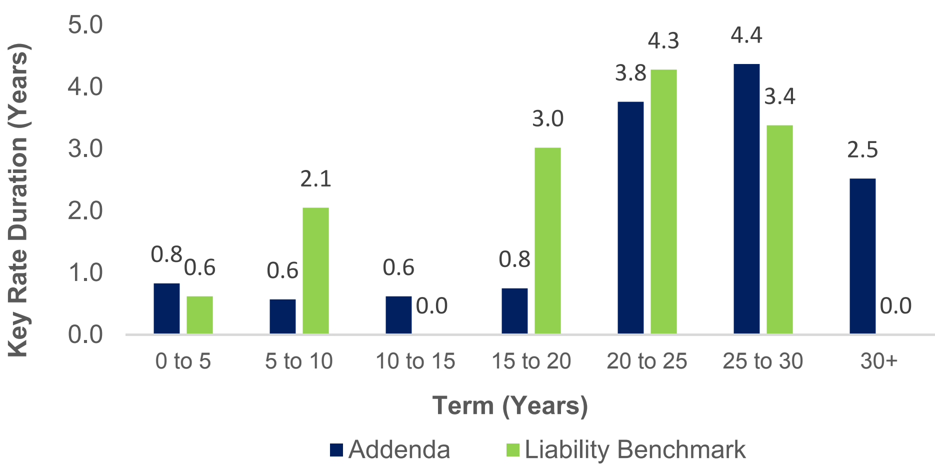
Credit Quality



Sector Distribution (%)



Key Rate Duration



Performance Attribution (vs Liability Benchmark) (%)

Curve effect	-0.4
Carry	0.2
Provincial Spread Change	0.5
Corporate Spread Change	0.7
Roll Down/Carry Spread	0.2
Total	**1.2**

Portfolio Duration **13.4**

Liability Duration **13.4**

*Benchmark specified in LDI mandate with target weights of 43% Federal, 43% Provincial and Municipal and 14% Corporate

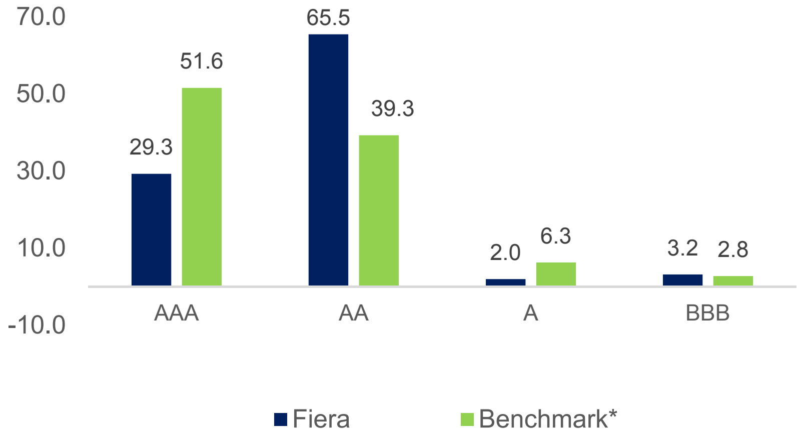
Empower Results®

Characteristics and Performance Attribution

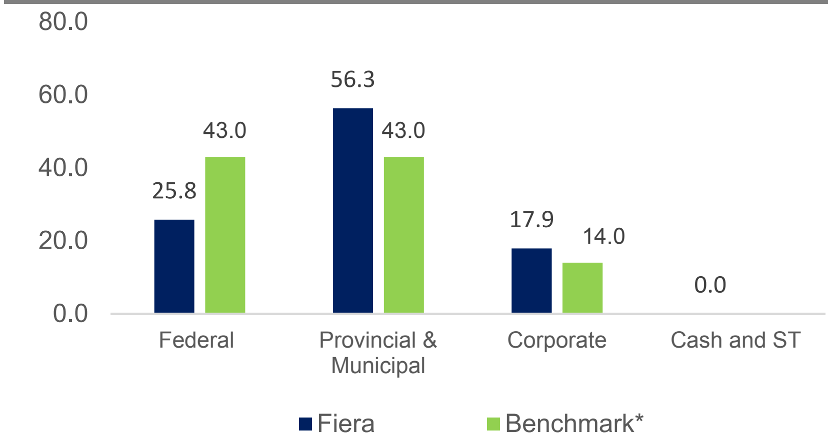
Fiera Sinking Fund Characteristics and Performance Attribution

As of 31 December 2019

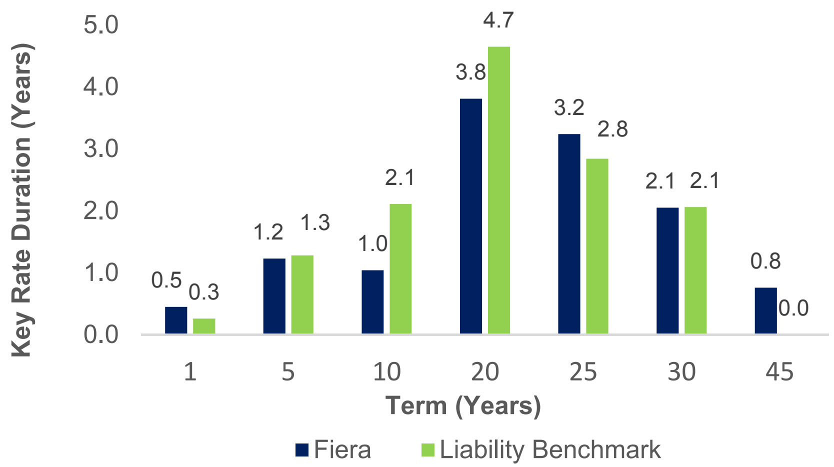
Credit Quality



Sector Distribution (%)



Key Rate Duration



Performance Attribution (vs Liability Benchmark) (%)

Curve effect	0.3
Carry	0.0
Provincial & Municipal Spread	0.2
Corporate Spread	0.1
Residual	0.0
Total	**0.5**

Portfolio Duration **12.6**

Liability Duration **13.2**

*Benchmark specified in LDI mandate with target weights of 43% Federal, 43% Provincial and Municipal and 14% Corporate

