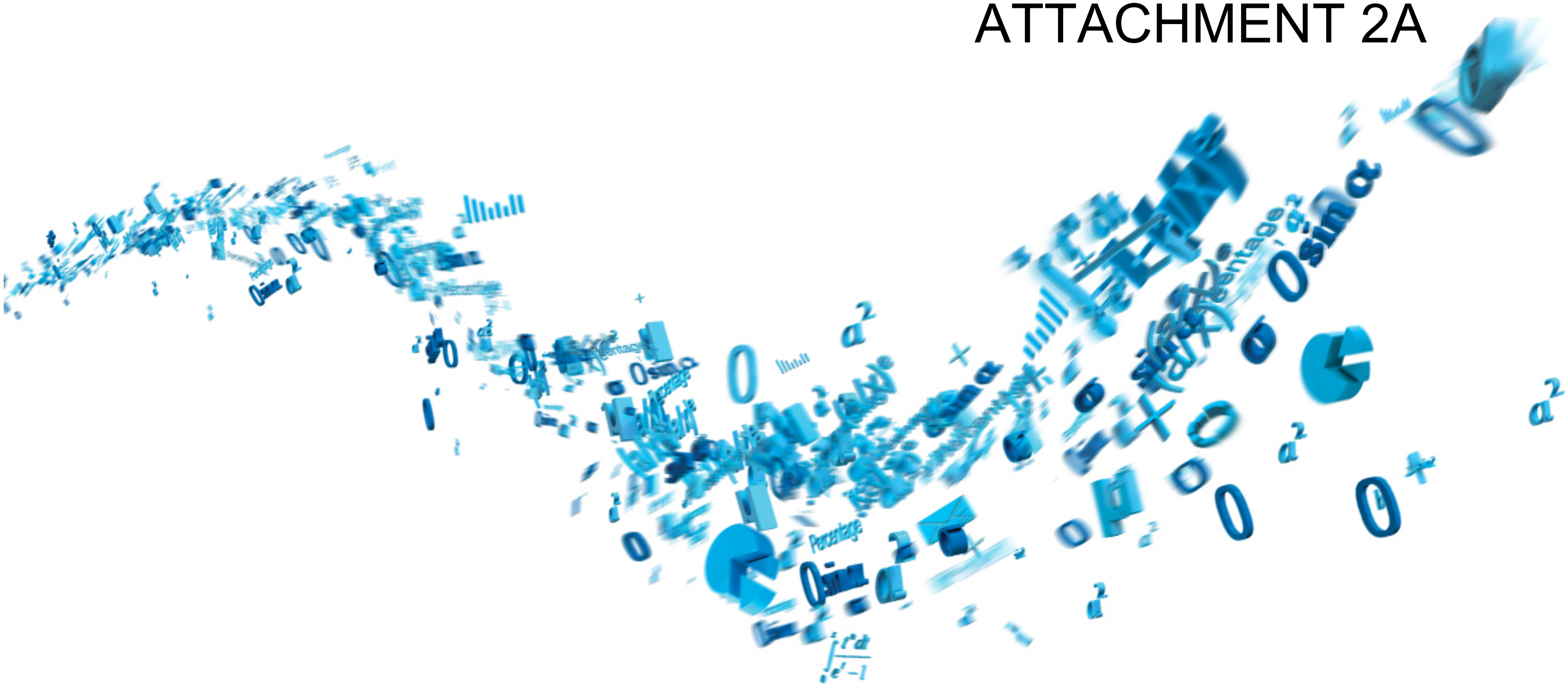
ATTACHMENT 2A



Toronto Investment Board Discussion Guide

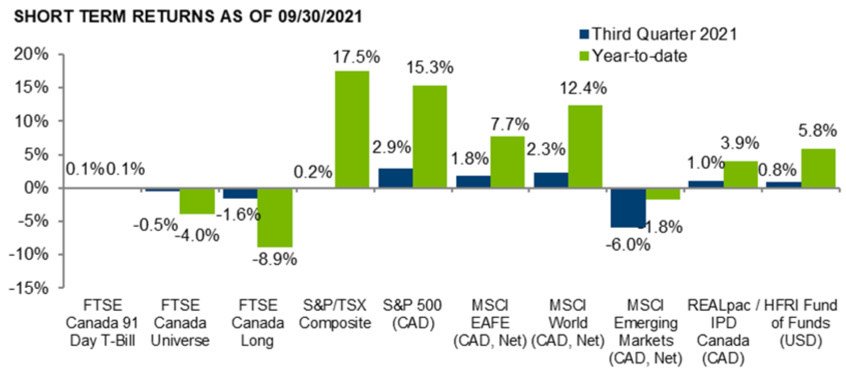
Q3 2021

Prepared by Retirement & Investment

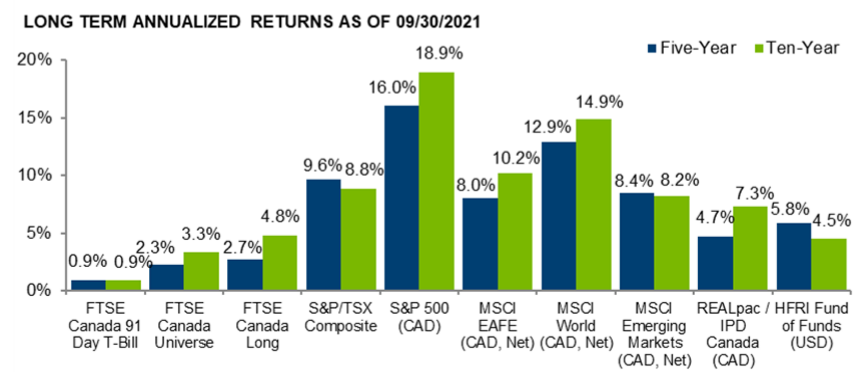
Table of Contents

Capital Markets Overview

- Global growth edged higher in the third quarter albeit at a slower pace as the Delta variant diminished activity. While vaccination rates continue to rise, concerns around supply chain bottlenecks and inflationary pressures have intensified. Equities were fairly muted for the quarter, with the MSCI World Index up 0.6% in local currency terms and 2.3% in Canadian dollar (CAD) terms. Canadian equities rose by 0.2%.
- The Bank of Canada (BoC) maintained the current benchmark rate but further reduced its bond buying program to C$2bn per week in July. However, growth faltered as the Canadian economy contracted at an annualized rate of 1.1% for the second quarter, largely driven by a decline in the housing market and exports.
- At the September U.S. Federal Reserve (Fed) meeting, nine out of eighteen Federal Open Market Committee (FOMC) members forecasted an interest rate hike in 2022 compared to seven officials in June. The Fed also signaled its intent to announce a reduction, or tapering, of its pandemic-era monthly bond purchases, currently fixed at $120bn a month, later this year.
- The Bank of England (BoE) kept its interest rate unchanged but two members out of the nine-member Monetary Policy Committee voted to end its quantitative easing program immediately.
- The European Central Bank decided to slow the pace of its monthly Pandemic Emergency Purchase Programme (PEPP) over the next quarter, citing a strong rebound in eurozone growth and inflation. The ECB has been purchasing €80bn a month under the temporary program, which is set to end in March 2022, per the initial edict. The PEPP was an additional tool the ECB used in conjunction with its regular bond buying program, which is expected to be maintained after the PEPP expires.



