REPORT FOR ACTION WITH CONFIDENTIAL ATTACHMENT

Request for Proposal for Investment Consultant for the Toronto Investment Board

Date: June 9, 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

The contract for the Toronto Investment Board's investment consultant expires on January 14, 2023. The Board requires an investment consultant to effectively support the investment activities of the Board. To minimize disruption to operations, the Director, Capital markets requests authority from the Board to initiate and conduct and Request for Proposal (RFP) on behalf of the Board to hire an investment consultant.

RECOMMENDATIONS

The Director, Capital Markets recommends that:

1. The Toronto Investment Board authorize the Director, Capital Markets to initiate a Request for Proposal (RFP) on behalf of the Toronto Investment Board for an investment consultant to assist the Board.

2. The Director, Capital Markets be directed to report the results of the RFP along with a recommendation for contract award to the successful investment consulting firm to the Investment Board.

3. 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 meeting on March 9, 2021, the Toronto Investment Board extended the investment contract for the investment consultant (Aon) for an additional two years.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2021.IB11.7

At its meeting on November 24, 2017, the Toronto Investment Board awarded a contract to an investment consultant (Aon Hewitt) for a three year term with the option to extend for an additional two years.
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.IB2.3

COMMENTS

Background

The contract for the Toronto Investment Board's investment consultant, Aon, expires on January 14, 2023. At the end of the contract, Aon would have served the Board for five years. Aon's initial three-year contract started in 2018 and the Board extended the contract for another two years in 2021 to January 14, 2023.

The new RFP does not rule out the eligibility of Aon as a proponent and Aon can submit a proposal for the new contract.

Role of the Investment Consultant

The role of the investment consultant for the Investment Board is to act as an advisor to the Board and to produce materials on investment matters relevant to the Board. Particular responsibilities of the investment consultant include, but are not limited to:

- Regular review of the Board's Investment Plan;
- Selection of new external investment managers (agents);
- On-going assessment of external fund manager performance;
- Maintenance of the Board's general awareness of the investment environment (e.g. market conditions, alternative investment or asset mix options, regulatory changes, and etc.); and

- On occasion, conduct special research for the Board.

Since the current consultant (Aon) was the Board's first, they were heavily involved with developing the Board's initial Investment Plan and updating the Investment Policy. Furthermore, the investment consultant completed investment manager searches for four (4) fixed-income managers to fulfill the Fixed-Income mandate, four (4) global equity managers to fulfill the Equity mandate, and is in progress to hire real assets managers to fulfill the Real Assets mandate. The investment consultant continues to monitor and provided quarterly performance updates on the hired investment managers in addition to updates on general investment market conditions. Other work includes asset mix reviews along with other presentations on real estate and infrastructure investments to assist the Board with its ongoing investment decisions.

Request for Proposal for Investment Consultant

The Board requires an investment consultant to continue the expert advisory services required to effectively support the Board's investment activities. The initial contract was for a term of five years which generally falls in line with the City's purchasing policies. As such, the Director, Capital Markets requests authority from the Board to initiate and conduct a Request for Proposal (RFP) on behalf of the Board. Results of the RFP along with a recommendation to hire a suitable investment consultant will be provided to the Board once the once the RFP review and evaluation process is completed.

Confidential Attachment 1 of this report provides preliminary survey analysis regarding the investment consulting business and related firms that operate in Canada which may respond to the RFP.

CONTACT

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SIGNATURE

Randy LeClair
Director, Capital Markets

ATTACHMENTS

Confidential Attachment 1 - Greenwich - 2020 Key Trends in the Canadian Institutional Investment Consulting Business