Long Term Fund

Fixed Income - Core

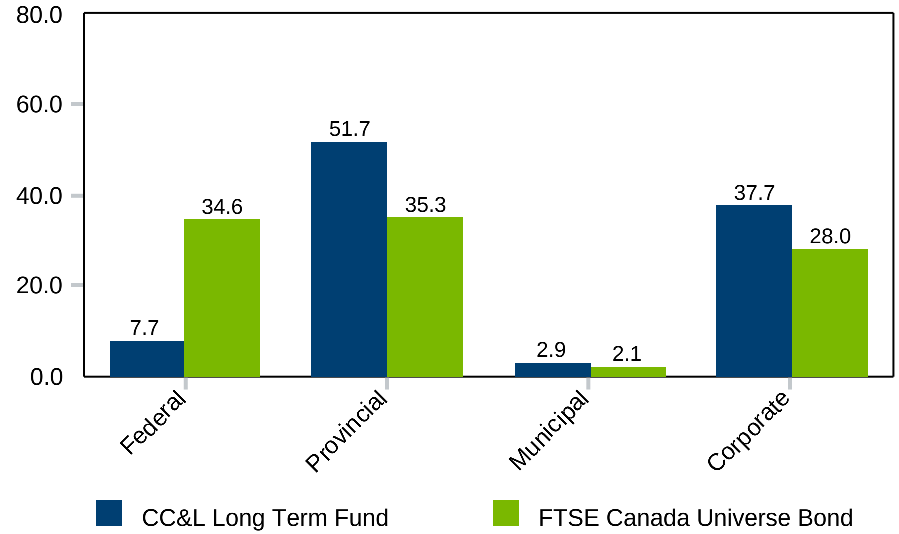
CC&L Long Term Fund Characteristics

As of 31 December 2019

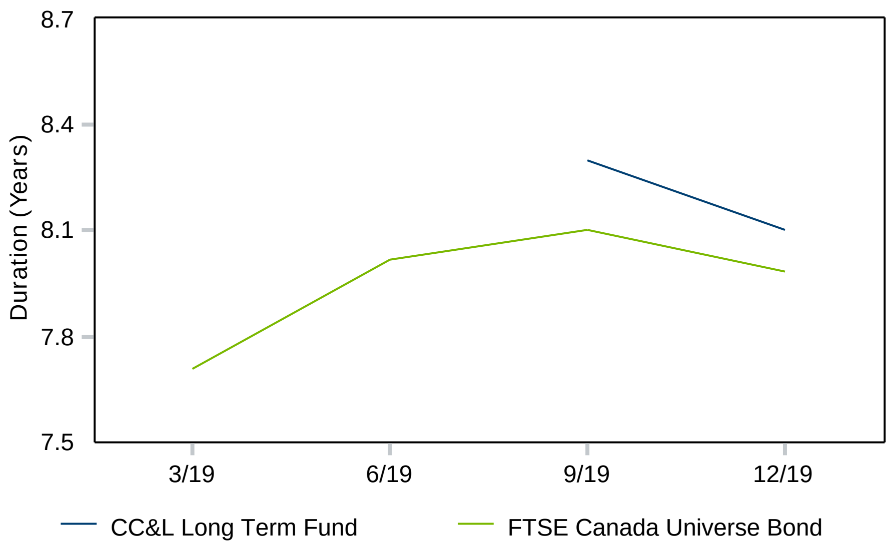
Portfolio Characteristics

	Portfolio	Benchmark
Modified Duration	8.1	8.0
Avg. Maturity	10.9	10.9
Avg. Quality	AA	AA
Yield To Maturity (%)	2.3	2.3

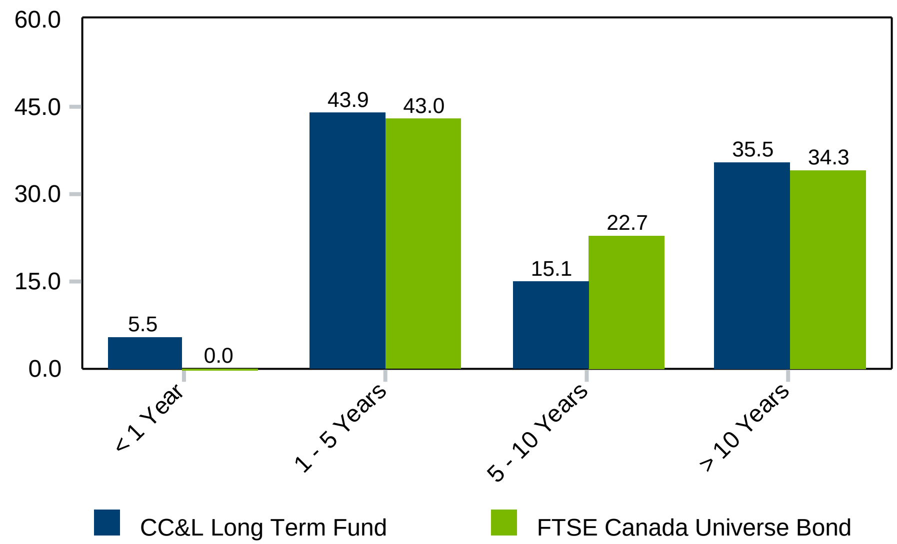
Sector Distribution (%)



Changes in Duration



Maturity Distribution (%)



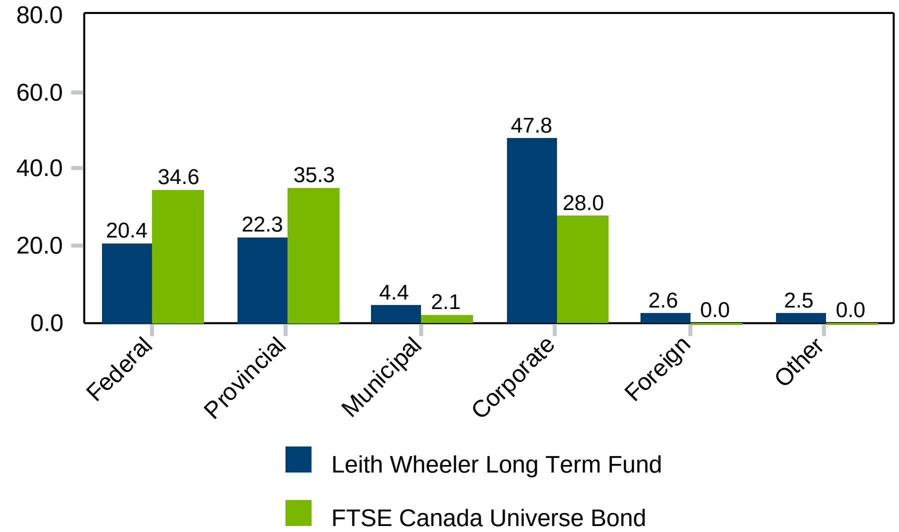
Leith Wheeler Long Term Fund Characteristics

As of 31 December 2019

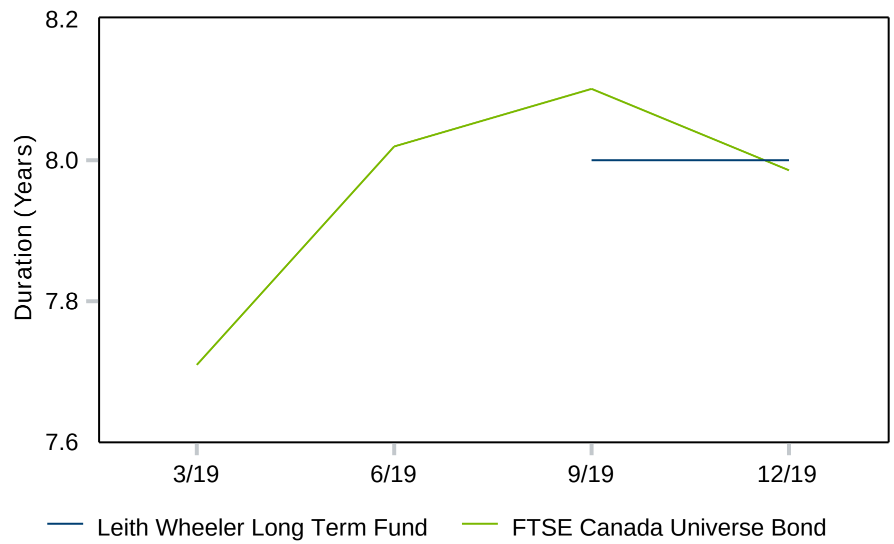
Portfolio Characteristics

	Portfolio	Benchmark
Modified Duration	8.0	8.0
Avg. Maturity	10.6	10.9
Avg. Quality	N/A	AA
Yield To Maturity (%)	2.4	2.3

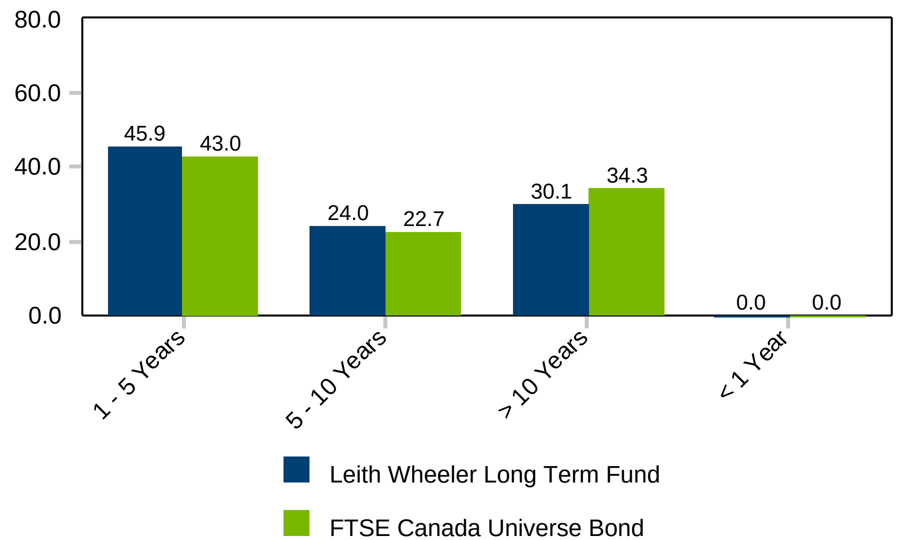
Sector Distribution (%)



Changes in Duration



Maturity Distribution (%)



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Appendix A - Sub Sinking Funds Performance

