ATTACHMENT 1

Toronto Investment Board - Discussion Guide

Q4 2020

Prepared by Aon

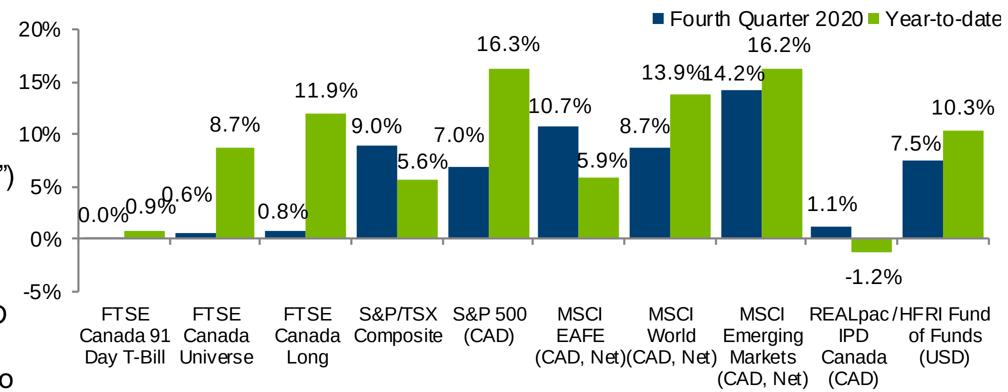
Empower Results®

Table of Contents

Capital Markets Overview

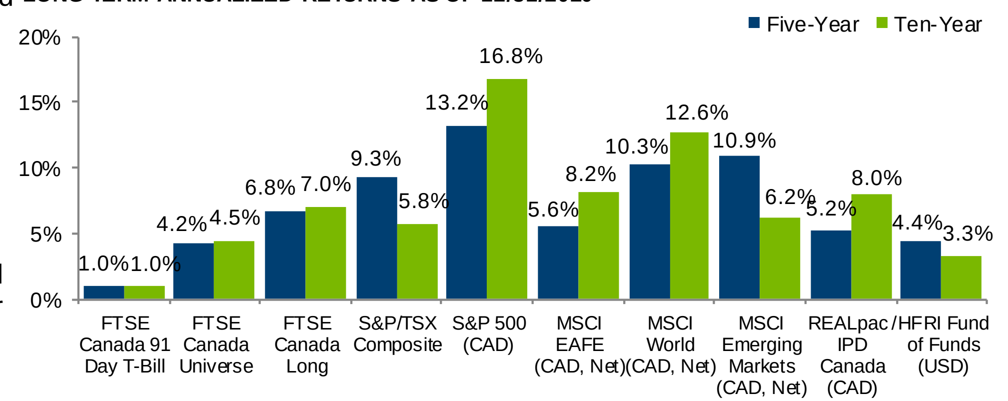
- Global equities continued to perform well during the fourth quarter, supported by COVID-19 vaccine program optimism and accommodative monetary and fiscal policies. After breaking the pre-pandemic all-time high in Q3, the MSCI All Countries World Index continued its strong run despite uncertainties around the U.S. elections, and surging COVID-19 cases and deaths. The MSCI World Index rose by 12.4% in local currency terms over Q4, but the gains were limited to 8.7% in Canadian dollar ("CAD") terms. Meanwhile, Canadian equities, as represented by the S&P/TSX Composite Index, rose by 9.0% for the quarter.
- The U.S. Federal Reserve (the "Fed") kept its policy rate unchanged and reiterated it will continue to buy $120 billion USD of debt per month until "substantial further progress has been made" towards its employment and inflation targets. The Fed also upgraded its projected economic growth rate from -3.7% to -2.4% in 2020, and from 4.0% to 4.2% in 2021.
- The European Union ("the "EU") passed the bloc's €1.8 trillion budget and recovery package after Hungary and Poland reversed their vetoes. The European Central Bank increased the size of the Pandemic Emergency Purchase Program from €1.35 trillion to €1.85 trillion and extended the program until March 2022.
- The Bank of England unanimously decided to increase its quantitative easing amount to £895 billion from £745 billion over the course of 2021. The Pound Sterling appreciated by 5.4% against the U.S. dollar during the past quarter.
- The Bank of Canada (the "BoC") kept its policy rates unchanged at its effective lower bound of 0.25% and pledged to keep it near zero until 2023. The BoC said it has no plans to change its benchmark interest rate until inflation touches two percent.
- The Canadian economy rebounded at a historic pace as businesses resumed after the COVID-19 lockdown. It grew at an annualized rate of 40.5% in third quarter of 2020 but still fell short of consensus estimate of 47.6% growth.