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



Sources: S&P, MSCI, IPD, FTSE

Executive Summary – Sinking Fund and Long-Term Fund

	Performance (%)				Market Value ($000s)	Estimated Annual Fee (bps.)	Performance Objective Met	Action Required
	Quarter	YTD	1 Year	5 Year				
Sinking Fund Return	-0.4	-2.8	-1.2	-	1,966,363	14.1	n/a	No
Benchmark Return [1]	-0.5	-2.7	-0.5	-				
Total Fund Value Added	0.1	-0.1	-0.7	-				
Long Term Fund Return	0.3	0.2	2.8	-	3,322,920 [2]	16.0	n/a	No
Benchmark Return [1]	0.2	0.1	2.6	-				
Value Added	0.1	0.1	0.2	-				

Events

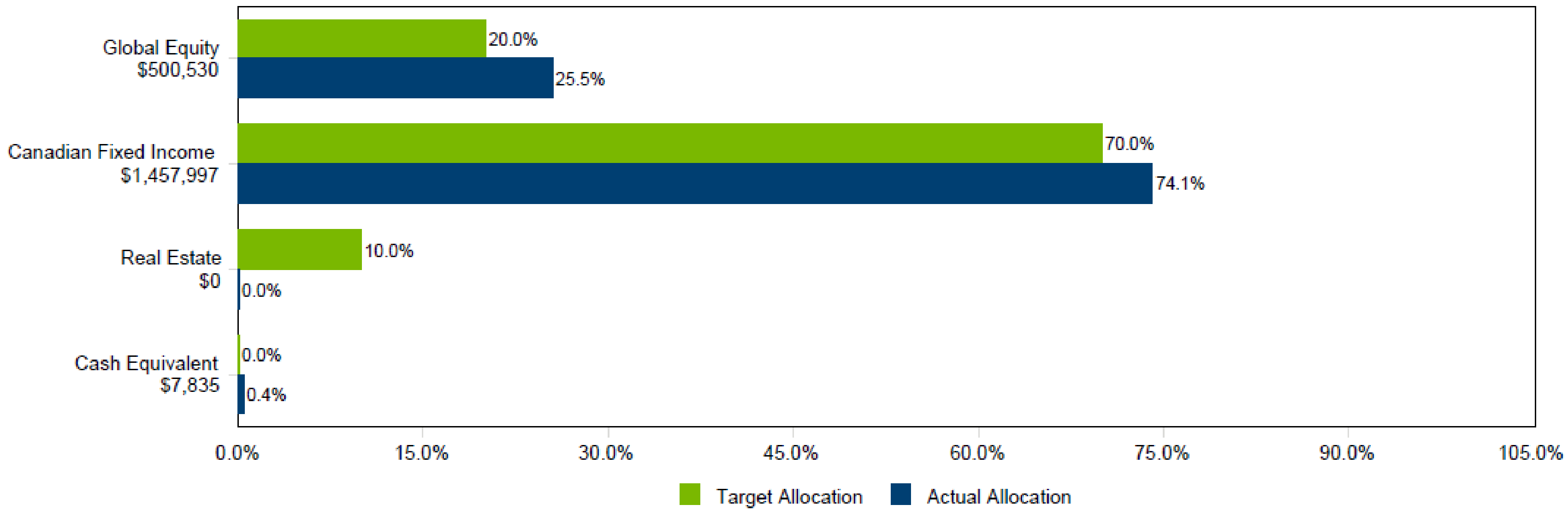
- LGIM Multi-Factor Global Equity fund (LGIM) was added to the Long-Term Fund on December 14, 2020 with investment of $376 million. LGIM was also added to the Sinking Fund on January 6, 2021 with investment of $210 million.

Recommendations

- The City has interviewed real estate providers for implementing towards the target real estate strategy for both Sinking Fund and Long Term Fund. The Board should consider the City's recommendations.