Sub-Sinking Funds Performance

Trailing Period Performance

As of 31 December 2019

	Allocation		Performance (%)							
	Market Value ($000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Fixed Income										
Addenda Aggregate*	489,423		-1.0	-	-	-	-	-	0.4	1/07/2019
Addenda LDI Benchmark			-2.1	-	-	-	-	-	-0.8	
Value Added			1.1	-	-	-	-	-	1.2	
Addenda 2%	45,158		-0.9	-	-	-	-	-	0.3	1/07/2019
Addenda 2.5%	29,952		-1.5	-	-	-	-	-	1.7	1/07/2019
Addenda 3.5%	234,216		-0.4	-	-	-	-	-	0.1	1/07/2019
Addenda 4%	108,230		-2.1	-	-	-	-	-	1.0	1/07/2019
Addenda 5%	71,867		-0.8	-	-	-	-	-	-0.3	1/07/2019
Fiera Aggregate*	498,746		-1.5	-	-	-	-	-	0.5	1/07/2019
Fiera LDI Benchmark			-2.0	-	-	-	-	-	0.1	
Value Added			0.5	-	-	-	-	-	0.4	
Fiera 2%	45,261		-1.5	-	-	-	-	-	0.1	1/07/2019
Fiera 2.5%	30,029		-2.8	-	-	-	-	-	0.4	1/07/2019
Fiera 3.5%	235,193		-1.2	-	-	-	-	-	0.3	1/07/2019
Fiera 4%	115,741		-2.1	-	-	-	-	-	1.3	1/07/2019
Fiera 5%	72,522		-1.1	-	-	-	-	-	0.1	1/07/2019

*Addenda and Fiera started the mandate using different methodology for managing their LDI mandate. Addenda matched the interest rate exposure of the sinking funds at the sub fund levels and Fiera matched it at an overall level by aggregating the sinking fund liabilities. Effective December 2019, Addenda reverted their methodology to match interest rate exposure of the sinking fund liabilities at an aggregate level.

Empower Results®

Trailing Period Performance

As of 31 December 2019

	Allocation		Performance (%)							
	Market Value ($000)	%	1 Quarter	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception	Inception Date
Global Equity										
Oakmark Funds Aggregate	62,160		-	-	-	-	-	-	1.9	1/11/2019
MSCI ACWI (CAD)			-	-	-	-	-	-	4.7	
Value Added			-	-	-	-	-	-	-2.8	
Oakmark 2%	16,657		-	-	-	-	-	-	1.9	1/11/2019
Oakmark 2.5%	6,869		-	-	-	-	-	-	1.8	1/12/2019
Oakmark 3.5%	25,660		-	-	-	-	-	-	1.9	1/11/2019
Oakmark 4%	12,975		-	-	-	-	-	-	1.8	1/12/2019
Pier 21 Aggregate	62,018		-	-	-	-	-	-	2.3	1/11/2019
MSCI ACWI (CAD)			-	-	-	-	-	-	4.7	
Value Added			-	-	-	-	-	-	-2.4	
Pier 21 2%	16,729		-	-	-	-	-	-	2.3	1/11/2019
Pier 21 2.5%	6,809		-	-	-	-	-	-	0.9	1/12/2019
Pier 21 3.5%	25,618		-	-	-	-	-	-	2.3	1/11/2019
Pier 21 4%	12,862		-	-	-	-	-	-	0.9	1/12/2019

*Addenda and Fiera started the mandate using different methodology for managing their LDI mandate. Addenda matched the interest rate exposure of the sinking funds at the sub fund levels and Fiera matched it at an overall level by aggregating the sinking fund liabilities. Effective December 2019, Addenda reverted their methodology to match interest rate exposure of the sinking fund liabilities at an aggregate level.

Appendix B - Plan Information

Summary of Investment Objective

The investment policy contains specific performance objectives for the fund and the investment managers.
All investment rates of return are measured over moving four-year periods.

Returns will be calculated on a time-weighted basis, before investment fees, and compared to the benchmarks described below.

Asset Class	Benchmark	Target Weights
Global Equity	MSCI ACWI (CAD)	20.00%
Real Estate	Canadian CPI + 5%	10.00%
Fixed Income	FTSE Canada Universe Bond Index / Custom LDI Benchmark	70.00%

The table above applies to Long Term Fund and Sinking Fund. However, due to the nature of the liabilities for Sinking Fund, a custom LDI benchmark is required for assessing performance of the Investment Managers.

Appendix C - Manager Update

Empower Results®

Manager Updates

As of 31 December 2019

Addenda

Q4 2019

Business

There were no significant events.

Staff

In December, Grace Xiang, former Director, Business Development & Client Partnerships, resigned from Addenda Capital to persue another opportunity. Delaney Greig joined Addenda Capital as Director, Sustainable Investment, while Selby Xavier who was part of the Sustainable Investment team, was promoted to Principal, Private Market and Impact Investments.

Fiera Capital

Q4 2019

Business

There were no significant events.

Staff

During the quarter, Violaine Des Roches, Chief Compliance Officer in the Institutional Markets Team, left the firm to pursue other opportunities. Thomas Di Stefano, previously VP Compliance, will assume her role on an interim basis.

In October 2019, it was announced that Heather Cooke, Senior Vice President, Investment Solutions, had left the firm to pursue other opportunities.

Manager Updates

As of 31 December 2019

C WorldWide Asset Management ("C WorldWide")

Q4 2019

Business

C WorldWide's assets under management stood at $28.1 billion CAD as of quarter end.

C WorldWide gained one global equity mandate in Canada in the fourth quarter of 2019.

Staff

There were no significant events.

Connor, Clark & Lunn ("CC&L")

Q4 2019

Business

CC&L's balanced and fixed income pooled fund SIPPs were updated to permit investment in credit default swap (CDX) indices. CC&L updated their RI policy, improving their approach to stewardship and engagement (S&E) activities, including creating an S&E team and policy, and enhanced their RI reporting.

Staff

In December, Christa Caughlin, Fixed Income Portfolio Manager, left the firm and David George, Fixed Income Portfolio Manager, was promoted to Co-Head of Fixed Income.

Leith Wheeler Investment Counsel Ltd. ("Leith Wheeler")

Q4 2019

Business

There were no significant events.

Staff

There were no significant events.

Empower Results®

Manager Updates

As of 31 December 2019

Pier 21 / C WorldWide

Q4 2019

Business

Pier 21, in partnership with C WorldWide Asset Management, gained one new Global Equity mandate in Canada in the fourth quarter of 2019.

Staff

There were no significant events.

Appendix D - Capital Market Environment

Capital Markets Environment

As of 31 December 2019

- While economic data appeared to stabilize in the fourth quarter, a number of economic indicators continue to point to lackluster growth and potential risks ahead. Equity markets largely shrugged off these concerns with market momentum predicated predominantly on progress in U.S.-China trade negotiations. Expectations of more conciliatory talks and the eventual agreement of a "Phase One" trade deal bolstered investors' risk appetite, helping equity markets post impressive quarterly gains. The MSCI All Country World Index (ACWI) returned 6.7% in CAD terms in Q4 2019 while the S&P/TSX Composite Index rose by 3.2%.

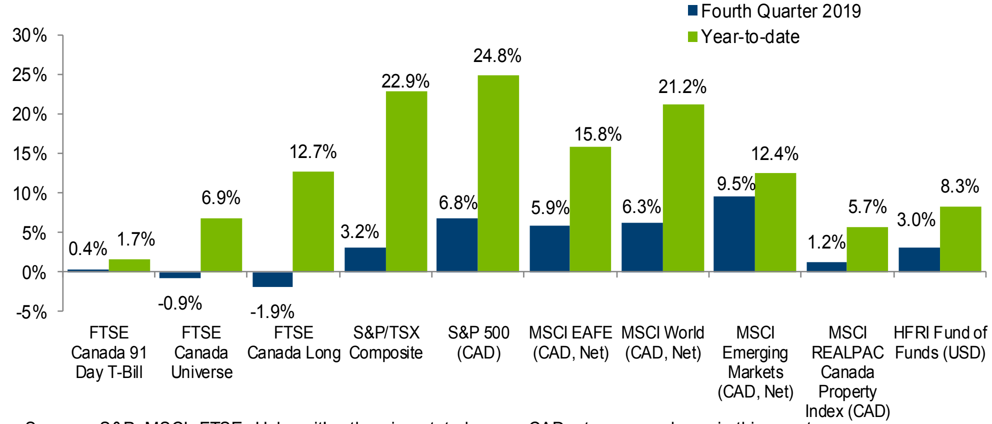
- The U.S. Federal Reserve cut interest rates by 25bps to 1.50%-1.75% in October. In the latest "dot plot", the majority of the Federal Open Market Committee believed that interest rates will stay at current levels for at least the next year, with the next 25bps hike not anticipated until 2021.