SHORT TERM RETURNS AS OF 12/31/2020



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

LONG TERM ANNUALIZED RETURNS AS OF 12/31/2020



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

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Executive Summary – Sinking Fund and Long-Term Fund

	Performance (%)			Market Value ($000s)	Estimated Annual Fee (bps.)	Performance Objective Met	Action Required
	Quarter	1 Year	5 Year				
Sinking Fund Return	1.7	10.2	-	1,721,336	13.2	n/a	No
Benchmark Return [1]	2.2	11.8	-				
Total Fund Value Added	-0.5	-1.6	-				
Long Term Fund Return	2.5	10.3	-	3,224,603 [2]	14.2	n/a	No
Benchmark Return [1]	2.5	9.8	-				
Value Added	0.0	0.5	-				

Events

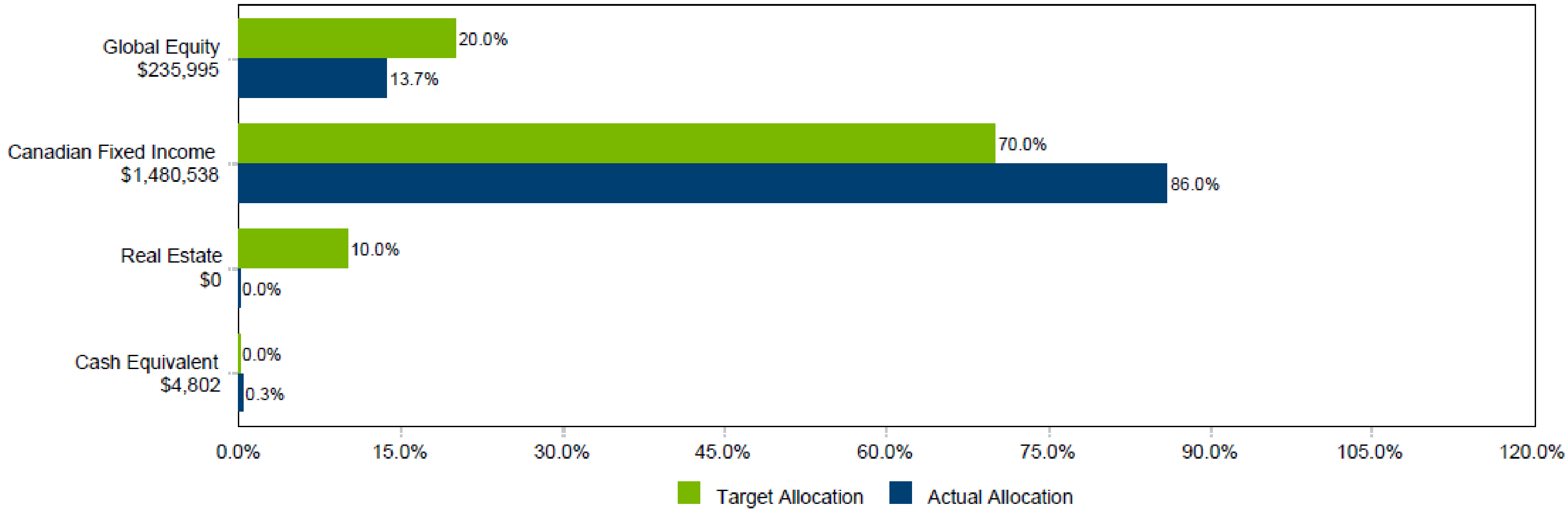
- LGIM Multi-Factor Global Equity fund (LGIM) was added to the Long-Term Fund on December 14, 2020 with investment of $376 million. LGIM was also added to the Sinking Fund on January 6, 2021 with investment of $210 million.

Recommendations

- We are recommending to hold off on decisions to invest in direct real estate at this time due to continued headwinds and potential for valuation adjustments. Continue to monitor updates provided by Aon on real estate asset class.

