OMERS Update to the City of Toronto

November 30, 2021

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OMERS Sponsors Corporation

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OMERS Administration Corporation

Agenda

Key Updates, Sustainable Investing & OMERS Governance

OMERS Mid-Year Investment Update

Response to the City of Toronto Motion

Key Updates

Update since June 2021

OMERS provided an update to the General Government & Licensing Committee on June 29 which included information on OMERS 2020 Investment Results, along with a verbal update from the City of Toronto's Administration Corporation (AC) and Sponsors Corporation (SC) Board Nominees.

In August 2021, OMERS released its mid-year investment results – *details to follow*

In November 2021, the AC Board of Directors approved enhanced commitments in Sustainable Investing, which we will discuss

Sustainable Investing – Commitments

We continue to advance our Sustainable Investing efforts in the following ways:

OMERS has set goals to:

- achieve **net-zero greenhouse gas** emissions across the total portfolio by 2050
- **reduce the carbon intensity** of the portfolio 20% by 2025
- establish **5-year interim targets**

The portfolio today holds more than

$18 Billion

invested in green assets

Including green buildings, renewable energy and energy efficiency assets

OMERS Governance Model

In 2012, an independent Reviewer was appointed by the Minister of Municipal Affairs and Housing to conduct a review of the operation of OMERS governance structure.

The Reviewer confirmed the importance of having an independent, professional OMERS AC Board to oversee the investment performance of the Plan, among other matters.

Role of the Independent, Professional OMERS AC Board of Directors

OMERS investment strategy and execution is governed by the independent AC Board of Directors, whose professional members are nominated by OMERS sponsors, including one representative nominated by the City of Toronto. It is the AC Board's responsibility to govern OMERS investment program, and it takes this duty very seriously

OMERS Mid-Year Investment Update

Strong returns in the first six months

Net Return

8.8%

Net Investment Income

$9.2 billion

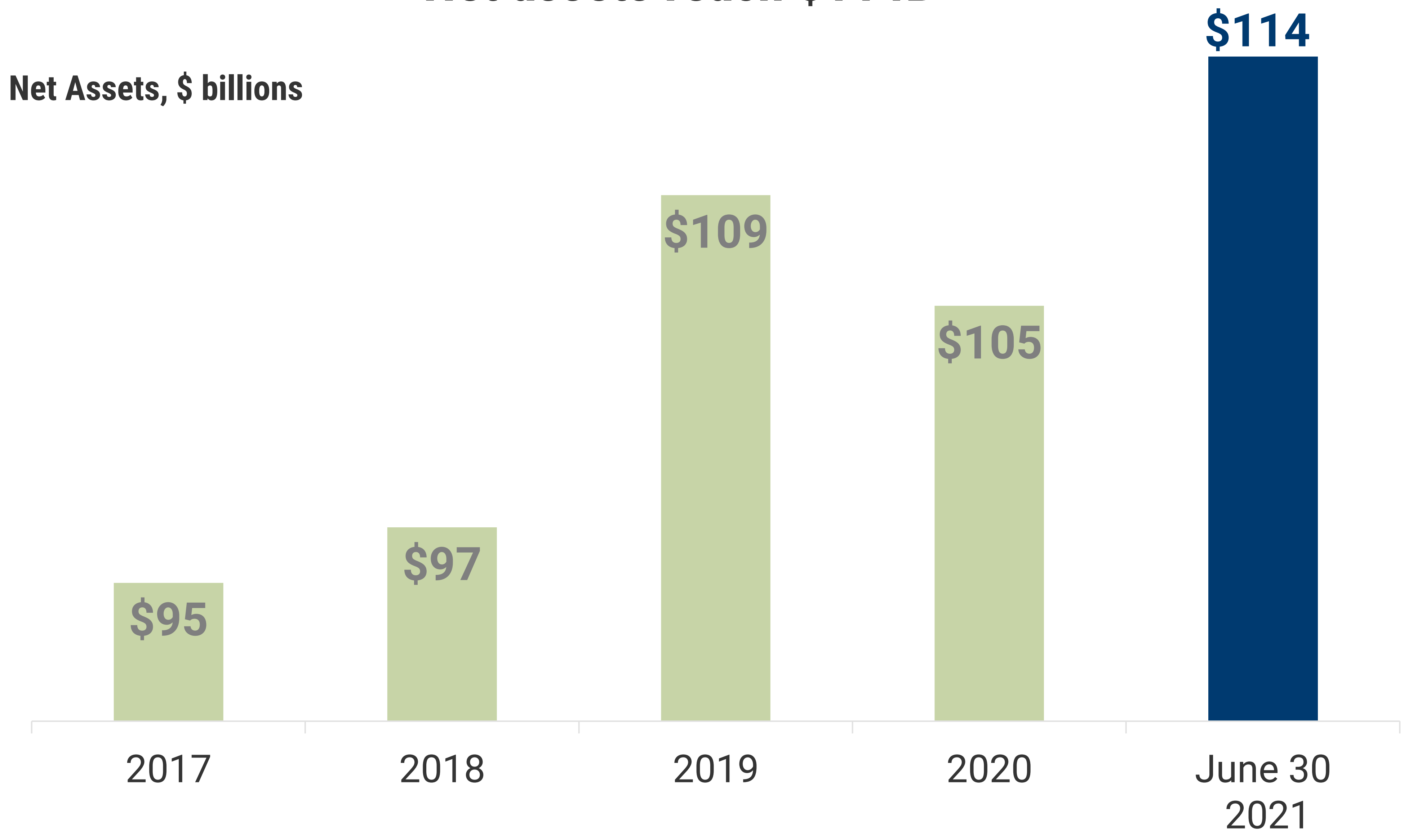
Annualized net return history to June 30, 2021