- The European Central Bank (ECB) kept its monetary policy unchanged. Incoming ECB president, Christine Lagarde, rejected fears that the eurozone could continue to have ultra-low rates, growth and inflation indefinitely.

- The Bank of Canada (BoC) kept its benchmark interest rate steady at 1.75%. The BoC retains a positive economic outlook, stating that interest rate decisions will be guided by balancing the adverse impact of trade conflicts against sources of resilience in the Canadian economy, notably consumer spending and housing activity. Meanwhile, BoC governor, Stephen Poloz, announced his decision to step down when his seven-year term expires in June of next year.

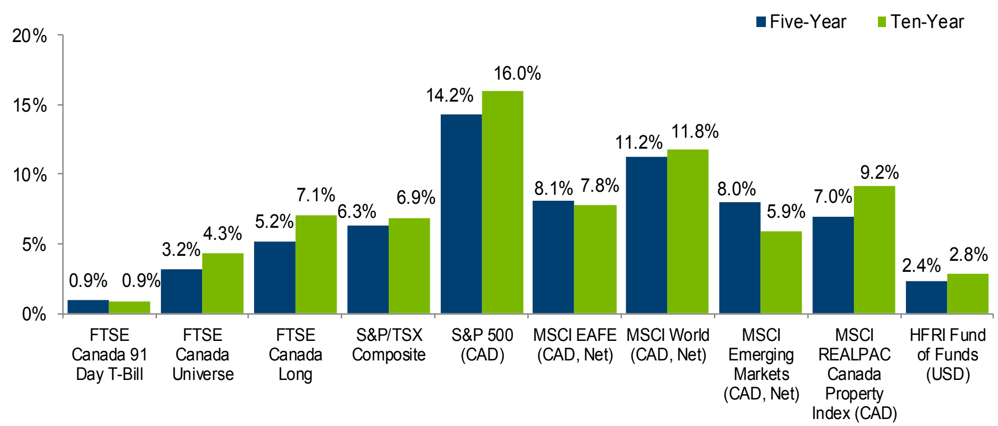
- The Canadian economy slowed to an annualized rate of 1.3% in the third quarter. Consumer spending and housing investments supported growth over the quarter, while slowing exports growth detracted.

SHORT TERM RETURNS AS OF 12/31/2019



Sources: S&P, MSCI, FTSE. Unless it's otherwise stated, gross CAD returns are shown in this report.

LONG TERM ANNUALIZED RETURNS AS OF 12/31/2019



Sources: S&P, MSCI, FTSE

Performance data may differ slightly from other performance data provided in the report due to different foreign exchange rate sources.

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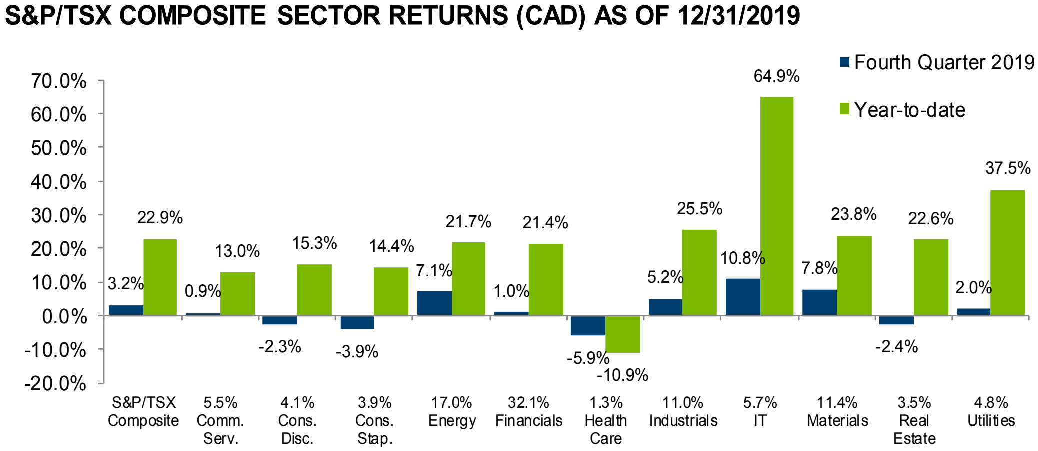
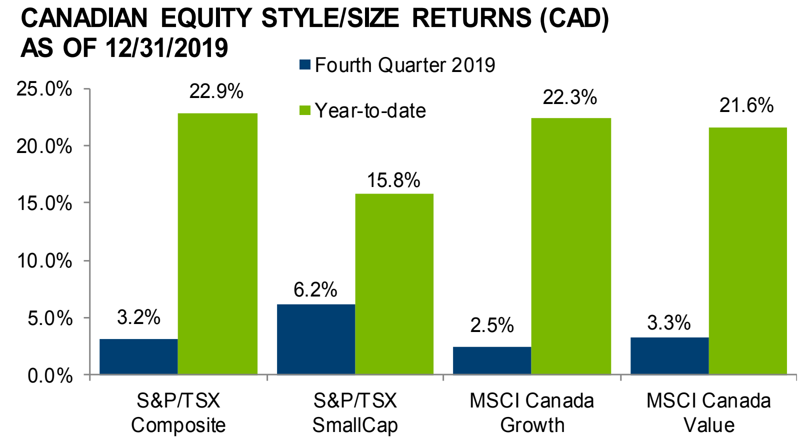
Capital Markets Environment

As of 31 December 2019

Canadian Equity Markets



Source: S&P



Source: S&P, MSCI

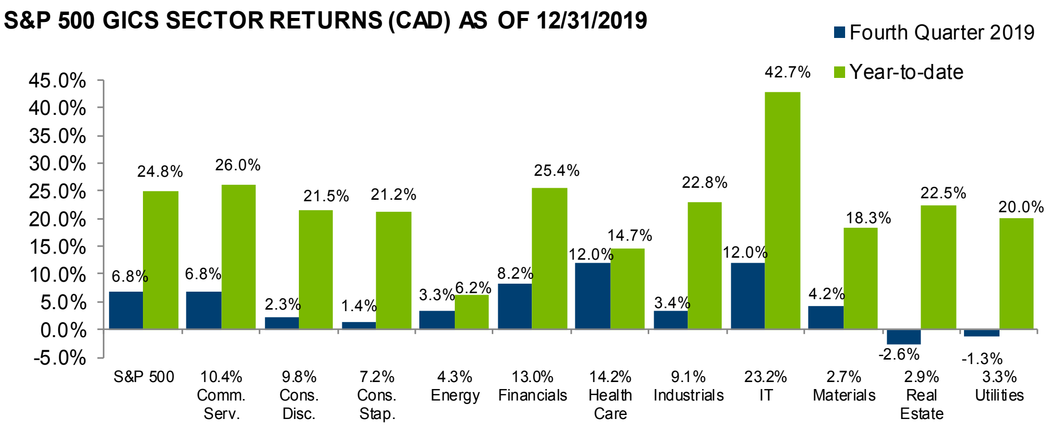
- The S&P/TSX Composite Index rose by 3.2% during the quarter, benefiting from a global equity rally as trade tensions moderated.
- Reduced U.S.-China trade tensions were accompanied by a breakthrough in finalizing the U.S.-Mexico-Canada Agreement (USMCA). Obstacles to U.S. ratification of the treaty were removed after President Trump and Congressional leaders reached a compromise, enabling the House of Representatives to sign the USMCA. Meanwhile, Justin Trudeau was re-elected as Canadian Prime Minister after his party won the most seats in the general election, albeit falling 14 seats short of an overall majority.
- Performance was mixed across the sectors. The heavily weighted Energy sector was boosted by rising crude oil prices amidst heightened tensions in the Middle East. Financials on the other hand underperformed on the back of disappointing earnings reported by the major banks.
- Information Technology (10.8%) and Materials (7.8%) were the best performing sectors over the quarter while Health Care and Consumer Staples were the worst performing sectors, falling by -5.9% and -3.9% respectively.
- In Q4 2019, Canadian Value stocks rose by 3.3%, outperforming Growth stocks, which rose by 2.5%.
- Small cap stocks (6.2%) outperformed large cap stocks (3.2%) in Q4 2019, reversing some of its substantial underperformance experienced earlier in the year.