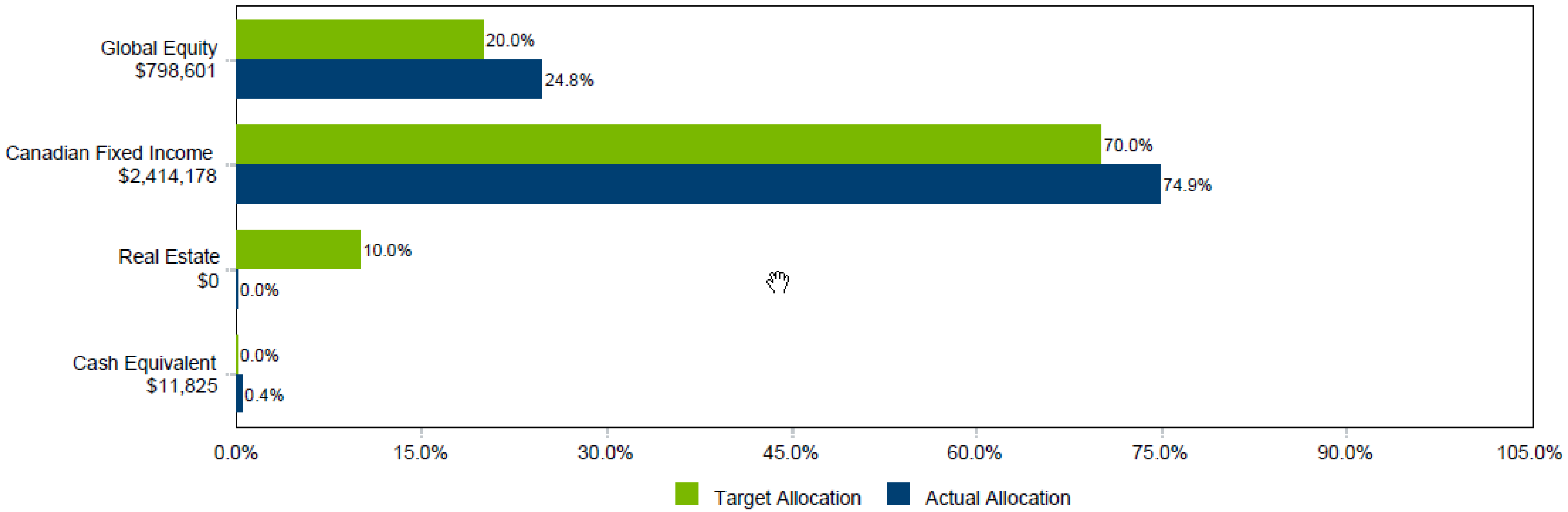
[1]The benchmark return is calculated based on the weighted average return of the target asset mix of respective Sinking and Long-Term Fund as specified in the SIPP. The plan is currently transitioning towards the target asset mix and is not fully allocated as per the target asset mix specified in the SIPP.
[2]Market Value of Long-Term Fund excludes inactive accounts with Leith Wheeler and CC&L for the fixed income component

Asset Mix Compliance – Sinking Fund



	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Global Equity	235,995	13.7	20.0	-6.3	0.0	30.0	Yes
Canadian Fixed Income	1,480,538	86.0	70.0	16.0	50.0	100.0	Yes
Real Estate	-	0.0	10.0	-10.0	0.0	10.0	Yes
Cash Equivalent	4,802	0.3	0.0	0.3	0.0	5.0	Yes
Total Fund	**1,721,336**	**100.0**	**100.0**	**0.0**			

Asset Mix Compliance – Long Term Fund



	Market Value ($000)	Market Value (%)	Target Allocation (%)	Differences (%)	Minimum Allocation (%)	Maximum Allocation (%)	Within Range
Global Equity	798,601	24.8	20.0	4.8	0.0	30.0	Yes
Canadian Fixed Income	2,414,178	74.9	70.0	4.9	50.0	100.0	Yes
Real Estate	-	0.0	10.0	-10.0	0.0	10.0	Yes
Cash Equivalent	11,825	0.4	0.0	0.4	0.0	5.0	Yes
Total Fund	**3,224,603**	**100.0**	**100.0**	**0.0**			