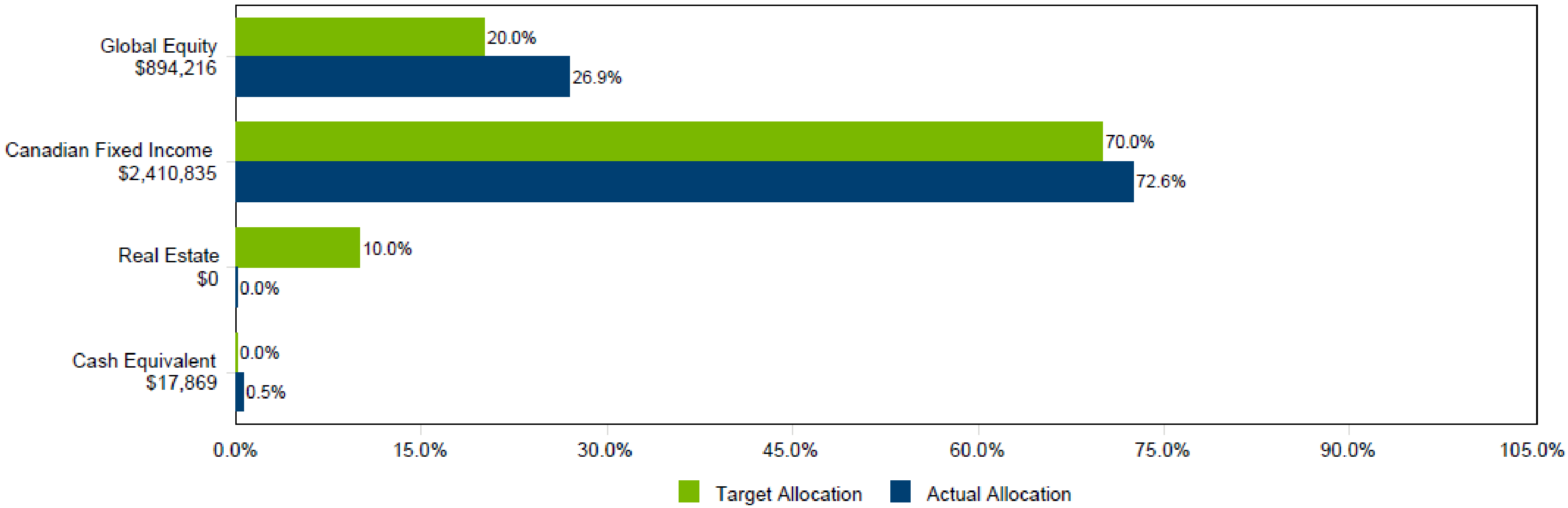
[1]The benchmark return is calculated based on the weighted average return of the target asset mix of respective Sinking and Long-Term Fund as specified in the SIPP. The plan is currently transitioning towards the target asset mix and is not fully allocated as per the target asset mix specified in the 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	500,530	25.5	20.0	5.5	0.0	30.0	Yes
Canadian Fixed Income	1,457,997	74.1	70.0	4.1	50.0	100.0	Yes
Real Estate	-	0.0	10.0	-10.0	0.0	10.0	Yes
Cash Equivalent	7,835	0.4	0.0	0.4	0.0	5.0	Yes
Total Fund	**1,966,363**	**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	894,216	26.9	20.0	6.9	0.0	30.0	Yes
Canadian Fixed Income	2,410,835	72.6	70.0	2.6	50.0	100.0	Yes
Real Estate	-	0.0	10.0	-10.0	0.0	10.0	Yes
Cash Equivalent	17,869	0.5	0.0	0.5	0.0	5.0	Yes
Total Fund	**3,322,920**	**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**	-0.1	-0.3	n/a	n/a	No
Fiera LDI	**Buy**	0.2	0.0	n/a	n/a	No
CC&L Core Fixed Income	**Buy**	0.1	0.8	n/a	n/a	No
Leith Wheeler Core Fixed Income	**Buy**	0.2	0.4	n/a	n/a	No
Pier 21 Global Equity	**Buy**	3.8	3.7	n/a	n/a	No
Oakmark Global Equity	**Buy**	-2.2	-3.4	n/a	n/a	No
Fiera Global Focused Equity	**Buy**	2.5	-2.8	n/a	n/a	No
LGIM Multi-Factor Global Equity	**Buy**	-0.9	-1.8	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

