REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Investment Manager Asset Exposure to Sanctioned Entities

Date: June 7, 2022
To: Toronto Investment Board
From: Director, Capital Markets
Wards: All

REASON FOR CONFIDENTIAL INFORMATION

The attachment to this report involves the security of property belonging to the City of Toronto and the Toronto Investment Board.

SUMMARY

This report responds to the Board's request at its meeting on March 28, 2022 to the Investment Consultant to report a summary of the City's investment managers' exposures to sanctioned entities and, more generally, to Russia. A summary of the Board's investment managers' exposure is contained in Confidential Attachment 1 of this report.

RECOMMENDATIONS

The Director, Capital Markets recommends that:

1. The Toronto Investment Board direct that the confidential information contained in Confidential Attachment 1 remain confidential in its entirety, as it contains information that involves the security of property belonging to the City and the Toronto Investment Board.

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 meetings on March 28, 2022, the Toronto Investment Board requested the Investment Consultant to report back to the June 23, 2022 meeting with a summary of the investment managers' exposure to sanctioned entities and, more generally, to Russia.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2022.IB15.4

COMMENTS

According to the Government of Canada website, Canadian imposed sanctions related to Russia by way of the Special Economic Measures Act came into force on March 17, 2014 under the Special Economic Measures (Russia) Regulations. The regulations related to this Act continues to evolve and has been amended as recently as April 19, 2022. The regulations impose an asset freeze and dealings prohibition on individuals and entities in the details of those regulations. Other related sanctions date back to 1989 when the G7 put in place the Financial Action Task Force as part of a global effort to stem money laundering, funding of terrorist organizations, and other illegal activities.

This legislation was reviewed and included as part of the contracts that were signed with the current investment managers.

Confidential Attachment 1 to this report provides a summary of investment managers' investment exposure to Russia and sanctioned entities. Aon, the Investment Consultant to the board, will discuss in detail the items in the attachment and related items.

As the attachment shows, there are no direct investment exposures to Russia as at March 31, 2022.

CONTACT

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SIGNATURE

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Director, Capital Markets

ATTACHMENTS

Confidential Attachment 1 - Exposure to Russia & Sanctioned Entities