Strategy Performance

Strategy	Rating	Value Added (%) Quarter	Value Added (%) SI*	Objective Met	Above Median 5 Year	Action Required
Addenda LDI	**Buy**	0.4	-0.8	n/a	n/a	No
Fiera LDI	**Buy**	0.1	-0.2	n/a	n/a	No
CC&L Core Fixed Income	**Buy**	0.4	0.9	n/a	n/a	No
Leith Wheeler Core Fixed Income	**Buy**	0.3	0.3	n/a	n/a	No
Pier 21 Global Equity	**Buy**	-1.5	6.1	n/a	n/a	No
Oakmark Global Equity	**Buy**	12.5	-8.5	n/a	n/a	No
Fiera Global Focused Equity	**Buy**	-3.8	-5.3	n/a	n/a	No
LGIM Multi-Factor Global Equity	**Buy**	-	0.1	n/a	n/a	No

*Since Inception Dates:
- Addenda LDI: 7/1/2019
- Fiera LDI: 7/1/2019
- CC&L Core Fixed Income: 7/1/2019
- Leith Wheeler Core Fixed Income: 7/1/2019
- Pier 21 Global Equity: 11/1/2019
- Oakmark Global Equity: 11/1/2019
- Fiera Global Focused Equity: 2/19/2020
- LGIM Multi-Factor Global Equity: 12/14/2020

Manager Updates

Manager Name	Quarterly Update	ESG Rating
Addenda	No significant updates impacting City of Toronto	3
CC&L	No significant updates impacting City of Toronto	2
Fiera	No significant updates impacting City of Toronto	3
Oakmark		2
Leith Wheeler	No significant updates impacting City of Toronto	3
Pier 21 (C Worldwide)	No significant updates impacting City of Toronto	2
LGIM	No significant updates impacting City of Toronto	2*

*The LGIM Multi-Factor Equity Fund is a passive strategy that tracks the SciBeta Developed Low-Carbon & ESG High-Factor-Intensity Multi-Beta Maximum Deconcentration Index provided by Scientific Beta. The LGIM Multi-Factor Equity Fund's investment universe is tilted to reduce exposure in companies that score poorly on various ESG and carbon intensity criteria. This fund does not have a formal ESG rating. The ESG score above applies to the LGIM's passive equity platform which has a broader target universe which does not take into consideration various ESG components.

Aon Happenings

Townsend Global Real Estate Fund First Capital Calls

- The fund has started to deploy capital, finding opportunities in promising sectors or taking advantage of distressed sellers.
- The fund is investing in European and Australian logistics assets, which are benefiting from the increase in e-commerce and was also able to buy US assets at a large discount to Net Asset Value.
- If you are interested in further details about this fund, please contact Tony Pietro.

Q1 2021 Market Outlook Webinar – Investing in 2021: The Real Risk/Reward Challenges

- On January 21, 2021, Aon experts discussed Aon's market outlook and portfolio positioning for 2021.
- To access a replay of the webinar please click here.

Aon and eVestment to Offer Operational Due Diligence Data and Research to Institutional Investors

- This framework can provide new ways of examining operational risks across managers and the potential to uncover emerging compliance risks.
- For the full press release please click here.
- For any questions on the partnership or Aon's Operational Due Diligence capabilities please contact your consultant.

Now Available: Environmental, Social and Governance (ESG) Reporting Dashboard

- Aon launched an electronic reporting tool that examines ESG integration for your current investment managers.
- For an online demo and further details please contact your consultant.

Diversity & Inclusion Honour

The Human Rights Campaign Foundation's 2020 Corporate Equality Index named Aon as one of the Best Places to Work for LGBT+ Equality, with the highest score for the 13th consecutive year.

COVID-19 Resources

With the global outbreak of COVID-19, we are aware that organizations are struggling to keep pace with the significant impacts to business operations, employee duty of care and financial well-being. Aon has produced the COVID-19 Response Tool Kit which outlines key planning topics and decision points to consider as part of your pandemic preparedness and response efforts. Also, visit the Aon Coronavirus Response Site for additional resources related to COVID-19.