Strategic Asset Allocation Study

- Studies have demonstrated the key difference in a Fund's performance versus another is asset allocation.
- Aon recommends conducting a strategic asset allocation study every 4 to 5 years to ensure the organization is in the best position to achieve its goals and support its mission
  - ***Spending policy*** – Is the current spending rate achievable? Should the organization adjust its spending?
  - ***Capital preservation*** - Is the organization in position to grow or maintain assets in real terms?
  - ***Risk tolerance*** – What level of downside risk is the organization comfortable with? Have extensive risks impacting the broader organization been considered?
  - ***Liquidity*** – What is the appropriate level of liquidity in stressed and normal environments?
- Aon's dedicated team of experts can help build customized investment solutions for your organization.

Complimentary Custodian Fee Benchmarking

- Aon's custody advisory group will provide analysis and benchmarking of your custodial services fee compared to current market fees.

Q4 Market Outlook

Market outlook

access code: **aon!**

Environmental, Social and Governance (ESG) Portfolio Dashboard

- The dashboard can provide investors with a holistic view into their portfolios from an ESG perspective. It enables investors to access ESG performance measurement metrics from industry leading providers and consolidates the data to provide better insights and facilitate informed decisions.
- Please click here for a quick view into the dashboard's capabilities.

For more information on any of these topics, please contact your consultant

Appendix A: Asset Allocation Views

Medium Term Views

Total Return Cross Asset Class Views

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

Equity view downgraded due to increasing headwinds from inflation, tightening policy and a weakening recovery

We favor uncorrelated sources of return. Holding some cash is reasonable now given return profiles for stocks and bonds

Relative Asset Class Views

Equity Regions

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

Regional views neutralised as the outlook for equities becomes more uncertain

Chinese slowdown and global headwinds prompt a downgrade in the EM view

Equity Styles

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

Value downgraded and Low volatility upgraded amid a more defensive stance

Alternatives

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

Non-correlated alternatives still generally preferred

Credit

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

Credit spreads remain very tight and our updated macro view has prompted a further HY downgraded

EM assets downgraded. Cooling Chinese growth and US dollar strength mean overseas investors will have lower appetite to invest in EM despite higher yield levels

Core Fixed Income*

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

We now have a neutral duration view based on likely yield curve movements

Corporate bond view remains in line with Federal bond view

Currencies versus CAD

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

U.S. dollar may be supported near-term by growth and interest rates, but we are less positive over the next few years

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.

- Prospects for Equities: Fading slowly but surely– It is almost a year since we took a more positive view on global equities based on a vaccine-led economic and profits recovery. That expectation has been far more than met given the stellar market returns seen since. Now the equity outlook is gradually turning more negative on a medium-term horizon. Aon's Global Asset Allocation team explains why we are turning a bit more negative on equities on a medium-term horizon and why the longer-term story looks more challenged too.
- ESG Engagement: Three Questions with Connie Johnson– In this paper, Connie Johnson addresses three key questions on ESG engagement:

  1) Why do public equity managers pursue engagement?
  2) What are the benefits of ESG engagement?
  3) How can Aon clients learn more about their equity managers' engagement approach?

- Recent Developments in China: Three Questions with Lucinda Downing– In this paper, Lucinda Downing addresses three key questions on the recent developments in China:

  1) What has happened?
  2) How significant is all of this?
  3) What is our view?

- Attractive Real Investments in a Post-COVID World– With an unprecedented global pandemic in 2020, the initial estimates for economic loss were stark. While operating conditions for real estate were acutely impacted by COVID-19, the challenges have largely not been insurmountable. In real estate, limited distress has been witnessed thus far. In this paper, Townsend shares their views on why investors should be considering real estate now.

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.

Legal Disclaimer