Performance data may differ slightly from other performance data provided in the report due to different foreign exchange rate sources.

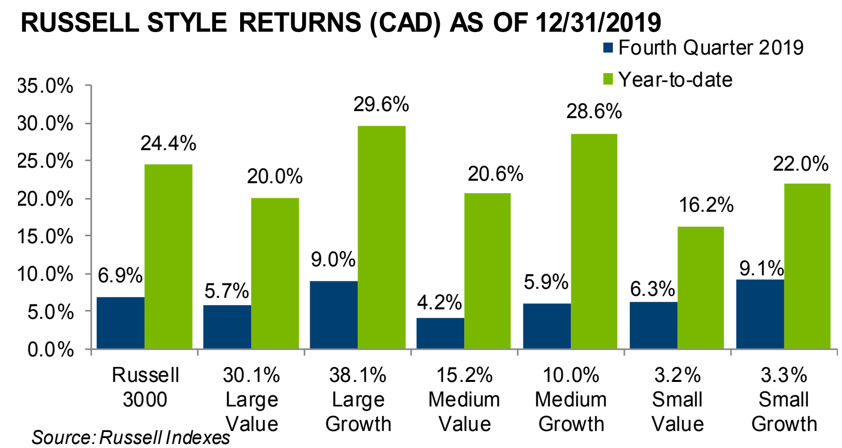
Capital Markets Environment

As of 31 December 2019

U.S. Equity Markets



Source: S&P



Source: Russell Indexes

- Three major U.S. equity indices (S&P 500, Dow Jones Industrial Average and Nasdaq Composite) briefly reached record highs over the quarter, boosted by a “Phase One” U.S.-China trade deal which tentatively ended months of short-term uncertainty. Progress on the U.S.-Mexico-Canada agreement and robust economic data releases provided further momentum for the rally.
- The Russell 3000 Index, a very broad measure of the U.S. stock market, rose by 6.9% during the fourth quarter and 24.4% on a year-to-date basis. The S&P 500 Index rose by 9.1% in USD terms and 6.8% in CAD terms as the Canadian dollar appreciated against the U.S. dollar.
- Health Care and Information Technology were the best performers over the quarter, each returning 12.0%. Real Estate (-2.6%) and Utilities (-1.3%) were the worst performing sectors in Q4 2019. Real Estate and Utilities, two sectors with notable dividend levels, gave back some of the gains experienced earlier in 2019 as interest rates rose modestly in the quarter.
- Performance was positive across the market capitalization spectrum over the quarter. Small cap stocks outperformed large and medium cap stocks over the quarter. Growth stocks outperformed their Value counterparts in the past quarter and year.

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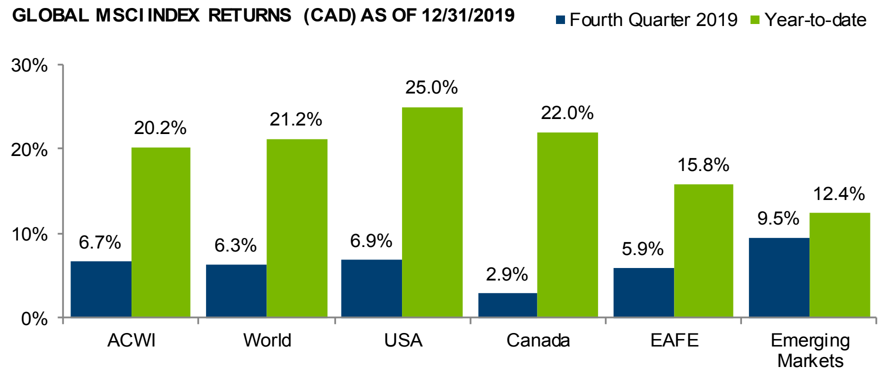
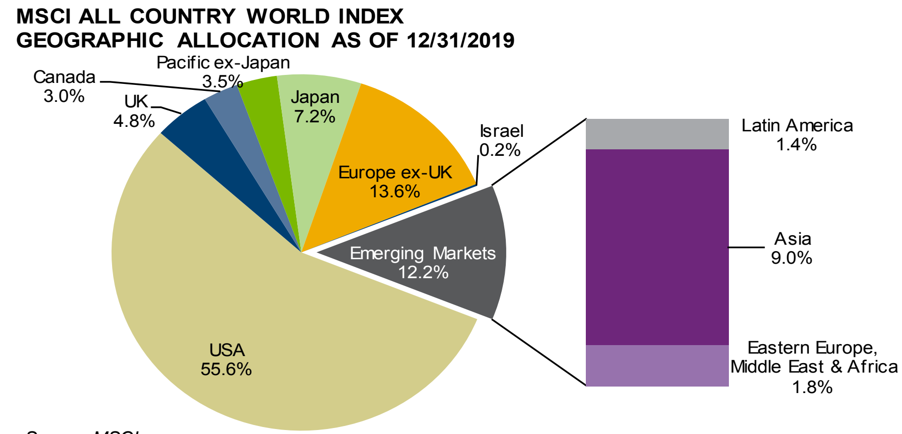
Capital Markets Environment

As of 31 December 2019

Global Equity Markets

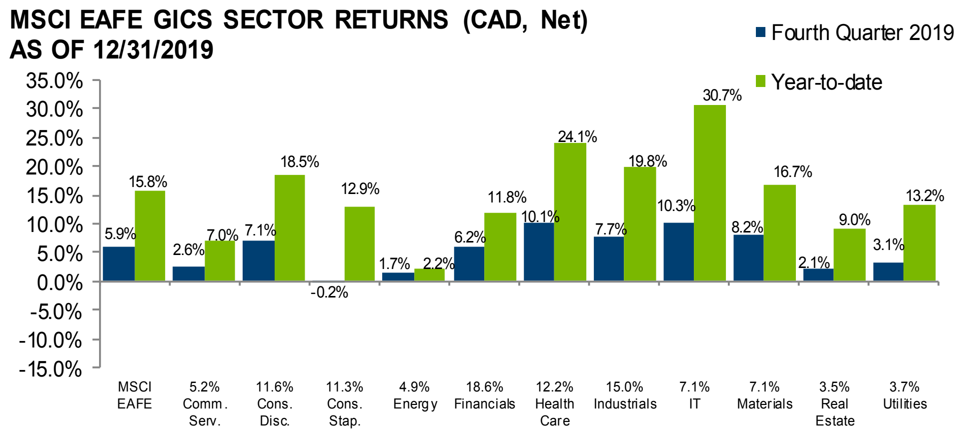


Source: MSCI. Gross returns shown for the MSCI Canada and USA indices, whilst net returns are shown for the other indices.



Source: MSCI

- MSCI ACWI rose by 6.7% in Canadian dollar terms over the quarter.
- EAFE equities rose by 5.2% in local currency terms over the quarter. UK equities continue to lag other developed equity markets in local currency terms as strong appreciation of sterling weighed on companies with significant overseas revenue exposure. In Europe, stocks with more sensitivity to the economic environment contributed to the quarterly return with notably strong performances from the Information Technology and Consumer Discretionary sectors. Defensive areas, which outperformed in the prior quarter, lagged behind. In Japan, fiscal stimulus dampened the negative economic effects of the consumption tax hike and typhoon damages, but cyclical stocks still underperformed over the quarter.
- Emerging Markets stocks recovered strongly, delivering the highest local currency return among the major equity markets. Thawing trade tensions and reflationary policies in China (lowering of the reserve requirement ratios and greater fiscal expansion) helped Chinese equities surge by 14.0%. Overall, the MSCI Emerging Markets Index rose by 9.5% in CAD terms.



Source: MSCI

- Within the MSCI EAFE Index, Information Technology (10.3%) and Health Care (10.1%) were the best performers while Consumer Staples (-0.2%) and Energy (1.7%) were the worst performers.