Appendix A: Asset Allocation Views

Medium Term Views

Cross Asset Class Views

---	--	-	=	+	++	+++
		Core fixed income	Equities	Alternatives		
		Credit	Cash			

Equity view remains neutral and downside risks persist

We still favor uncorrelated sources of returns from a risk-mitigation view

Coronavirus risks persist near-term but vaccine news strengthens our view on non-US equities

Equity Regions

---	--	-	=	+	++	+++
		USA	Canada	Emerging		
			EAFE			

Better virus containment and growth story is supportive for EM Asia

Equity Styles

---	--	-	=	+	++	+++
		Low Vol.	Quality			
		Growth	Value			

Pro-cyclical stance maintained. Value preferred to growth

Alternatives

---	--	-	=	+	++	+++
		Dir. Hedge Funds	Commodities	Non-Dir. Hedge Funds		
			Real Estate	Global Infra.		
				Private Credit		

Non-correlated alternatives generally preferred

We are neutral between local and USD EMD, preferred to loans and US high yield

Return Seeking Fixed Income*

---	--	-	=	+	++	+++
		Bank Loans	USD EMD	Selected ABS		
		High Yield	Local EMD			

High Grade Fixed Income

---	--	-	=	+	++	+++
		Federal				
		Corporate				
		Provincial				

Corporate and Provincial view remains neutral with Federal from a return-seeking perspective. Prefer the Universe index

Currencies versus CAD

---	--	-	=	+	++	+++
			EUR			
			USD			
			JPY			
			EM			

Safe haven flows expected to keep the USD supported in the near-term

* Hedged from US dollar vehicle

Appendix B: Thought Leadership

Thought Leadership Papers

During the last quarter, we produced papers on the following topics. Although these topics may not be directly applicable to your fund, they may be of general interest and provide some insight into Aon's global research.

For more details, please contact your Aon Investment Consultant.

- 2021 Outlook - A Vaccine Bridge Over Troubled Water? – The vaccination program and economic responses will probably be the big focus for 2021. After an action-packed year for markets, 2021 could see less drama though we expect to see elevated volatility, nonetheless. We believe the best advice for investment planning going into 2021 is to be prepared for a wide range of market conditions and outcomes. In this piece, Aon's Global Asset Allocation team discuss their outlook for 2021. The team looks at the expected drivers of markets in 2021, how assets may behave in such an environment, and some of the key risks out there.
- The Great Working from Home Experiment - COVID-19 and the Impact on Office – The office market is projected to be challenged by a new structural headwind. The death of the office market appears exaggerated, but there will need to be meaningful repricing of the sector to become attractive on a relative basis. We can't ignore that the world's largest work from home experiment has proven the effectiveness of the concept. Depending on the extent of valuation declines and the potential for market participants to overreact, the office sector may offer attractive opportunities as the transaction market restarts. In this paper, we cover our outlook on the office market, given the overwhelming uncertainty the sector faces due to structural changes within the work force combined with a trough in the business cycle.
- 2020 Capital Accumulation Plans Employer Survey Report – With Capital Accumulation Plans (CAPs) rapidly becoming the primary workplace retirement vehicle for most Canadian employees, Aon surveyed a broad range of Canadian employers to learn what they believe will make their retirement programs more successful now and in the future. In Canada, we surveyed HR managers, fiduciaries, finance officers and other professionals from almost 100 organizations offering workplace Capital Accumulation Plans (CAPs) across a wide range of industries, plan types and sizes. Read Aon's 2020 Capital Accumulation Plans Employer Survey Report as employers share their key objectives, future challenges and views on their roles in employee financial wellbeing.

Appendix C: ESG Ratings

ESG Ratings

ESG Rating	Description
1	The Fund Management Team appears unaware or unconcerned with ESG risks in the investment strategy and has not taken any material steps to address ESG considerations in the portfolio.
2	The Fund Management Team is aware of potential ESG risks in the investment strategy and has taken some steps to identify, evaluate and potentially mitigate these risks.
3	The Fund Management Team demonstrates an above average awareness of potential ESG risks in the investment strategy and has taken essential steps to identify, evaluate and potentially mitigate these risks.
4	The Fund Management Team demonstrates high awareness of all known and potentially financially material ESG risks in the investment strategy and, at present, has incorporated appropriate processes to identify , evaluate and potentially mitigate these risks across the entire portfolio.
N/A (Not Applicable)	An evaluation of ESG risks is not directly applicable to this strategy and therefore an ESG rating has not been assessed.
NR (Not Rated)	An evaluation of ESG risks is not yet available for this strategy

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