18.2%	5.8%	7.6%
1 Year	**3 Year**	**5 Year**
(July 1, 2020 – June 30, 2021)	(July 1, 2018 – June 30, 2021)	(July 1, 2016 – June 30, 2021)

Positive performance across all asset classes

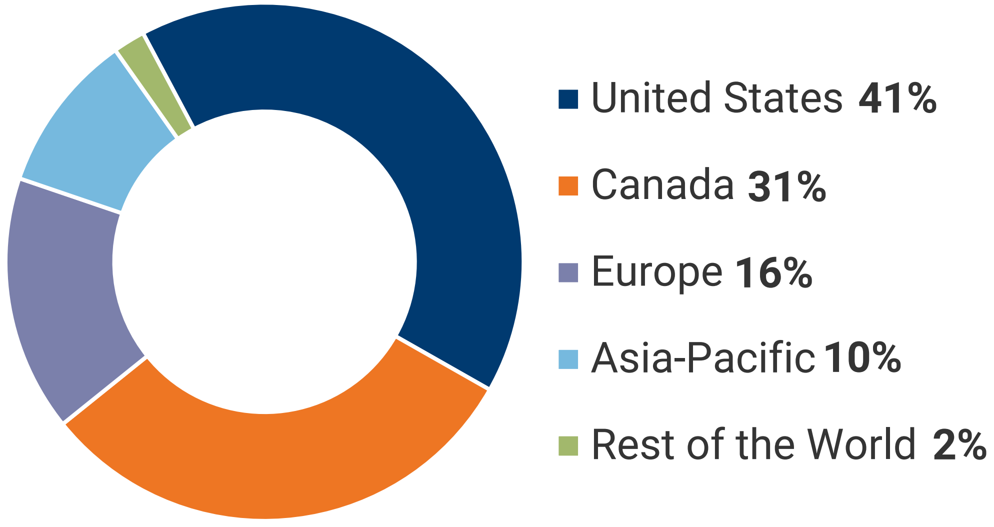
Net Investment Returns %	**2021** Six-Months to June 30	**Five-year Annualized** (July 1, 2016 – June 30, 2021)
Bonds	0.2	0.3
Credit	1.2	4.1
Public Equity	12.8	9.4
Private Equity	15.8	9.0
Infrastructure	4.9	10.2
Real Estate	8.8	6.4
Total Plan	**8.8**	**7.6**