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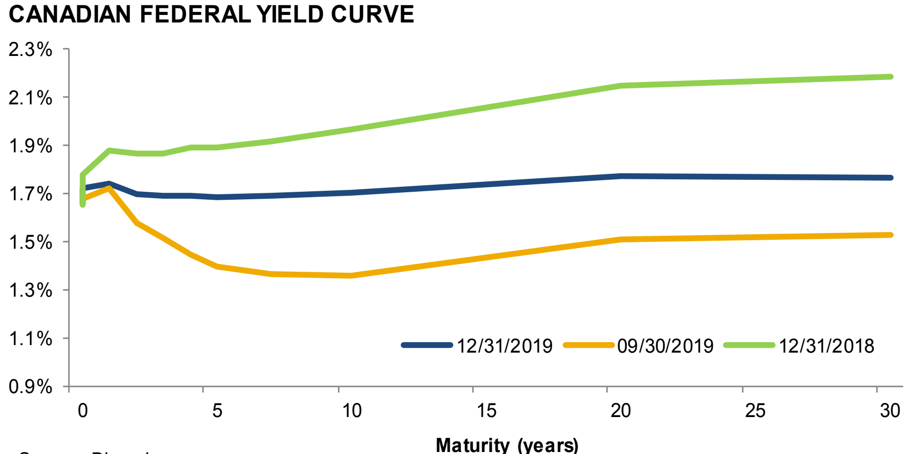
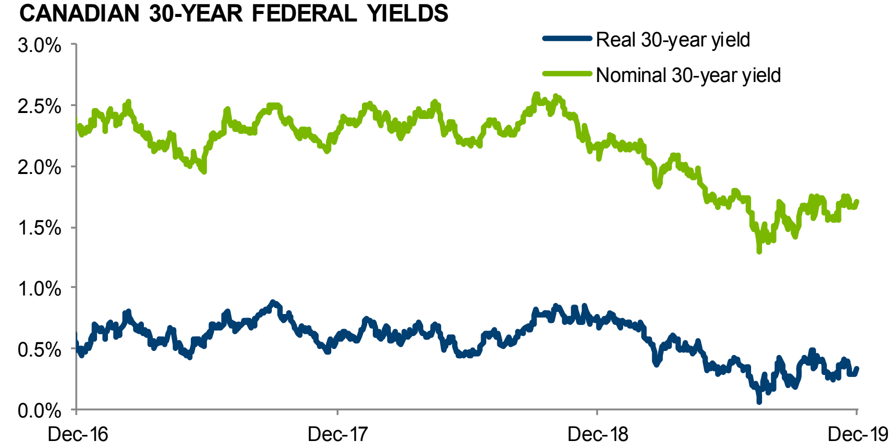
Capital Markets Environment

As of 31 December 2019

Canada Fixed Income Markets



Source: Bloomberg

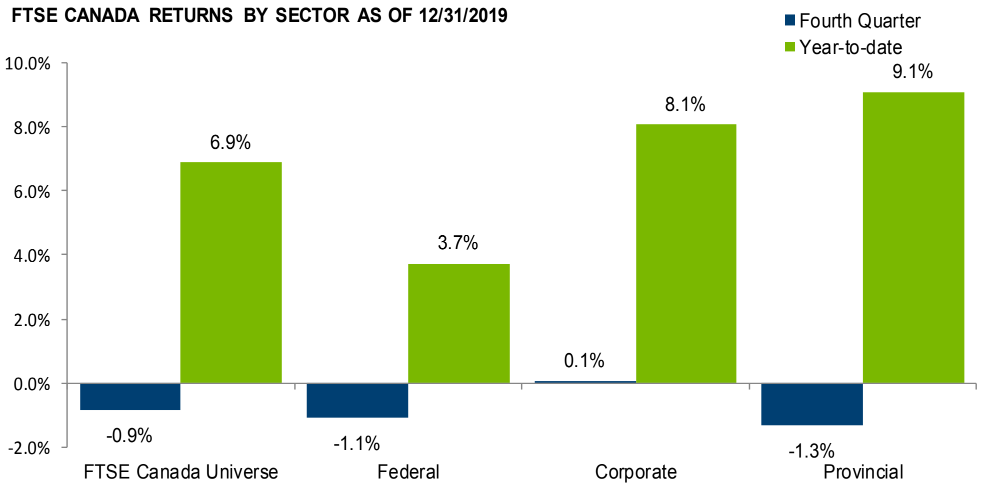


Source: Bloomberg

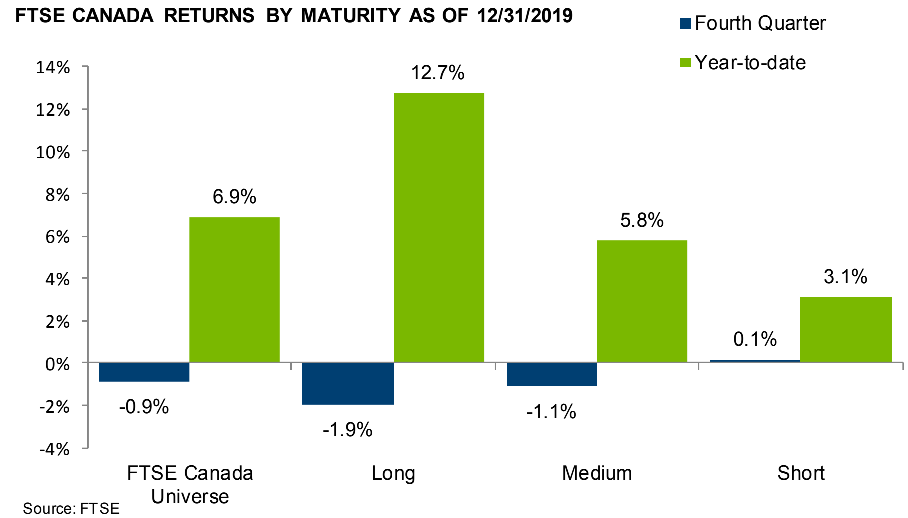
- The Canadian yield curve shifted upwards over the quarter with yields rising across all maturities. The BoC kept interest rates on hold at 1.75% in its latest meeting, and tempered expectations of future rate cuts by reiterating its positive economic outlook. Meanwhile, BoC governor, Stephen Poloz, announced his decision to step down when his seven-year term expires in June of next year.
- The yield curve flattened as yields at intermediate maturities rose sharply relative to longer maturity bonds, while the 2-year bond and 10-year bond yield reversed its previous inversion, ending the quarter level at 1.70%. Canada's annual inflation rate rose to 2.2% in November on the back of higher energy prices, exceeding the central bank's 2.0% target.
- In Canada, nominal 30-year yields rose by 23bps to 1.76% and real 30-year yields rose by 12bps to 0.38%.
- The upward movements in yields were observed across major developed markets. The 10-year U.S. Treasury yield ended the quarter at 1.92%, a 24bps increase over the quarter despite a 25bps Federal Reserve rate cut. The U.S. nominal yield curve steepened over the quarter with yields falling at the shortest end of the curve and rising at longer maturities. In the latest "dot plot", the majority of the Federal Open Market Committee believed that interest rates will stay at current levels for at least the next year, with the next 25bps hike not anticipated until 2021.

Capital Markets Environment

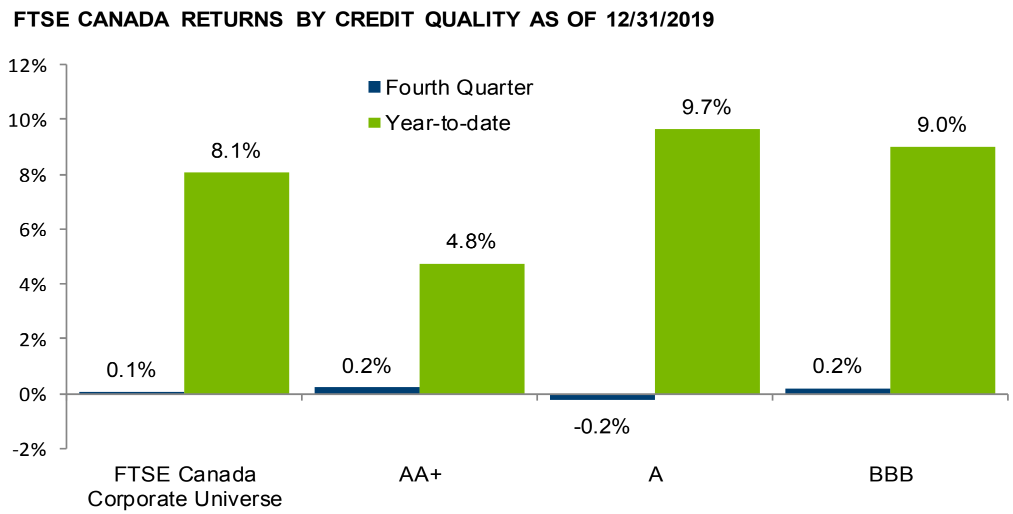
As of 31 December 2019



Source: FTSE



Source: FTSE



Source: FTSE

- Canadian bond market performance was negative over the quarter, driven by an increase in underlying government bond yields.
- Canadian Provincial bonds underperformed both Federal and Corporate issues. Moody's downgraded Alberta's credit rating by one notch to Aa2, citing its dependence on volatile oil revenues.
- Investment grade corporate bond outperformed as credit spreads fell across the credit quality spectrum.
- Long maturity bonds underperformed both Medium and Short maturity bonds over the quarter due to their greater sensitivity to yield changes.

