

Investment Manager and Other Updates

Date: November 26, 2021

To: Toronto Investment Board

From: Director, Capital Markets

Wards: All

SUMMARY

This report provides the Toronto Investment Board ("Board") with an update regarding activities involving the investment managers and related parties. It includes changes to the investment manager mandates, contracts, and funding along with other related items.

This report also provides the Board with an update regarding the procurement of an Environmental, Social, and Governance data service provider previously approved by the Board.

An update of the current funding status of Long-Term Fund (LTF) and Sinking Fund (SF) is provided in Attachment 1 to this report.

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 September 9, 2021, the Toronto Investment Board authorized the Director, Capital Markets, to initiate a non-competitive procurement to retain the recommended third-party information provider to provide metrics in the area of assessing Environmental, Social, and Governance 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 Environmental, Social, and Governance factors.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IB13.5>

At its meeting on March 9, 2021, Toronto Investment Board adopted a report that updated the Investment Plan to update the performance benchmark for two investment managers. With regards to the Board's Investment Custodian, it was agreed that a competitive review of the investment custodian will be started at the end of 2021.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IB11.3>

At its meeting on December 7, 2020, the Toronto Investment Board adopted a report that updated the Investment Plan outlined in Attachment 1 to the report, which discloses the name of the external equity manager successfully contracted. With regards to the Board's Investment Custodian, 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 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 adopted a report that updated the 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.

<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

Capital Markets staff and the Board's investment consultant has completed interviewing and evaluating Real Estate investment managers for the Real Assets mandate. A recommendation is provided to the Board in a separate report.

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

The City's Capital Markets and Procurement staff and are working with the service provider approved by the Board at its previous meeting in September 2021. While the process has taken longer than expected due to the pandemic and other unforeseen issues, contract negotiations are currently underway with the prospective vendor. It is expected that the procurement will be completed and ESG information and data will be available for review by the next meeting of Board.

Current Asset Mix

Current Funding Status of Long-Term Fund ("LTF") and Sinking Fund ("SF") as at November 19, 2021 is shown in Attachment 1. 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.

CONTACT

Randy LeClair, Director, Capital Markets
Tel: 416-397-4054; Email: Randy.LeClair@toronto.ca

SIGNATURE

Randy LeClair
Director, Capital Markets

ATTACHMENTS

Attachment 1 - Current Funding Status of the LTF and the SF as at November 19, 2021