Net assets reach $114B

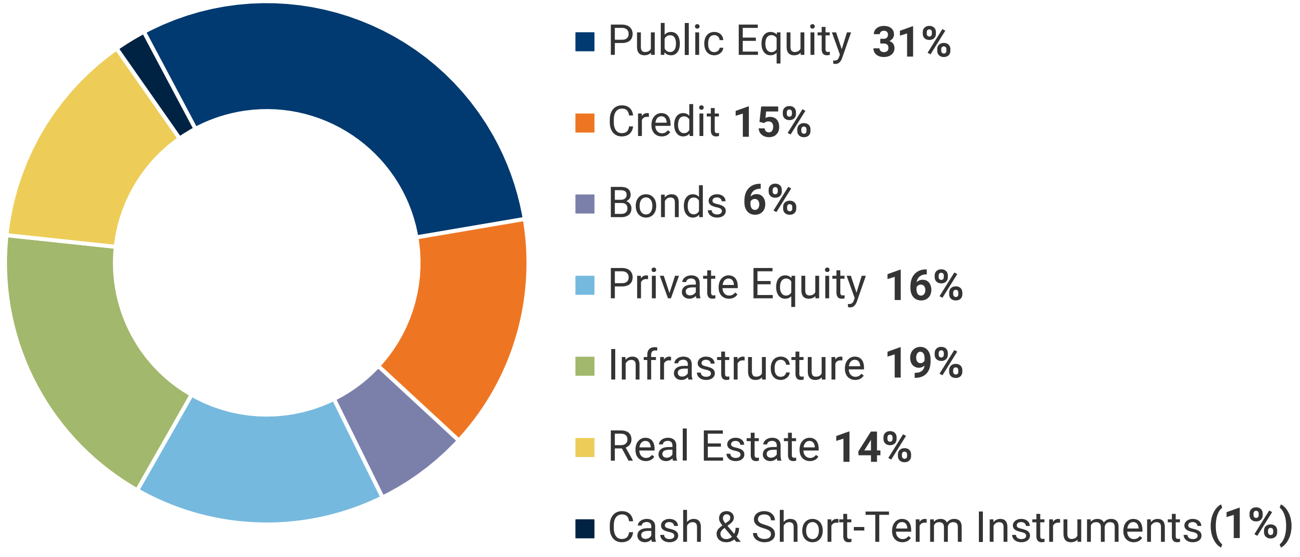


Well diversified portfolio by geography and asset mix

Geographical Distribution



Asset Mix



Strong credit ratings reaffirmed by four global ratings agencies

Long-term Issuer Credit Ratings:

AAA	AAA	Aa1	AA+
DBRS	Fitch	Moody’s	S&P

Response to City of Toronto Motion

City of Toronto Motion

Motion a: *implement improved disclosure of investment performance and management measures to ensure the sustainability of the OMERS pension plans and that these measures include specific information on how each OMERS division is effectively fulfilling core functions, achieving performance measures, and verifiable annual plans to improve continuously*

OMERS Response:

- The City of Toronto resolution was tabled with the AC Board

- OMERS Annual Report does include detailed information about the Plan's financial health and overall investment performance including its year-end funding ratio, discount rate and each year's absolute benchmark return is included in the Annual Report

It also discloses:

- OMERS total investment performance
- performance for each asset class over the short and medium term
- the asset mix, geographic diversification, liquidity, management expense ratio
- other information relevant to assessing our investment strategy and performance

City of Toronto Motion

Motion b: *advise the OMERS Sponsors Corporation Board of Directors on improved disclosure surrounding its decisions and expenses*

OMERS Response:

- A copy of the City of Toronto motion has been shared with the SC Board Directors for consideration
- Financial/expense disclosures are included in audited financial statements published in the Annual Report
- Regular Board reporting and discussions with Sponsors & Stakeholders

City of Toronto Motion

Motion c: *publish, annually, the OMERS investment performance and actuarial valuation and share with all OMERS employers, members and retirees*

OMERS Response: Annual Report

- OMERS investment performance is published annually in our Annual Report, as described above.
- The Annual Report is made available to all members, employers, retirees, sponsors and stakeholders through our website (www.omers.com).
- We also direct our members, employers, retirees, and sponsors and stakeholders to the annual report through our newsletters and updates.

OMERS Response: Actuarial Valuation

- The full actuarial valuation is filed with the Financial Services Regulatory Authority (FSRA) of Ontario at least once every three years.
- OMERS last filed the actuarial valuation for the year ended December 31, 2020.
- Once filed, OMERS members or participating employers may request a copy of the filed actuarial valuation from OMERS or FSRA.

City of Toronto Motion

Motion d: *request permanent annual financial reporting on how OMERS performs on one, three, five, ten and twenty-year bases*

OMERS Response:

- OMERS regularly includes, and will continue to include, its one, three, five, ten and twenty-year reporting in its Annual Report. The 2020 results can be seen on page 33 of the Annual Report.
- The 2021 mid-year results, as of June 30, 2021, for one, three and five years are:

18.2%	5.8%	7.6%
1 Year (July 1, 2020 – June 30, 2021)	**3 Year** (July 1, 2018 – June 30, 2021)	**5 Year** (July 1, 2016 – June 30, 2021)

City of Toronto Motion

Motion e: *compare the performance and disclosure measurements against its Ontario and Canadian public pension fund managing peers, including unedited results from any participation in the CEM Pension Administration Benchmarking Study that measures peer pension funds' efficiency in delivering benefits*

OMERS Response: A copy of the City of Toronto motion has been provided to the AC Board for consideration

OMERS does not compare results against peers. Its view is that the most relevant comparison to be made on performance is to OMERS benchmarks.

The benchmarks are set annually by the AC Board, and consider our specific pension liabilities, risk appetite, and the trade-offs between risks and returns.

Other pension plans have their own plan demographics, design features, risk appetite, liabilities and funded status – and some of these differ significantly from OMERS.

Benchmarks, therefore, are the basis of our public disclosures in the Annual Report.

City of Toronto Motion

Motion f: *make this resolution available to all OMERS employers, sponsors, unions and non-union municipal workers, non-teaching staff of school boards and employees of children's aid societies, transit systems and electrical utilities*

OMERS Response:

The City of Toronto resolution has been made available to Sponsors through OMERS third-quarter Directors' Report, which is used by AC and SC Directors to update their sponsor organizations on key matters

Questions/Comments