Performance data may differ slightly from other performance data provided in the report due to different foreign exchange rate sources.

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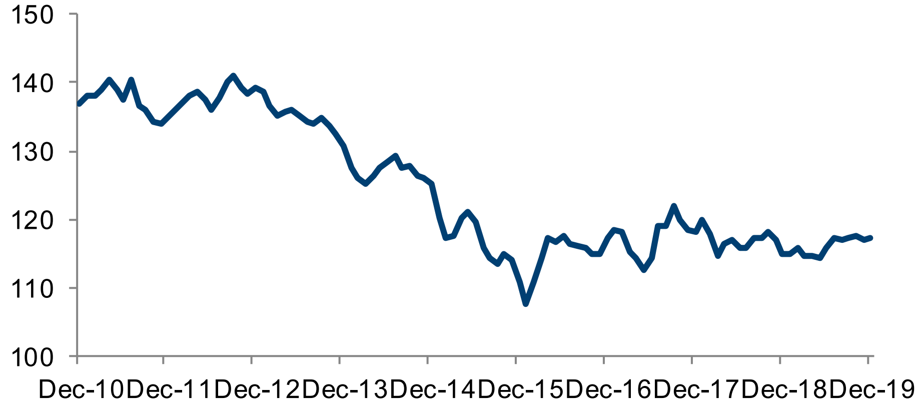
Capital Markets Environment

As of 31 December 2019

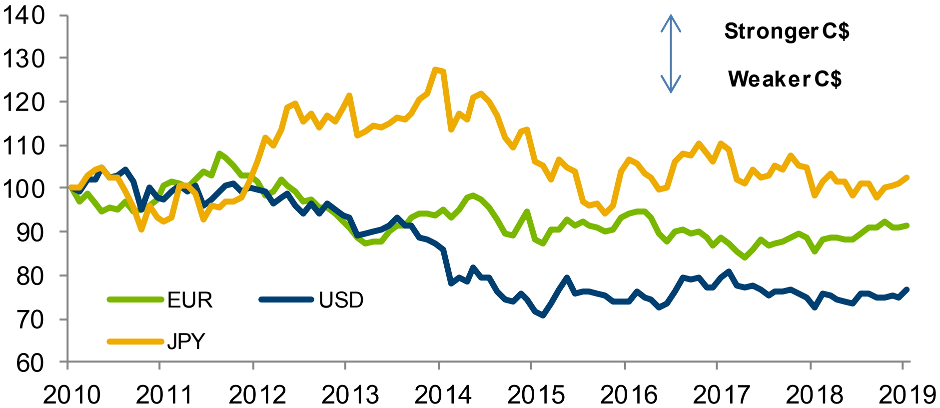
Currency

TRADE WEIGHTED CANADIAN DOLLAR INDEX (1999 = 100)



Source: Bank of Canada

CANADIAN DOLLAR RELATIVE TO EUR, USD AND JPY REBASED TO 100 AT 31/12/2010



Source: Factset

- As measured by the broad trade-weighted Canadian dollar (CAD) index, the CAD depreciated by 0.1% during the fourth quarter. The CAD had a mixed performance against major currencies in Q4 2019. It appreciated against the U.S. dollar and the Japanese yen but depreciated against sterling and the euro.
- The CAD depreciated by 5.0% against the British pound. The UK general election, which resulted in the incumbent Conservative Party winning a substantial majority, contributed to the sterling rally, reflecting greater confidence that the first stage of Brexit will be resolved.
- The U.S. dollar weakened against major currencies over the quarter (except for Japanese yen) and ended lower as it fell 2.9% on a trade-weighted basis over the quarter. It depreciated by 2.1% against the CAD over the quarter.
- The euro remained broadly flat on a trade-weighted basis over the quarter but rose by 0.8% against the CAD. Germany defied consensus forecasts of a recession by recording positive growth in Q3, but manufacturing activities across the Eurozone continued to decline.
- The Japanese yen depreciated by 2.7% against the CAD.

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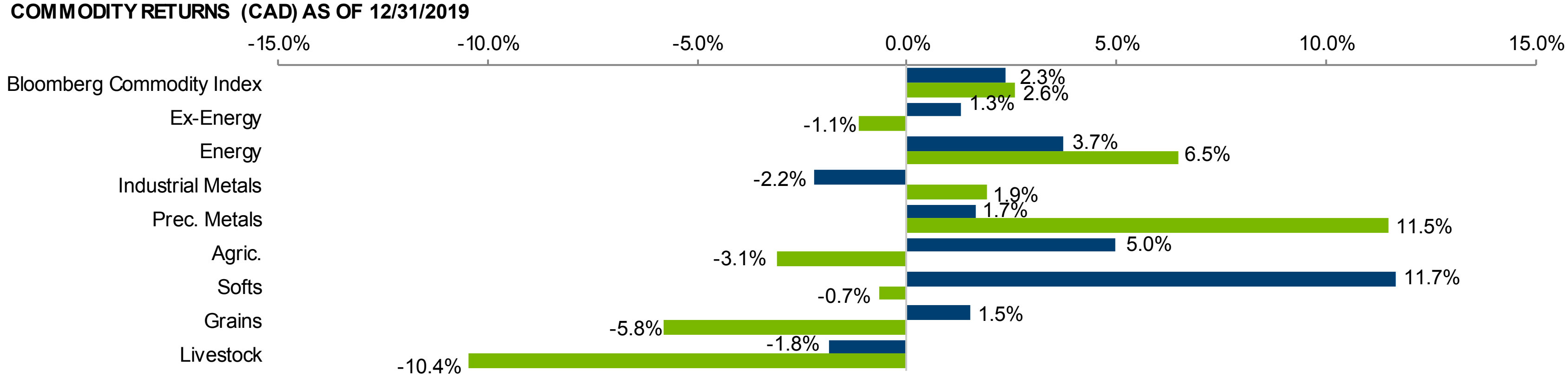
Capital Markets Environment

As of 31 December 2019

Commodities



Source: Bloomberg
Note: Softs and Grains are part of the wider Agriculture sector

- Additional supply cuts proposed by OPEC as well as a less pessimistic global growth outlook boosted crude oil prices, while escalating U.S.-Iran tensions later in the quarter sent prices up further. Commodity prices, in general, also found firmer footing, with the Bloomberg Commodity Index returning 2.3%.
- The price of Brent crude oil rose by 8.6% to $66/bbl. and WTI crude oil rose by 12.9% to $61/bbl. The Energy sector returned 3.7% in CAD terms.
- Agriculture (5.0%) was the best performing sector in Q4 2019. Within the Agriculture sector, Softs rose by 11.7% while Grains rose by 1.5%.
- Industrial Metals was the worst performing sector over the quarter with a return of -2.2%.

Performance data may differ slightly from other performance data provided in the report due to different foreign exchange rate sources.

