TORONTO

REPORT FOR ACTION

Investment Manager and Other Updates

Date: May 12, 2021
To: Toronto Investment Board
From: Director, Capital Markets
Wards: All

SUMMARY

This report provides an update with regards to investment managers since the last meeting of the Toronto Investment Board ("Board") on March 9, 2021 along with other administrative updates.

Sinking Fund ("SF") contributions in the first quarter of 2021 in the amount of $52 million was transferred to the fixed income managers since the last meeting of the Board for the purposes of rebalancing. An update of the current funding status of Long-Term Fund (LTF) and Sinking Fund (SF) is also provided in Attachment 1 to this report.

Other items in this report include an update on the Request for Proposal (RFP) for an ESG Data provider.

RECOMMENDATIONS

The Director, Capital Markets recommends that:

1. The Toronto Investment Board receive this report for information.

FINANCIAL IMPACT

There is no financial impact to the City's operating or capital budgets as a result of this report.

DECISION HISTORY

At its meeting on March 9, 2021, the Toronto Investment Board received a report that provided a brief update on the actions taken by staff and the investment consultant

(Aon) with regard to investment managers since the last meeting of the Toronto Investment Board on December 7, 2020. An update regarding a Request for Proposal for an Environmental, Social, and Governance data provider and the Investment Custodian was also provided. An update to the Investment Plan regarding the performance benchmarks of two equity investment managers was recommended by staff in the report. The report was adopted by the Toronto Investment Board without amendment.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IB11.3

At its meeting on December 7, 2020, the Toronto Investment Board received a report which provided a brief update on the actions taken by staff and the investment consultant (Aon) with regard to the selection of investment managers since the last meeting of the Toronto Investment Board on October 7, 2020. As of the meeting date, all Equity and Fixed Income mandates set out in the Investment Plan have been signed and completed. With regards to a review of the custodial agreement, the Director, Capital Markets would provide another update to the Board as soon as more information is obtained.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IB10.3

At its meeting on October 7, 2020, the Toronto Investment Board received a report which provided a brief update on the actions taken by staff and the investment consultant (Aon) with regard to the selection of investment managers since the last meeting of the Toronto Investment Board on July 8, 2020. The Toronto Investment Board also requested the Director, Capital Markets to review the custodial agreement and report back with an update.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IB9.3

At its meeting on July 8, 2020, the Toronto Investment Board received a report which provided a brief update on the actions taken by staff and the investment consultant (Aon) with regard to the selection of investment managers since the last meeting of the Toronto Investment Board on December 4, 2019. The Board approved an updated Investment Plan outlined in Attachment 1 to the report, which discloses the name of the external equity manager successfully contracted.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IB7.4

At its meetings on October 7, 2020, the Toronto Investment Board authorized the Director, Capital Markets to initiate a Request for Proposal (RFP) for a third-party information provider that could provide metrics in the area of assessing Environmental, Social, and Governance (ESG) performance which would facilitate a response to the City Council request to the Toronto Investment Board and the Chief Financial Officer and Treasurer to develop a process to monitor and report on whether or not external investment firms hired by the City are compliant with the terms of the Investment Policy with respect to ESG factors.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.IB9.5

At its meetings on June 29 and June 30, 2020, City Council approved the amendments to the City Council-approved Investment Policy related to ESG. City Council also requested the Toronto Investment Board and the Chief Financial Officer and Treasurer to develop an ESG process, to incorporate ESG factors into its investment decision

making, and to consider and incorporate internationally-recognized best practices for ESG when considering any changes to the Investment Policy.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.EX14.2

COMMENTS

Investment Manager Update

There are no new items regarding the hiring or evaluation of investment managers since the last meeting of the Board. All fixed income and equity mandates have been completed and funded. An update to real assets will be provided to the Board in another report titled "Real Assets" update.

Investment Manager Funding and Rebalancing

Since the last meeting of the Board, contributions totaling $52 million were made to the Sinking Fund ("SF"). These funds were then transferred to the fixed income managers to re-balance the SF portfolio. Table 1 below details the transfers completed. These transfers were made on April 30, 2021.

Table 1
Transfers since last Board meeting on March 9, 2021

From	To	Investment Manager	Amount	Purpose
Cash	Sinking Fund	Fiera (Fixed Income)	$30 million	Rebalancing
		Addenda (Fixed Income)	$22 million	Rebalancing

Current Funding Status of Long-Term Fund (LTF) and Sinking Fund (SF)

Attachment 1 shows the Current Funding Status of the Long-Term Fund (LTF) and the Sinking Fund (SF) as at May 7, 2021. This document shows the market value of the current allocation by asset category and also categorizes each of these by investment manager in each portfolio. This attachment also includes the available cash for each portfolio.

Environmental, Social, and Governance (ESG) Update - Data Provider

The Capital Markets Division (CMD) and Purchasing & Material Management Division (PMMD) released a Request for Proposal (RFP) for an ESG Data provider on March 9, 2021 that closed on April 12, 2021. The RFP searched for service providers that could supply periodic ESG evaluation reporting for the board and provide access to an ESG database where further research could be done. The responses to the RFP are currently being reviewed and evaluated.

CONTACT

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SIGNATURE

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ATTACHMENTS

Attachment 1 - Current Funding Status of the LTF and the SF as at May 7, 2021