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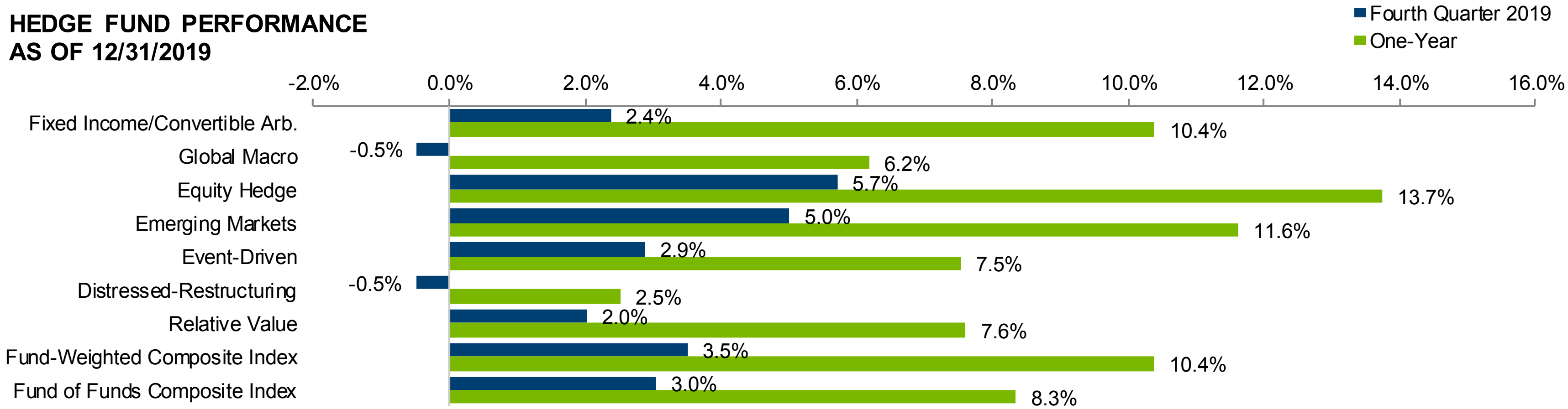
Capital Markets Environment

As of 31 December 2019

Hedge Fund Markets Overview



Note: Latest 5 months of HFR data are estimated by HFR and may change in the future.
Source: HFR

- Hedge fund performance was generally positive across most strategies in the fourth quarter. The HFRI Fund-Weighted Composite Index and the HFRI Fund of Funds Composite Index produced returns of 3.5% and 3.0% respectively.
- Over the quarter, Equity Hedge and Emerging Markets strategies were the best performers with returns of 5.7% and 5.0% respectively, with these strategies benefiting from long equity positions amidst an equity market rally.
- Conversely, Global Macro and Distressed-Restructuring were the only strategies to generate negative returns of -0.5% each. Trend-following Global Macro strategies experienced a difficult quarter, while their discretionary counterparts performed better.

Appendix E - Description Of Market Indices & Statistics

Index Definitions

As of 31 December 2019

S&P/TSX Composite

S&P/TSX Composite Index comprises approximately 70 percent of market capitalization for Canadian-based, Toronto Stock Exchange listed companies. It is calculated on a float market capitalization and is the broadest Canadian equity index available. The index also serves as the premier benchmark for Canadian pension funds and mutual market funds.

S&P 500

Standard and Poor's 500 Composite Stock Index consists of 500 large companies in the United States chosen for market size, liquidity and industry group representation. It is a market-value weighted index, with each stock's weight in the index proportionate to its market value. For the purposes of this report, the S&P 500 Index returns are converted from U.S. dollars into Canadian dollars, and therefore reflect currency gains or losses.

MSCI EAFE

The MSCI Europe, Australasia and Far East (EAFE) Index is a widely recognized benchmark of non-North American stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 21 European and Pacific Basin Countries and includes reinvestment of all dividends. This index aims to capture 85% of the free float adjusted market capitalization in each industry group in each country.

MSCI World

MSCI World Index consists of more than 1,600 stocks in 23 of the world's largest industrialized countries globally and represents approximately 85% of the total market capitalization in those countries. The index is computed on a float-based capitalization.

FTSE Canada Universe Bond

The FTSE Canada Universe Bond Index covers all marketable Canadian bonds with term to maturity of more than one year. The Index contains approximately one thousand marketable Canadian bonds with an average term of approximately 10.9 years and an average duration of approximately 8.0 years. The purpose of the Index is to reflect the performance of the broad "Canadian Bond Market" in a similar manner to the S&P/TSX Capped Composite Index in the Canadian Equity Market.

FTSE Canada Long Term Overall Bond

The FTSE Canada Long Term Overall Bond Index is a capitalization-weighted index containing bonds with a term to maturity of greater than 10 years. It includes approximately 300 marketable Canadian bonds. The average term is approximately 23.1 years and the average duration is approximately 15.5 years.

FTSE Canada Real Return Bond

The FTSE Canada Real Return Bond Index measures the daily performance of Canadian real return bonds. It currently contains the outstanding real return bonds in the market.

CPI

Consumer Price Index is used to gauge Canada's inflation rate. The series used is the all items, not seasonally adjusted, 2002 base, widely known as the headline inflation.

Statistic Definitions

As of 31 December 2019

Active Return

Arithmetic difference between the portfolio return and the benchmark return over a specified time period.

Active Weight

The difference between the portfolio weight and the benchmark weight, where the weight is based on the beginning of period weights for the sector/region/asset class for a certain periodicity (monthly or quarterly, depending upon the reporting frequency), adjusted by the relative return for the sector/region/asset class.

Annualized Value Added

A portfolio's excess return over a benchmark, annualized as it is recorded.

Asset Allocation

The value added or subtracted by under or over weighting sectors/regions/asset classes versus the benchmark weights. Asset allocation measures the impact on performance attributed only to the sector/region/asset class weighting decisions by the manager. It assumes that the manager holds the same securities in each sector/region/asset class and in the same proportion as in the benchmark. Any differences in return can be attributed to differences in sector weights between the manager's fund and the benchmark.

Batting Average

The frequency, expressed in percentage terms, of the portfolio's return equaling or exceeding the benchmark's return.

Beta

A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk.

Correlation

Also called coefficient of correlation, it is a measure of the co-movements of two sets of returns. Indicates the degree in which two sets of returns move in tandem.

Cumulative Added Value

The geometrically linked excess return of a portfolio over a benchmark.

Down Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of negative benchmark return. Lower values indicate better portfolio performance.

Downside Risk

A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the factor, the riskier the portfolio.

Statistic Definitions

As of 31 December 2019

Duration

A measure of a bond portfolio's sensitivity to movements in interest rates.

EPS

Earnings Per Share

Excess Return

Arithmetic difference between the managers return and the risk-free return over a specified time period.

Excess Risk

A measure of the standard deviation of a portfolio's performance relative to the risk free return.

Information Ratio

Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Return

Compounded rate of return for the period.

R-Squared

The percentage of a portfolio's performance explained by the behaviour of the appropriate benchmark. High R-Square means a higher correlation of the portfolio's performance to the appropriate benchmark.

Security Selection

The value added or subtracted by holding securities at weights which differ from those in the benchmark, including securities not in the benchmark or a zero weight. The security selection return assumes the manager weights for each sector/region/asset class in the portfolio are in the same proportion as in the overall benchmark, and excess returns are due to security selection. That is, differences in returns between the manager's fund and the benchmark are attributed to the securities the manager has chosen.

Sharpe Ratio

Represents the excess rate of return over the risk free return divided by the standard deviation of the return. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio’s historical risk-adjusted performance.

Simple Alpha

The difference between the portfolio's return and the benchmark's return.

Statistic Definitions

As of 31 December 2019

Sortino Ratio

Represents the excess return over the risk-free rate divided by the downside deviation (i.e. the standard deviation of negative asset returns). Therefore, the Sortino Ratio differentiates harmful volatility from general volatility. A large Sortino Ratio indicates there is a low probability of a large loss.

Standard Deviation

A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.

Tracking Error

A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate benchmark.

Treynor Ratio

Similar to Sharpe ratio, but focuses on beta rather than excess risk (standard deviation). Represents the excess rate of return over the risk free rate divided by the beta. The result is the absolute rate of return per unit of risk. The higher the value, the better the portfolio’s historical risk-adjusted performance.

Up Market Capture

The portfolio's average return as a percentage of the benchmark return, during periods of positive benchmark return. Higher values indicate better portfolio performance.

Appendix F - Disclosure

Statement of Disclosure

As of 31 December 2019

Aon Hewitt Inc. reconciles the rates of return with each investment manager quarterly. Aon Hewitt Inc. calculates returns from the custodian/trustee statements while the managers use different data sources. Occasionally discrepancies occur because of differences in computational procedures, security prices, "trade date" versus "settlement date" accounting, etc. We monitor these discrepancies closely and find that they generally do not tend to persist over time. However, if a material discrepancy arises or persists, we will bring the matter to your attention after discussion with your money manager.

This report may contain slight discrepancies due to rounding in some of the calculations. All data presented is in Canadian dollars unless otherwise stated.

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